Responsible Capitalism: Labour’s Industrial Policy and the idea of a National Investment Bank during the long 1980s

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This article considers two overlapping issues: Labour’s conception of the economy, and its overall electability. As to the first, it is widely asserted in both academic and political circles that ‘the absence of economic policy credibility was absolutely central to Labour’s failure to regain office until 1997.’[[1]](#footnote-1) This was certainly true of the 1983 General Election when, as Colin Hughes and Patrick Wintour remarked, ‘even 28 per cent [of the vote], the party’s lowest since 1918, seemed more than the party deserved.’[[2]](#footnote-2) By 1987 Giles Radice believed ‘Labour had ‘managed to convince the electorate that its heart was in the right place…[but they] still doubted whether it had the vision, capacity and competence to shape the future.’[[3]](#footnote-3) Indeed, throughout the 1980s the British people consistently told pollsters both that they expected the economy *to get worse* over the next 12 months and that the policies of Margaret Thatcher would have a positive effect eventually.[[4]](#footnote-4) All this was not merely ‘declinism’ writ large. Once unemployment began to recede (and indeed to motor down from 1987) the Conservatives had a powerful top-line argument that unleashing the market had helped ‘clear up Labour’s mess’, whilst at the same time the opposition was unable to rebut charges that they would take Britain back to the ‘dark days’ of the 1970s.

Even worse, the economy was not the only area Labour lacked credibility. As Andrew Rawnsley summarises, ‘the Labour church has a history of doing the splits. It did so in the 1930s. Again in the 1950s. And again in the 1980s.’[[5]](#footnote-5) After 1979 the Bennite left – anti-Common Market, anti-nuclear weapons, and pro-nationalisation – grappled for power with the social democratic centre, a split which ran through the Limehouse Declaration and beyond, reaching something of a nadir by the time of Neil Kinnock’s anti-Militant speech at the 1985 Party Conference. Though all within Labour and the broader British left could to some degree unite on being anti-Thatcher, what Labour was a vehicle ‘for’ remained more difficult to resolve. Navigating the path between principle and the pursuit of power was not easy. As such, Kinnock’s ultimate legacy would in many ways be taking a Labour Party where, in June 1983, 63% of the British public believed it to be ‘divided’ to one where only 24% said similar in March 1992.[[6]](#footnote-6) Labour’s path from Foot to Blair was not just about two further election defeats, but a gradual realignment of party values, and, in short, something of a recovery.[[7]](#footnote-7)

Given such patterns, this article attempts to marry both economic and intra-party analysis through the prism of the pledge to introduce a National Investment Bank (NIB) – included in the General Election manifestoes of 1983, 1987, and 1992.[[8]](#footnote-8) It considers the intellectual history of this idea, the various machinations regarding the similarly corporatist National Enterprise Board of the 1970s, and how the NIB policy not only survived the fiasco of 1983 but remained a key part of Labour’s agenda until 1992. As we will see, this policy serves as an exemplar of the way Kinnock managed the Labour Party – providing just enough meat to left and right, and allowing both to read into the NIB what they wished it to be. Here the NIB forms a mirror image of Jim Tomlinson’s recent analysis of so-called ‘declinism’ in 1970s Conservative thought – a term that had been so ambiguous it allowed ‘every political tendency to blame their favourite *bête noire*’ for Britain’s then malaise.[[9]](#footnote-9) Such linguistic dexterity apart, the fact that the NIB was adopted by Foot, nuanced by Kinnock and summarily ditched by Blair helps us map Labour as it moved from self-satisfied opposition to the compromises inherent in making a serious play for office. At this point, it is worth declaring an interest: prior to the resurrection of the policy in Labour’s 2015 manifesto, the present author consistently argued for the creation of such an institution – including in a March 2012 report for the think tank Localis.[[10]](#footnote-10) What follows is not particularly about the merits or de-merits of the policy however, but what such dialogue said about the party and its electoral fortunes.

In terms of political theory the case for the NIB fell somewhere between the ‘valence’ and ‘position’ designations for voter preference that Donald Stokes articulated in the early 1960s.[[11]](#footnote-11) For clarity, ‘valence’ issues denote those where there is broad agreement between parties over the end goal. In this case, though their methods clearly differed, both Labour and Conservative parties at least *claimed* to be about delivering a better capitalism which gave more people the opportunity to better their lot. Valence politics, in short, is therefore not about wonkish details, but which party the voters believe has the credibility to broadly *deliver*. Equally however, the National Investment Bank was a clear instance of Stokes’ ‘position’ politics: unlike, say, vague calls for ‘a more progressive economy,’ the NIB policy had a certain set of precise consequences where voters could make a rational choice for or against. The story of this article, the NIB per se, and arguably of Labour itself in the 1980s, is of ‘valence’ politics trumping those of ‘position.’ The rational argument for a NIB was relatively clear (if not, as we will see, uncontested), the electorate just did not trust Labour to manage the economy. At the same time however, in helping reorient Labour this article also records the NIB as having positive effects over the long run.

