

THE BRITISH RECESSION is different. It is the result of the impact of world recession on a basic structural change now taking place within Britain. One of the prime reasons for the present state of flux in this country is that our caste system has failed and that no new system to replace it has yet emerged.

Until very recently many in this country spoke quite normally of the ruling class. The graduates of our public schools, which are in fact our private schools, naturally considered themselves as being the officer class. In industry, in finance, and in commerce the same graduates traditionally considered themselves the 'director material', who in due course would delegate operations to managers - the non commissioned officers of business. England was one of the few remaining countries in which even accents were not just regional but were linked to class. We must not forget that we have not been forcibly invaded for nearly a thousand years, and that we have not had a full-blooded revolution. So our systems have never been brutally overturned, rather they have evolved. And it is in this way that over the past decades our class system has been progressively dying.

In a caste system, people knew where they stood. They knew how high they could aim. The corporal knew that he could aim at becoming a Regimental Sergeant Major, but never an officer. The office manager knew that he could perhaps become company secretary but never a director. The ambitious young man in a major commercial bank could perhaps become general manager, but until very recently never became a director. This did produce a form of order which worked for a long time. But it has now failed, and while failing, has affected every aspect of our life, be it political, industrial, rural or social. And so far it has not been replaced. A vacuum has been created and a struggle is now taking place as to who will fill this vacuum.

The first major contestant has been the extreme left. They have prepared their ground well. Their main raw materials have been the resentment of the class system; the weakening economic position of the nation, which has made us the comparative paupers of Europe and the recent world depression, which has meant that for the first time in many decades and quite contrary to everything that we have been taught, the nation has to face the fact that an annual increase in real net income is not an automatic and natural right.

Unlike many other countries, the communists in this country have not fielded a major political party at general elections. They know that in Britain only very few would knowingly vote communist. So their strategy has been to attempt to infiltrate and progressively to capture the trade unions and the Labour Party machinery. This has been made possible because the electoral system within much of the trade union movement and within the Labour Party organisation is not dissimilar in effect to the old national voting system known as the Rotten Borough, which was eliminated by the electoral changes included in the Reform Act 1832.

The electoral system in the unions is complex because each of the hundred or so unions affiliated to the TUC has its own regulations. But take for example the case of one of our largest unions in which the leader was elected by 6% of its members and, subsequently, the union's rules were changed so that he would hold office until retirement. In some unions elections are not held by secret ballot but by a show of hands in open meeting. Some unions claim a large turnout at their elections but this can be very misleading because of the block voting system. This is a system whereby each union branch convenes a meeting of its members to decide how all the branch votes will be cast. At the meeting of a branch with, say 1,000 members, maybe only 50 will turn out to vote. On the principle of winner takes all, the majority decision of the 50 present, will determine how the 1,000 branch votes are cast as a block. The union's voting returns are presented as though the 1,000 branch members had all voted and done so unanimously for the chosen candidate. Joe Rogaly writes in the Financial Times 'election on a derisory vote, often "for life", was the method of accession to power of nearly everyone of the principal trade union bosses'.

Reassuringly there are other voting systems. The Electrical and Plumbing Unions introduced the postal voting system after it had been proved in the High Court in 1961 that the communists had gained control of the Electrical Trades Union by rigging ballots. Another example is the engineering section of the Amalgamated Union of Engineering Workers which succeeded by one vote in introducing the postal and secret voting system. As a result, the rate of participation in elections is on average working out at 30%, which is to be compared to a participation of between 2 1/2% and 9% previously.

Please do not believe that all this is of concern to only a few people in industry or in the media. For the purpose of today's conference I asked the Louis Harris organisation to conduct a national opinion poll and to ascertain the response to the following statement:

'The political views of trade union leaders are usually not representative of the views of most of their members'.

67% of those questioned agreed with this, only 12% disagreed, 21 % had no opinion. But it is important to note that 72% of trade union members questioned agreed with this statement.

