

## Comment

The Social Contract is an arrangement come to between what is sometimes described as a 'socialist' government (the Labour administration) and those thought to represent the interests of the workers (the Trade Union officials) to reduce real wages in order to protect profits during a recession. When it was instituted in 1975 the story was that it would defeat inflation which was said to be due to the high wages workers were unreasonably demanding. After nearly two years real wages have indeed dropped by 15% but inflation is still with us at around 16%. There was, it is true, a dramatic decrease in inflation during the year that happened to be the first year of the Contract, but, since this occurred in other industrial countries which did not reduce wages, we can reasonably attribute it to other factors, notably the fall in the price of raw materials; and now inflation is creeping up again.

The Contract was accepted by the Trade Union officials in exchange for a promise that unemployment would be reduced to 700,000, about 3%, (it is now running at about 6%) and that expenditure on social services—health, housing, schools, etc. would be increased (it has been reduced). It was, of course, entirely predictable that a reduction in workers' purchasing power would lead to a contraction of the home market, a fall in production and thus more unemployment. There was a theory that firms invigorated by not having to pay (or not being allowed to pay) wage increases would expand into foreign markets and this would lead to more employment. As to this one can only say first, that it *hasn't* happened, second, that on the scale required to compensate for the losses in the home market it *could not* have happened and, third, that given the unused capacity of British industry, if it *had* happened it would not have made any appreciable change in the unemployment rate.

The actual result of the Social Contract has been the maintenance of the rate of profit. It is at least a coherent theory that this is exactly what is required for the rejuvenation of the economy. Higher profits mean more money available for industrial investment, improvement in technology (therefore decreased labour costs without decreasing wages), decreasing unemployment, an expanding home market and everything else you need for the good old affluent society again. But unfortunately for this view there has, notoriously, not been an increase in industrial investment in Britain. The investment has gone elsewhere; during the last ten years the investment of British capital abroad has quadrupled, while at home, as has been said, the best investment is not in industry but in money.

It is quite fruitless to blame capitalists for investing their

money where it will make most profit for them without much regard for anyone else's interests; it is a well known and coherent policy, at least as coherent as, say, Mr Enoch Powell's policy with regard to black people. It is precisely because of what is known to be his coherent and articulate policy that sane people do not propose to let Mr Powell have his way with race relations; in the same way it would be and is folly to allow capitalists to have their way with investment. Capital is far too important to be left to capitalists.

We need a rational approach to investment, determined not by the interests of one particular sector but by the need for the economy of the country as a whole to expand—this depends on no dogma about the inherent virtue of indefinite expansion but simply on the harsh necessities of the present situation. The first step here must, of course, be that the very large available investment funds—the banks, insurance companies, pension funds—should be at the disposal of the democratically elected representatives of the whole community; similarly it will be necessary immediately to take some of the largest and most influential transnational firms into workers' and public control. A government strong enough to achieve this would also be able to carry through the other immediately necessary measures: to revive the home market by an increase in real wages and in expenditure on the social services, while preventing inflation through effective price control. It would also restrict the export of capital and institute, as a temporary and regrettable measure, some degree of selective import control. Naturally with this would go a reduction in our present ludicrous and inflationary expenditure on arms—since you started reading this editorial this country has spent well over £50,000 on buying things to kill people with, the world as a whole in the same few minutes, has wasted about £1½ million.

All this presupposes that Britain should regain at least *de facto* some of the independence she lost to the EEC (and to NATO) and that she should get out from under her subservience to the IMF, and here the suggestion of the Communist Party seems a sensible one: that the IMF loan should be paid off by arranging, as was done during the war, "the compulsory sale of all privately held shares abroad (which are estimated to be worth over £7,000 million) for which compensation should be paid in five-year two per cent interest bearing stock in sterling."

If these proposals sound a little protectionist, let us remember that the only internationalism currently available to us is that of the transnational companies and the EEC. The British would be defending themselves not against the developing world but against aggressive international capitalism. A reasonably healthy and more democratically controlled economy would be in a far better position to establish fair trading relations with the developing world than is a Britain at the mercy of transnational companies.

These measures are not, of course, socialism; they are no more than a last minute attempt to stave off the catastrophe towards

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... souls brought to the bone  
To be tortured, and burning, burning  
Through history with their own strange light—

It is in *Dialogue* that the shadows fall at their longest and that God's reply to questions about the imperceptible ebb and flow of natural selection is least reassuring—

You were my waste  
Of breath, the casualty  
Of my imagination.

*Laboratories of the Spirit*

Perhaps this is because—and doubtless it is only part of the reason—Thomas by using the image of the laboratory is rejecting his own insight that God is to be found, if at all, through the heart and between the myrtles, rather than with the intellect. Thus the concluding lines would seem to be inherently contradictory.

... The heart has become  
hard; I must experiment  
with it a little longer in  
the crucible of the adult mind.

Nevertheless, we are grateful that in carving a difficult meaning R.S.Thomas should make so few concessions to our sentimentality.

R.S. Thomas's poetry

Song at the Year's Turning	(1955)	Haft-Davis
Poetry for Supper	(1958)	..
Tares	(1961)	..
The Bread of Truth	(1961)	..
Pieta	(1966)	..
Not that he brought Flowers	(1968)	..
H'm	(1972)	..
Laboratories of the Spirit	(1975)	Macmillan

This is not a complete bibliography, it includes only those poems referred to in the article.)

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which British capitalism is headed, a catastrophe that would not, as some ultra-leftists seem to imagine, automatically lead to the birth of socialism but on the contrary to the overt defence of capitalist interest by military force, such as we see in the right-wing dictatorships of Latin America and the Far East.

And shortly here in Britian we shall be asked to choose in a General Election between a party dedicated to the preposterous theory that the Social Contract has 'worked' and another even more firmly wedded to the interests of capital. It is time we had a real political party of sanity and some semblance of socialism.

H. McC.