This brief study adds to a still developing historiographical picture. For one, Richard Hill’s *Long Road Back* ably chronicles the path Labour took from the conception of an economy ruled from the commanding heights to the acceptance of a more Rhenish, social market form of capitalism – shifting the party away from William Beveridge and towards Will Hutton. Colin Hays and Dianne Hayter have likewise extended our understanding of the structural shifts in Labour’s economic message and the left-right context in which they were conducted.[[12]](#footnote-12) But whilst economics and business studies academics have analysed the failure of British banks to provide long run capital to small business, and the forerunner institutions which attempted to address this in the post-war period, few historical studies have provided much specific comment on Labour’s NIB idea of the 1980s.[[13]](#footnote-13) Drawing on both archive material and interviews with key shapers of the policy, this summary intends to redress the balance.[[14]](#footnote-14)

Importantly, such debates are not the sole preserve of history. The balance between state and private sector has long plagued the British left. Whilst New Labour was criticised for being too cosy with multinational corporations, under Jeremy Corbyn the party would struggle to gain any toehold with business whatsoever.[[15]](#footnote-15) The 2010-2015 Miliband experiment with European social democracy attempted to strike a balance between these two extremes, with Lord Glasman backing a series of regional investment banks along the lines of the German Sparkassen and Chuka Umunna believing there to be ‘deeper cultural and institutional lessons from the German experience which we should draw on as we seek to build a New Economy fit for the future.’[[16]](#footnote-16) In terms of trying to generally re-tool British capitalism, the Miliband leadership had significant merit. But it had other problems that went beyond the trivia of ‘bacon sandwiches’ and proved ultimately unelectable. Resolving the dilemmas this article outlines therefore remains a decisive issue for all considering where Labour goes next.

**Closing the Macmillan Gap**

The concept of a National Investment Bank has a long term pedigree in Westminster politics. In June 1931, the Macmillan Committee proposed a number of interventions to heal British industry still dealing with the immediate consequences of the Wall Street Crash. Most famously, it identified the so-called ‘Macmillan Gap’ – the situation where ‘great difficulty is experienced by the smaller and medium-sized businesses in raising capital [at acceptable rates].’ To get such credit flowing, the committee proposed the creation of a new ‘institution acting as an intermediary between industry and investor…to provide adequate machinery for raising long-dated capital.’[[17]](#footnote-17) Members of the committee disagreed as to whether this new institution should be publically owned (Ernest Bevin was very much in favour), but the need for some form of de facto bank to bridge the gap between businesses which needed to borrow to expand (or even just survive), and the low rates that would encourage them to take on such risk was readily acknowledged. The major commercial institutions simply were not doing the job on their own.

After some wartime back and forth between Treasury and Board of Trade departments, one of the less high profile achievements of Attlee’s New Jerusalem was to create two institutions designed to deliver just this. This was not a trend unique to the UK – the Dutch Nationale Investeringsbank (1945) and German Kreditanstalt für Wiederaufbau (KfW, 1948) were amongst several European bodies formed to address similar market failures. As for Britain, the new Finance Corporation for Industry (FCI) sought ‘to provide finance for large scale long-term investments, aimed at industry wide rationalization.’[[18]](#footnote-18) Medium term loans were provided where ‘finance could not be obtained on reasonable terms elsewhere, and where the ‘national interest’ was served.’[[19]](#footnote-19) By the late 1970s over £240m of such loans were in operation. Alongside this larger institution, an Industrial and Commercial Finance Corporation (ICFC) was also set up in 1945 to provide finance for smaller and medium sized concerns. This latter body intended to plug a huge gap between the level at which ordinary commercial banks stopped lending to smaller firms and the point at which the big capital markets became seriously interested in providing finance. In the end, the FCI and the ICFC would merge in 1973 to form Finance for Industry (FFI, later called 3i), eventually privatised in the 1990s.

These institutions performed usefully but were always ultimately hamstrung. Firstly, they were set up as an offshoot of the Bank of England to act as an instrument subordinate to the major commercial clearing banks. Indeed, according to Chris Lonsdale, many in the commercial banking sector saw the small business focused ICFC as but ‘a necessary evil to prevent Labour’s original hopes for a fully-fledged national investment bank.’[[20]](#footnote-20) Equally, as Richard Coopey notes, the major banks were only persuaded to provide funds for the new institution on the grounds that they could then significantly influence its direction.[[21]](#footnote-21) Relations were scarcely better with the Bank of England, which explicitly opposed the ICFC and FCI being used for any ‘political’ purposes such as increased investment in the regions. Advances of sorts did come over time – from 1959 the ICFC was able to raise its own capital through bond and stock issues – but these served to solidify the already de facto independence from the state. Even before merger and later privatisation, the ICFC was a more or less completely self-directing institution acting in its own commercial interest – which, with the various economic travails seen in the 1970s, nudged them further towards short term ‘wins’ and away from its original rationale. By the mid-1980s the then merged 3i was making less than a thousand new loans a year – dwarfed by the over 20,000 such deals then brokered by the German KfW equivalent. In a further twist, by the 1980s 3i would be in the bizarre situation of having some of its limited lending guaranteed by a *European* Investment Bank on whose board sat a British Chancellor arguing a *National* Investment Bank was the road to ruin.