The Louis Harris organisation followed this up with the proposition that 'the system of trade union elections should be changed to get as many trade union members as possible voting by secret and postal ballots.'

The result was equally decisive, 65% in favour, 15% against and 20% don't know.

The organisation of the Labour Party has similar defects. Party policy is determined by the Annual Conference of the Labour Party. The parliamentary Labour Party is supposed to be the executive arm that carries out the decisions taken during the Conference. Let me quote Ron Hayward, the General Secretary of the Labour Party. He states: 'The long-term programme of the Party is determined by Annual Conference'. And let me refer you to Clause 5 of the Party constitution which states 'no proposal shall be included in the Party programme unless it has been adopted by the Party Conference by a majority of not less than two-thirds of the votes recorded on a card vote'. Decisions at Conference are indeed taken by majority vote. But who has the right to vote?

There are 6,518,000 votes, 5,787,000 of these belong to the trade unions, 39,000 to co-operative societies and only 692,000 to individual registered members of the Labour Party throughout the country. Theoretically, these 5,787,000 votes represent 10.3 million members of the trade union movement out of a working population of 24 million. But in fact the votes are cast not by members, but by the union leadership and its delegates, whose system of election I have already commented on. In fact, between them, the leadership of the 11 largest trade unions have the necessary two-thirds majority of the votes at the Labour Party's Annual Conference.

It is this Annual Conference which determines Party policy and it is this Conference which elects the members of the key Labour Party committee, the National Executive committee. Now there is even agitation in favour of Annual Conference electing the Party Leader.

Luckily among the members of the Parliamentary Labour Party there are patriots of sufficient national stature to challenge the decisions of Annual Conference - Hugh Gaitskell in his great speech to Conference advocating changes in the Party's attitude to nationalisation and Harold Wilson and the majority of his cabinet during the Common Market referendum.

But the Party machinery is continually gaining ground. It is capturing the processes whereby Members of Parliament are selected in their constituencies. The recent case of Reg Prentice usefully demonstrates this. In that case we saw a prominent member of the Cabinet, holding moderate views, being rejected by a small and active extremist minority in his constituency. Similar minority groups throughout the country are trying to purge the Parliamentary Labour Party of its moderate and social democratic element. What is more, the trade unions sponsor 116 Members of Parliament - this means that they back them financially. Let me quote George Brown the former Deputy Leader of the Parliamentary Labour Party. He said 'in order to be nominated to the unions' list of sponsored candidates a member must be vetted both by this Regional Committee and the National Executive and submit to questioning about his adherence or non-adherence to the policy decisions laid down by the unions bi-annual conference. This seems to me to come about as near to a breach of Parliamentary privilege as you can get.' So more and more members of Parliament are in danger of becoming mere Parliamentary delegates representing special interests. It should be noted that whereas an estimated 24% of all Labour Members of Parliament are members of the left-wing Tribune Group, 60% of the last intake of new Labour members of Parliament are members of that organisation. So progressively the Party machinery, dominated by the trade unions is taking control of the Parliamentary Labour Party, and in due course, when the present leaders retire, will be able to appoint a new generation of Labour leaders.

The Conservative Party is also flawed. It is still haunted by its upper middle class origins. Admittedly, graduates of our leading public schools no longer dominate its front bench. Ted Heath and Margaret Thatcher both spring from the heart of the nation. But the Party's organisation in the constituencies still hankers for a return to the womb. An illustration of this is that twenty years ago about 5% more people considered themselves as being natural members of the Labour Party, as opposed to being natural members of the Conservative Party. This had nothing to do with their voting intentions. Rather, it reflected the influence of the class system and how the Parties fitted into that system. Last year after twenty years of supposedly dismantling the class system and encouraging equal opportunity that figure of 5% had grown even larger. The Conservatives had therefore failed to grasp their opportunity to bridge what Disraeli called 'the two nations'.