**The impact of Tony Benn**

The truncated FFI/3i was not the only institution backers of a NIB had to contend with. Despite most commentators acknowledging the presence of a continued Macmillan Gap holding back British industry (blunting the intended ‘White Heat’ of technological revolution in the 1960s), the recent experience of government’s launching arms-length schemes to suit political ends was not without issue. In 1975, the Wilson government passed an Industry Act mandating the creation of a new state owned National Enterprise Board (NEB). As envisaged by its architect Tony Benn, the aim of the new NEB was to acquire a stake in major manufacturing firms – enabling the government to exercise influence over said firms’ activities and deliver a return to the exchequer if, as expected, such investments proved profitable. A 1974 Cabinet memorandum made clear its interventionist aim to ameliorate the cyclical effects of capitalism: the NEB should ‘secure where necessary large scale sustained investment to offset the effects of the short term pull of market forces…and [provide] an instrument through which the government operate directly to create employment in areas of high unemployment.’[[22]](#footnote-22)

Had the NEB indeed just been about ‘picking winners’ its opponents may have had less opportunity to undermine its credibility. But, as Cabinet memoranda spelt out, ‘it may on occasion be called on to take over an ailing company which is in danger of collapse but needs to be maintained and restored to a sound economic basis for reasons of regional employment or industrial policy.’[[23]](#footnote-23) In 1975 the Ryder report ‘propose[d] that the Government should be prepared to provide £200m in equity capital now and up to £500m in long term loan capital in stages over the period 1976 to 1978’ to one such firm, the automotive giant British Leyland.[[24]](#footnote-24) In bringing British Leyland under state ownership – with a pledge to restore the company to profitability by 1981 – the government had taken on the leading player in an industry, automobile manufacturing, which would experience mass strikes over the late 1970s. Taxpayer funds had, in short, been used (or at least seen) to pick a *loser* that government intervention had been unable to turnaround. In 1986 Margaret Thatcher continued to remind the public that ‘taxpayers' grants and guarantees amount to every family giving £200 in assistance to British Leyland and, alas, British Leyland is still in a loss-making condition.’[[25]](#footnote-25) The Thatcherite notion of sink or swim did not have much rhetorical truck for a state owned floatation device.

This was important because it undermined the case for the mixed-economy and corporatism per se. From the right, Thatcher was able to claim that government getting out of the way was the only way to turn around the British economy. Looking for cuts going into the 1979 election the Conservatives pledged to ‘reduce government intervention in industry and particularly that of the National Enterprise Board, whose borrowing powers are planned to reach £4.5 billion.’[[26]](#footnote-26) Labour’s promise to ‘expand the work and finance of the NEB…and ensure that we get an adequate return on our investment’ certainly gave the electorate a choice, but it was not one about to benefit Prime Minister Callaghan.

Importantly however, failing to find the answers to British Leyland not only bolstered the right, it also served to blunt moderate Labour. As Tony Blair remembers:

Jim Callaghan had been Prime Minister. The Labour Party was [then] put out of power by Margaret Thatcher. And the Labour Party persuaded itself that the reason why the country had voted for Margaret Thatcher was because they wanted a really left wing Labour Party. This is what I call the theory that the electorate is stupid.[[27]](#footnote-27)

Blair is clearly being somewhat playful here, but there is an underlying point. Just as Thatcher pulled the Overton window of political acceptability to the right, many were unable to reach a coherent explanation of why she had been able to do so. Before (at least) the mid-1980s the moderates had failed to win the internal battle within Labour over what had gone wrong with Britain in the 1970s, and into this space came Stuart Holland and the ‘Alternative Economic Strategy’ of full employment through borrowing to invest, controls on the international capital market, and nationalising the large banks. Not everything about this agenda was wrongheaded, but collectively it saw Labour abdicate the centre ground just as much the government they pilloried. Some saw no issue with this. In 1980 Tony Benn consoled himself after the 1980 US Presidential election with the notion that ‘with Thatcher and Reagan in power, the polarisation, and the choice for British electors, will be clearer.’[[28]](#footnote-28) Even after Labour’s own electoral catastrophe three years later, the new MP Jeremy Corbyn still ‘didn’t want a binge of recrimination. The campaign had started well and then everything had been fudged.’[[29]](#footnote-29) Rather than policy errors, there had been ‘great incompetence in the Party machine; the leaflets put out were absolutely bland crap.’[[30]](#footnote-30) For many on the left, ‘one more push’ remained the only option. With Benn later believing Kinnock had ‘reduce[d] public expectations by narrowing the vision of the Party to the single, simple objective of installing Labour ministers in office’ – suffice it to say, not exactly a trivial goal – projecting competence was far from easy.

With a chasm in the middle of British politics (at least pre-the SDP), the Tories made much early hay. Indeed, once in power some such as Nigel Lawson and John Redwood were baying for the ailing National Enterprise Board’s blood.[[31]](#footnote-31) This did not quite happen as quickly as they may have liked, but all government supporters were generally agreed on what any rump NEB should *not* do in the 1980s. Thatcher’s Industry Secretary Keith Joseph saw ‘no public benefit in enabling the NEB to act as a general merchant bank, and its powers to promote businesses, or buy shares in them will be restricted within very clearly defined limits.’[[32]](#footnote-32) Strategic intervention was not to be Thatcher’s mission. In 1981 the NEB would merge with the National Research Development Corporation to form the British Technology Group, whose aim was to commercialise publically funded developments. As with 3i, even this truncated body would be fully privatised under Major in the 1990s.

**Michael Foot’s National Investment Bank**

Despite a seemingly disadvantageous political climate, the election of Michael Foot as Labour leader in November 1980 meant the prospect of a ‘Macmillan Gap’ solving National Investment Bank was back on the agenda. For all the New Right attempts to own the economic narrative, this was not without significant political cover. As James Fulcher notes, ‘the single most important fact in understanding 1980s Britain is the decline in industrial profitability in the previous two decades. This, as measured by the net profit rate, fell from 17.5 per cent in 1960 to a low of 1.7 per cent in 1981.’[[33]](#footnote-33) Something was going disastrously wrong with British capitalism, and a re-calibration was indeed needed. Likewise, the success of the aforementioned analogous institutions to the NIB on the continent was not unknown in Westminster. In late 1980, Nigel Lawson fielded a parliamentary question on the potential for the government providing preferential interest rates for particular areas of commerce and industry – to help close, in other words, various sectoral Macmillan Gaps. In response, Lawson acknowledged that ‘there are schemes which apply on a country wide basis in four EEC member States: Germany, France, Italy and Belgium.’ He told the Commons that in the French case total interest rate subsidies for particular industries in 1979 had amounted to about 3.1bn francs (0.6% of total budget expenditure). Rejecting such a course however, he noted that ‘the Government would inevitably have to subsidise, either directly or indirectly, lower interest rates for industry, thus adding to the public sector borrowing requirement.’[[34]](#footnote-34) In the wake of Labour going ‘cap in hand’ to the IMF in 1976, this was no small argument, but the fact was it had once again become *an* argument.

Crucially, under Foot the NIB policy was driven by the far left of the labour movement. In September 1981 Les Wood, General Secretary of the UCATT union, stated that pension funds should be nationalised if their trustees refused to use them to aid British industry: ‘we do not want a national investment bank to become a second cousin of Giro,’ instead ‘we want it to provide jobs for people.’[[35]](#footnote-35) Earlier that summer, the left-winger John Silkin had included a proposal for the NIB as a key platform of his (unsuccessful) Deputy Leadership campaign. And at the Labour Party Conference of 1982 the Hard Left almost succeeded in gaining support for the entire nationalisation of Britain’s banking industry – with a conference measure only failing by 3,361,000 votes to 3,131,000.[[36]](#footnote-36) Uncharitably put perhaps, but with friends like those, the policy did not particularly need Conservative enemies.

With the policy’s inclusion in Labour’s 1983 election manifesto however, it soon got them. Since the arguments did not shift much over the decade, it is worth sketching out the Conservative rebuttal. Firstly, the government denied the problem the NIB was intended to solve existed at all: ‘there is no shortage of capital for viable investment projects in industry nor of institutions ready to invest it. Therefore the only point of the National Investment Bank would be to provide…help for the undeserving.’[[37]](#footnote-37) 1980s Britain had no ‘Macmillan Gap,’ the capital markets were providing worthwhile funding, and thus the whole notion was statist tinkering at best, and downright harmful if it crowded out private lending at worst.

Secondly, the NIB idea was linked to Labour’s concurrent manifesto threat to nationalise one (or more) of the ‘big-four’ clearing banks. Such a nationalisation would have involved a significant sum: the then stock exchange value of the Midland exceeded £600m and Barclays over £1.5bn.[[38]](#footnote-38) Though the Tories conceded the costs of setting up a NIB were ‘unquantifiable,’ the sums involved may well have been higher than even these sums. People may have been growing gradually more sceptical of bankers, but entrusting their money to Michael Foot instead was a leap too far. By threatening to nationalise a major bank to make way for the NIB, the NIB became less about facilitating productive capitalism and more about the state encroaching onto the private sphere. After the experience of the 1970s this was a big leap of faith for some sections of the electorate to take.

And thirdly, as Conservative literature noted, whilst ‘the market value of [UK] pension funds is about £70 billion – a proportion of this money has been ‘targeted’ by the Labour Party for directed investment through the National Investment Bank.’ With ‘11.6 million employees…members of occupational pension schemes – over half the working population’ – the implication was that Labour was about to raid people’s hard earned pension pots to subsidise another failing British Leyland.[[39]](#footnote-39) And as the Tories hammered home, ‘industrialists, not bureaucrats or committees of “wise men”, are best placed to determine which investment opportunities are profitable and will create jobs.’[[40]](#footnote-40) The NIB was an example of Labour not only about to hit high earners through potentially punitive upper rates of income tax, but getting their myopic cronies to mismanage workers’ pensions too.