But despite all this I believe that Britain now has one of the greatest opportunities of its long and proud history. It has an opportunity to make the radical changes that have become so necessary, indeed so urgent. The breakdown in the class system has released a great new national energy. It is not dissimilar to the moment when we split the walls of the atom, thereby releasing the energy contained therein. Splitting the walls of the class system means that people are no longer contained within a rigid structure, but on the contrary they now have the opportunity to use their energies to the full. But

this great new force must be harnessed, otherwise it could be as destructive as it could be beneficial. I should like to make five specific proposals:-

1. Britain must become a meritocracy. The best, no matter what their background, must reach the top. Excellence must be unreservedly encouraged. Our present educational system is incompatible with, indeed hostile to this obvious objective. Our private sector, dominated by the public schools, consists, with trivial exceptions, of students selected on the criteria of wealth and of birth. It is absurd to believe that this nation can for long continue to tolerate such a system of selection, a system which divides the nation at an early age. The public sector is just as misguided. Our new comprehensive schools seem to be based on the idea that streaming according to merit is evil, that it is socially destructive to promote the gifted faster than those who are less so.

Let me quote from a series of in depth and sympathetic articles published earlier this year in the Sunday Times under the title 'The Truth about Comprehensives'. It says: 'Both the staff and pupils have consistently rejected any merit awards.' Or again: 'There are no qualifications to get into the sixth form. Anyone is eligible, regardless of his or her examination successes or failures'. Or again: 'It's considered anti-social to want to beat other people, a feeling which now appears to be universal in comprehensive sixth forms.' Well! I'll let you into a secret. If you are an industrial nation, overpopulated, competing for world trade to pay for the imports of food to feed your people, then you need a few winners whether you like them or not. Have we forgotten that we cannot run anything without hierarchy, and that for this nation to revive, it is imperative that our best citizens be trained to reach the top of that hierarchy. So I would suggest that our two parallel systems of education be unified. Within this new system our Public Schools and our grammar schools should be preserved and continually improved. They are an important part of our heritage. But they must be adapted so that the best of the nation, no matter what their background, be streamed into them. Let us ensure that equality of opportunity and encouragement of excellence become a reality right from the start.

At the moment in Britain there is much discussion about worker participation in the management of industry. Within a meritocracy worker participation is automatic: directors, managers and workers spring from the same root. There are no artificial barriers which need bridging and there need be no particular resentment of differential financial rewards. It is just a case of the most capable being promoted and properly rewarded. We all quite often hear that this nation is sinking under the deadweight of egalitarianism and that there is deep resentment of financial rewards for achievement. I believe that the nation knows full well that you don't win football cups with teams selected on the random principle of egalitarianism. We all know that to win we must have the best and we must pay them. Much of the resentment of differential payments is due to the fact that financial rewards have quite often gone hand in hand with privilege and too seldom hand in hand with merit. Create a true meritocracy and this nation will be pleased to reward those who serve it well.

2. Trade Union and Party reform. The single most important reform is to spread the spirit of the Representation of the Peoples Act to the trade union movement, to all political parties and indeed to all other elected policy making bodies. After suitable amendment this should ensure a secret ballot, preferably a postal ballot, a minimum quorum and regular elections. In this way we would all be satisfied that the leadership of all unions and of all political parties is a true emanation of the membership and that it is not being taken over by some esoteric group with ideas foreign to those of its members.

3. We must reform our national voting system and adopt the procedure of the alternative vote. Our present system has the disadvantage of being able to bring to power a political party for which only 28.6% of the national electorate has voted, as was the case at the last general election. It also causes resentment because the Liberal Party, which received votes totaling 13% of the national electorate is only represented in parliament by 13 members out of a total membership of 635, that is to say a 2% representation.

Many in this country are suggesting that the remedy is a form of proportional representation, with each political party represented in parliament in proportion to its share of the national vote. But this system has many faults. It encourages the emergence of splinter groups with representatives in parliament. It usually leads to government by coalition. Such government can be effective for a limited time and can implement a limited number of pre-determined and clear-cut measures needed in moments of national emergency. But otherwise coalition in the long-term and under normal circumstances is a formula for paralysis. Finally, proportionate representation tends to disassociate MPs from their constituencies.