**Kinnock’s moderate course**

So how did the idea survive the debacle of 1983? Aside from similar admiration held for the Japanese MITI, part of the answer lies in the pro-European direction Kinnock would take the party. Today, Lord Charles Williams remembers that ‘some of us Europhiles were admiring (envious) of the German model, particularly the Landesbanks, and thought we could do the same here. The argument was not to find a way of being nice to capitalists but to show that within the boundaries of Clause IV we could do what the capitalists could not because of ‘short termism’ in the capital markets.’[[41]](#footnote-41) In December 1985, Shadow Chancellor Roy Hattersley noted ‘it is Labour Party policy to create an industrial bank of the sort that has been successful in Germany, Japan, Sweden, and other Scandinavian countries.’[[42]](#footnote-42) Hattersley was a consistent voice for internationalism, and urged Kinnock not to seem to advocate a ‘siege economy’ like Foot. As the Shadow Chancellor admitted however, the difficulty with ‘organis[ing] a new [global] economic order’ was that ‘Reagan will still be President.’[[43]](#footnote-43)

Yet Europe remained a beacon of possibilities, and not just in terms of individual member states. Between 1980 and 1990 the total level of new financing provided by the European Investment Bank in Luxembourg increased from 3.5bn ECU to 13.4bn ECU.[[44]](#footnote-44) This had clear ramifications in the UK – from £417m worth of loans being issued to UK projects in 1980, by 1989 the amount was approaching £1.1bn (the UK was only second behind Italy in terms of investment received).[[45]](#footnote-45) Big ticket items in the late 1980s included £190m towards the nuclear fuel processing plant in Sellafield, £50m for the development of the Airbus A-320 aeroplane, £100m for British aerospace, and £200m for Scottish communications. Significant EIB money also went towards the Channel Tunnel and the development of Stansted Airport.[[46]](#footnote-46) The EIB was certainly not without critics, and as Thatcher attempted to negotiate Britain’s rebate from the EC any financial loss Britain made to Europe was heavily scrutinised. Indeed, between 1988 and 1991 the UK’s total subscription to the EIB was a sizeable 5.5bn ECU. But with the collapse of communism this money soon assumed a geopolitical importance - even the Conservative manifesto of 1992 spoke of being ‘at the forefront of investing in the markets of Central and Eastern Europe.’[[47]](#footnote-47) Regardless, throughout the 1980s the UK was increasingly part of a scheme to repatriate taxpayers’ money to fund and guarantee lending to small, medium and larger businesses across the European continent (and beyond). This did not stop Tory attacks on Labour’s attempts to implement a British version of the EIB, but it blunted them. Subsidised lending was happening, and British businesses and infrastructure projects alike were benefiting from it.

Policy precedent apart, one cannot ignore the internal and very personal dimension for Neil Kinnock. As Richard Hill notes, between his election as leader in 1983 and the conference speech of 1985 where he lambasted the Militant tendency, Kinnock’s room for manoeuvre was limited indeed.[[48]](#footnote-48) His loss at the 1984 Conference over ‘One Member One Vote’ was particularly salutary, and policies which advanced his own views but could be cloaked in the language of the left were vital during this period. Crucially, the idea of some form of government directed (or at least influenced) investment bank could mean different things to different people. For some on the left, after 1983 the major problem with the NIB was that the policy did not go far enough. Presenting a 1985 paper to the broadly leftist Campaign for Labour Democracy faction, the Oxford economist (and Trotskyist) Andrew Glyn argued that ‘the National Investment Bank, currently proposed by Labour to be funded from repatriated overseas investments and directed towards small and medium firms could make a contribution, but in no way would it guarantee a major expansion of investment.’[[49]](#footnote-49) This was symbolic, he continued, of ‘Labour’s leaders hav[ing] retreated from the ideas of planning and controlling investment, towards attempting to encourage it by reassuring the private sector.’ Paul Flynn MP (first elected in 1987) recalls that the ‘left wing were friendly towards the [NIB] idea more so than the right wing.’[[50]](#footnote-50) Either way, the policy’s malleability was one of its chief assets. For those on the right, the bank was about encouraging capital flows to productive capitalism – providing succour, as Flynn states, to the ‘give greed a chance’ brigade.[[51]](#footnote-51) Concurrently to those on the left, it was about bringing the City to heel, plugging the gaps the big banks were refusing to act on, and bringing industry back under state control.

As Bryan Gould notes to the present author, the NIB question was very much tied up to ‘the issue as to what to commit a new Labour government to do in respect of the formerly nationalised industries, such as BT, that the Tories had in various ways privatised. The unions…were keen to push for a commitment to re-nationalise, but the PLP members wanted to avoid that commitment.’ Much of Gould’s time in his Shadow Economic portfolios in the late 1980s was spent ‘persuading the unions to accept a form of partial public ownership, such as – in the case of BT for example – obtaining a majority shareholding. It was in the context of that kind of discussion that the concept of a publicly owned investment bank was developed.’[[52]](#footnote-52) Shifting the Labour Party on industrial policy and nationalisation was about restoring Labour’s ‘valence’ to the electorate – here the NIB formed part of the retail offer as such, but it was also not a policy that existed in a vacuum. Just as the Tories had tied up the NIB to nationalising the major banks in 1983, so too did it not remain divorced from the remainder of Labour economic policy throughout the 1980s. Indeed, the sheer plethora of promised new institutions in areas from pricing to the regions was not always helpful (particularly a new ‘British Enterprise’ intended as a de facto resurrection of the 1970s NEB), but within the labour movement they could serve useful purposes with different stakeholders. Gradually moving Labour thought from owning the means of production to facilitating responsible capitalism was a process that took time.

As the party became generally more credible however so did Kinnock’s version of the NIB – and nuancing the vexed funding issue was key here. In 1986 Kinnock explicitly sent out the signal that his NIB was ‘not…an agency for *channelling all national savings*.’[[53]](#footnote-53) To fund a bank capitalised to the tune of a potential £12bn, he retained the general principle from 1983 of withdrawing tax privileges from pooled investment schemes which did not limit their overseas portfolio to a given percentage, and from those managed funds which did not allocate a stated proportion of their portfolio to loan stock of the NIB. All questions of nationalisation of pension funds, uncooperative banks and so forth were however dropped – the policy would rely on incentives and providing nudges for market participants to act in the national interest. And, as a further fudge, the party’s commitment to raise additional income tax from those earning over £20,000 was also occasionally dangled in the NIB’s direction as a source of funding – particularly as revenue from another potential avenue, North Sea oil, dried up from the mid-1980s.

The trade-off here was again between valence and positional politics. If, as they indeed did, Labour highlighted particular ways to pay for the NIB, this meant highlighting groups who might fear losing out (i.e. pensioners) and thereby gain new ‘positional’ enemies.[[54]](#footnote-54) Equally however, if no source of funds was identified for the NIB, this meant undermining the party’s valence with the electorate per se. Though we will never know the outcome of a NIBless 1987, the actual result perhaps vindicates taking what positional hit there was. In the end, in 1987 Labour gained around 4% additional voters over the age of fifty-five (those of pensionable or approaching pensionable age) on their 1983 performance - compared to an overall swing of just over 3% between the two elections.[[55]](#footnote-55) Conservative attack dogs such as Norman Tebbit, sent out to claim that Labour intended to ‘rob the pensioners,’ had limited success.[[56]](#footnote-56) Given such pension funds would be buying bonds in any NIB (likely providing a higher rate than gilts too) and not taking an equity stake, the Conservative rebuttal in this regard was always half-baked at best.

Funding remained a key question however and, interestingly, one advocate of directly hypothecating taxes was Tony Blair. In a private paper, he pointed to the success of Walter Mondale in winning the Democratic nomination for President in 1984. One of the biggest charges facing Labour, Blair contended, was Mondale’s question to his then rival Gary Hart: ‘where’s the beef?’ Though he argued that ‘the scope from taking from “the wealthy” and giving to “the poor” is not unlimited’ hypothecating taxes was certainly an option. Blair wrote that ‘spending on industry, through grants, subsidies, training for industry etc. should again come, as far as is feasible, from raising corporate taxes on industry…[which] are actually low compared with our competitors.’[[57]](#footnote-57) Whether Labour’s ambitions were big or small, the important thing was to be seen to be realistically able to pay for them. In 1983 Labour, rather foreshadowing 1992, had been accused of more than £26.5bn of additional spending commitments where the sums did not yet add up.[[58]](#footnote-58) As Peter Mandelson noted, Labour should be careful that ‘when talking of our programme we don’t promise more than we can deliver or can afford, distinguish between immediate priorities and longer-term goals, aspire to a 10-15 year horizon, and we declare all this openly.’[[59]](#footnote-59) The NIB fit into such long-term horizons.

But if tax might be needed to fund its upfront costs, the National Investment Bank was a part of a more significant transition towards the ‘supply side socialism’ advocated by John Eatwell, Kinnock’s Chief Economic Advisor. According to Martin Westlake, ‘for Eatwell, Britain’s key economic problem was the weakness of its productive sector. This imposed long-term constraints on possible rates of growth since, when consumption spending rose, imports inevitably increased and pushed the economy into a Balance of Payments deficit.’[[60]](#footnote-60) As a Labour press briefing put it in 1989, ‘we have now moved decisively away from a policy of short-term management of the economy through demand management.’[[61]](#footnote-61) Instead of manipulations of exchange or interest rates, or standard leftist fiscal measures on tax and spend, ‘supply side socialism’ would seek to fix the structural flaws in the British economy over the medium to long term and grow Britain’s way to prosperity. As party advisors told journalists, Labour was now about ‘the enabling state…[where] the aim is not to pick winners but to create the conditions in which winners can come through.’[[62]](#footnote-62)

Further intellectual ballast came from the Kaldor Group – a group of academics commissioned by Kinnock to re-think Labour’s economic priorities. Headed by Nicholas Kaldor and attended by Meghnad Desai, John Eatwell, Andrew Graham and others, the group was convinced of the pressing Macmillan Gap going into the mid-1980s. Although mostly macro focussed, they noted that

‘[the] characteristics of the UK capital market militate against…two situations in particular. One is the small/medium size firm needing external finance to grow rapidly. During rapid expansion the investment needs are often equal to, or greater than profits. There is therefore no chance during this period of paying high nominal interest rates or high dividends. The other is the medium/large firm with outdated capital and low profitability, but with good plans for substantial modernisation on a scale that again requires additional external finance. We envisage cases of these two kinds as being especially suitable for support by the proposed National Investment Bank’[[63]](#footnote-63)