Alternative voting, on the contrary, encourages the emergence of a consensus. It eliminates splinter groups and therefore acts to the definite disadvantage of extremists of all kinds. And it has the added advantage that MPs continue to represent their constituencies.

4. In this country the Ministers responsible for our great technical and industrial Ministries are drawn from Parliament. By this I mean the Ministers responsible for massive industries and services, such as aviation, road transport, trains, electricity, coal, oil, Post Office, local government etc. These people are currently responsible for spending no less than 60% of our gross national product, or about 50,000 million pounds per annum. Now who are these people? Let us take as an example the House of Commons in 1964. In that year the Labour Party came back to power after 13 years in the wilderness. They did so with 317 Members of Parliament. Of these 81 were past retirement age. Of the remainder only a small handful had ever had authority or executive responsibility in any significant enterprise. Yet over 100 of these were appointed to government, in other words were responsible for spending the bulk of our gross national product and for directing the main industries in this country. And don't let me misguide you into thinking that the Conservatives are much better. At the moment there are 277 Conservative MPs and of these only a depressingly small number have had direct authority or executive responsibility in any significant enterprise.

Little wonder that our major industries have been run into the ground. A recent survey published in the Financial Times compared output per man in our basic industries with output per man in a number of other European countries. Let me quote some of the figures. Airlines:- Britain £11,000 output per man, average of the others £15,960; Aerospace:- Britain £7,169, others £12,598; Coal:- Britain £3,065, others £11,381; Railways:- Britain £3,156, others £6,078; Shipbuilding: Britain £3,700 others £9,806; Steel:- Britain £8,068, others £16,907; Transport:- Britain £3,316, others £16,900; Utilities:- Britain £10,568, others £29,630. You need a national conspiracy to produce such disgraceful, such shameful figures. And when apportioning blame start by looking to the top.

I can understand that the great political Ministers such as the Foreign Secretary or the Home Secretary, should be drawn from the Houses of Parliament, but it is perfectly evident that our Prime Minister should not be restricted to picking his main executive team from a limited number of MPs, but should be free to pick from the 56 million citizens of the nation. Please do not think that I am advocating a government of businessmen. No. We must draw from the best in all walks of life - the civil service, the universities, the trade unions, as well as from industry and from commerce.

5. It is not by chance that most democratic countries have an executive, a judiciary and two chambers to their parliament. We are constantly being reminded that democratic countries need the checks and balances provided by such a system. Unfortunately here, in Britain, one of our parliamentary chambers, the House of Lords, has lost much of its credibility and, despite the wisdom and the quality of many of its members, has become principally ornamental. It would be naive to believe that our senior chamber in parliament could retain national credibility when 73% of its members are there due to the hereditary system and many of the remainder are there as a mark of respect at the end of their careers. We need a strong, vital and nationally respected second chamber. Without it the power of the House of Commons goes unlimited and uncontrolled. Because of the lack of effective checks and balances, a majority vote in the House of Commons can bring about any change, no matter how fundamental, to the political, economic, legal and social systems of this country. So the House of Lords should assume the authority of a senate. Its members should be elected, albeit by a somewhat different process to that used in electing members of the House of Commons, and in this respect we have much to learn from the US and from the French constitutions. Our particular tradition could be respected by incorporating a system whereby hereditary peers would elect from among themselves a given number of representatives to this senior chamber. And our particular traditions must be respected because a nation which loses respect for its traditions and for its heritage is a nation which has lost its way.

These are but a few of the fundamental changes that are needed to unite the nation and to harness its energies. Without them there can be no worthwhile and lasting British economic recovery. Such a recovery cannot be achieved by tinkering with a few economic indicators, nor by trying to muddle through, nor by refusing to face today's realities and hoping that they will just go away, nor by accommodating unfavourable trends with further lethargy and with further weakness.