The enemy here was predatory, short term capitalism. As Bryan Gould told a Cambridge audience, ‘as long as economic policy making is dominated by the interests of those who hold assets rather than create wealth we shall continue to suffer from chronic short termism and the high interest rates and uncompetitive currency that reflect and accompany it.’[[64]](#footnote-64) This meant a realignment of capitalism, but not its fundamental replacement. As Kinnock put it, ‘we have a particular financial system which in its own terms is successful. And we have an unsuccessful industrial sector. Given the role which finance has in a capitalist economy of mobilizing resources – and must have in any economy fuelling production – there must be some causal relationship between the relative success of one and the relative failure of the other.’[[65]](#footnote-65) Expressed more concisely, Kinnock believed ‘British financial institutions…should be midwives, instead they are undertakers.’[[66]](#footnote-66) Tactics aside therefore, getting credit flowing was not merely about internal party management. As John Smith argued in his response to the 1985 budget, ‘the Tory party has become the anti-industry party. It is the party of fast food services and of financial services…[and] the jobs of the future [under a Conservative government] will be not so much low-tech as no-tech.’[[67]](#footnote-67)

John Eatwell concurs with this point. Above and beyond plugging the Macmillan Gap, the NIB was an asset because it could help address the crucial question of technological development whilst, at the same time, there was the financial expertise around to staff the operation effectively. As to the first, although British Leyland had previously been something of an albatross around Labour’s neck, the innovation seen in car manufacturing throughout the 1980s was evidence to many within Kinnock’s office that they ‘had to back such highly skilled consultative expertise in the automotive sector.’[[68]](#footnote-68) This was also true of aerospace where, as Kaveh Pourvand notes, ‘various government interventions have been crucial to [its] present day success.’[[69]](#footnote-69) Selling such British expertise to the world was something to be encouraged and, whilst the Thatcher government had utilised tax incentives to bring in foreign investment (including Nissan in Sunderland), it was felt far more could be done to capitalise on Britain’s competitive advantage in such markets. Equally the NIB could contribute to this, Eatwell remembers, because of the presence of many ‘really talented investment bankers who had often been trained, as younger men, at the Wilson era Industrial Reorganisation Committee [which had encouraged mergers to produce a more efficient industrial base].’[[70]](#footnote-70) These were ‘often quite conservative people, who had been given responsibility at a young age and had a real practical expertise that could have been brought in [to the NIB].’[[71]](#footnote-71) Socialising the financial expertise held within the City was held to be both practical and deliverable.

As such, there were clear wins during this period. In May 1985, Smith was able to seize on a recent speech of Nicholas Edwards, then Welsh Secretary, to Cardiff Business Club. Edwards, no paid-up Wet, had argued that there was a ‘physical chasm’ between the City of London and Britain’s industrial areas. Edwards had also stated that ‘among many household names in the financial world, there is at best a failure to comprehend the problem…and at worst a startling arrogance that leads them to conclude that all is well, that nothing calls for reform, and that anyone with a good project can always find backing for it.’[[72]](#footnote-72) Pouring praise on Edwards, Smith contrasted it with ‘the objections of some Conservative Members [which] arise from the fact that they think the City already provides adequately for the needs of British industry.’ Labour’s broad diagnosis was not without prominent third-party backing either. In October 1986 the CBI called for £1bn of new infrastructure investment, and criticised the halving of capital expenditure as a percentage of overall government investment between 1980/1 and 1985/6. As the CBI noted, ‘unless the government takes the initiative now on certain capital projects we shall have lost our chance and slip further behind in the [global] competitiveness league.’[[73]](#footnote-73) The narrative was not wholly slavishly Thatcherite.

In this light, and with Reaganomics then clearly in the ascendency, it is also worth revisiting the coverage for the NIB in North American newspapers. In February 1986 *The* *New York Times*, referencing the British press, noted that ‘the new Labor remedies – lower interest rates, competitive exchange rates, a national investment bank, sponsoring technology – sound so prudent and uncontroversial that *The Daily Telegraph*, a Tory paper, asked ironically whether there was a ''convergence'' between Labor and Conservative policies.’[[74]](#footnote-74) In the immediate run up to the 1987 election, *The* *Boston Globe* noted that ‘Labor also would…impose a "capital repatriation" program to keep savings and investment from going abroad, coupling that with an industrial investment bank for low-cost business loans. But the party promises to renationalize only the gas and telephone companies in its first parliament of five years. That represents a Kinnock victory over the left in his party.’[[75]](#footnote-75) After the defeat, Toronto readers of *The Globe and Mail* could read of the policy review then underway which had ‘several proposals including an industrial investment bank, a more effective science policy and better retraining programs. But [Labour] resolutely reject heavy intervention in the economy and protectionism.’[[76]](#footnote-76) These are only snapshots, but the threefold picture of a moderate policy, bolstering a centrist leader who was about strategic rather than blanket intervention was broadly accurate. In this regard, Labour was making some of the progress envisioned by the Democratic Leadership Council in America - which would eventually deliver the election of President Bill Clinton in 1992.[[77]](#footnote-77)

**The road to 1992**

If 1983-1985 saw Kinnock bob and weave within the party, and 1985-1987 witness a gradual centrist drift, the two year period after the loss in 1987 cemented the victory of the moderate tendency. According to Labour’s communications team considering the latest defeat, it was clear that ‘the Conservatives won the election on economic grounds’ and there were continuing ‘perceptions of Labour’s lack of economic competence.’ There was a need, these documents continued, not to make the message ‘too abstract’ and ‘engage the interest of both politicians and the general public.’[[78]](#footnote-78) Slightly ironically, this process began with the ultra-wonkish process of a party policy review. For Westlake, ‘the Labour’s Party 1987-9 policy review was the most comprehensive and systematic attempt ever undertaken by a political party to reformulate its policies…in theory, each of the policy review groups operated from a blank sheet – in effect a moderniser’s charter – but in reality the reforms that emerged were less radical and more cautious than Kinnock.’[[79]](#footnote-79) This review involved shifting the NIB subtly again.

Prior to 1987 one important change had already been made – Labour had dropped the previous requirement for all lending from the NIB to be subject to firms providing a ‘business plan agreed between Government, management, and work-force.’ This had helped blunt charges that ‘what [Hattersley] wants to do is bully financial institutions.’[[80]](#footnote-80) But in the wake of 1987 the bank’s remit was again changed. By March 1989 Kinnock was able to state that the NIB would ‘back investment that captures markets…it will be a creative force that invests, builds, and then moves on.’[[81]](#footnote-81) Ken Livingstone and others on the left were opposed to this recalibration of aims.[[82]](#footnote-82) Yet for revisionists like Giles Radice, ‘if it is to be serious about winning…[Labour] cannot afford to be primarily a class party…Labour should be, and be seen to be, a broad based national party, concerned with national solutions for national problems.’[[83]](#footnote-83) The evolving NIB was a significant part of this.

By placing the NIB on a more strategic footing, Labour could be more confident going into 1992. Taking two sometimes sceptical newspapers as indicative, *The Times* (1983-1987 – three critical headlines; 1987-1992 - zero) and *Glasgow Herald* (1983-1987 – six critical headlines; 1987-1992 – zero) both calmed their ire with regard to Labour’s NIB proposal. By 1991 Shadow Chancellor John Smith was even taking criticisms head on. When speaking in the City, he was asked by a representative of the then ailing Prudential insurance fund whether it was wise to create a NIB since ‘governments have a rather poor track record in selecting profitable areas for investment.’ Smith jovially countered that ‘the private sector has made its share of dodgy decisions, too. D’you know, hard though this is to believe, I understand that a substantial British insurance company went headlong into the property market not so long ago.’ *The Times* even drily headlined the account of this incident, ‘Pru-dent silence.’[[84]](#footnote-84) Smith had good reason to be bullish. Earlier that year the influential National Institute of Economic and Social Research (NIESR) had argued that ‘the provision of long time finance through a national investment bank’ within Labour’s programme could, alongside other measures, help bring growth of over 3% and maintain inflation at a stable 2%.[[85]](#footnote-85) And the global picture was also moving to the policy’s advantage. By January 1992 the unemployment rates of European states operating institutions most close to the proposed NIB were 6% in Germany, 5.6% in the Netherlands, and 4.3% in Sweden.[[86]](#footnote-86) These low figures were no doubt largely due to macroeconomic factors above and beyond any domestic NIBs, but with a UK rate of 9.3% (and climbing) Tory charges about the evils of Rhenish capitalism could be batted off.

By February 1992, NOP polling showed that Labour’s broad suite of industrial policies, of which the NIB was a big part, had been effectively drawn. Labour was viewed as the party best at ‘getting the economy out of recession’ (29% to 24%), reducing unemployment (37% to 11%), helping the manufacturing industry (49% to 21%) and was neck and neck as to ‘which party will run the economy well’ (45%-45%).[[87]](#footnote-87) Yet ‘supply side socialism’ was not everything, and it was roughly at this point that the Conservative message regarding ‘Labour’s tax bombshell’ began to filter through. With Tory posters proclaiming an additional £1,250 on the tax bill of every British taxpayer in the wake of a Labour victory, the subtleties of retooling British capitalism through a NIB were not able to push Kinnock to victory. A fourth election on the bounce (the third with a pledge to introduce a NIB) was duly lost.

**Conclusion**

The case of the National Investment Bank is informative in three overlapping regards. Firstly, it helps us understand how Labour talked to itself. The NIB’s long-term rationale, after all, was to fix a particular flaw in capitalist systems: the Macmillan Gap of banks not lending to the right places. To fund such beneficial activity one could either take a confiscatory approach – raid major investment funds for the capital necessary to fund this greater good – or incentivise such funds to act in a more responsible manner. Until 1983 the unions’ advocacy and a leftist leadership collectively ensured Labour took the former approach, whilst after that election Hattersley, Gould, Eatwell and others nudged the party towards the latter. Even if it would not figure in the New Labour platform, the NIB’s role in the transition of the party – away from ‘National’ solutions and towards ones where they were prepared to talk to ‘Investment Banks’ – renders it as a significant juncture in the party’s history.

Secondly, the NIB tells us much about Labour’s outward electability. The 1980s saw Labour gradually shift from the perception that they were blinkered statist blunderers to one where people could see them as semi-credible managers of the public purse. To return to Stokes, in 1983 Labour’s advocacy of the NIB suffered both a ‘valence’ and a ‘positional’ problem: few thought they could govern effectively, and there was the direct (if exaggerated) prospect for some pensioners to see their future returns hit. Kinnock gradually restored a semblance of ‘valence’ to Labour on the economy and thus its ability to deliver an effective NIB. Positional attacks from the Conservatives and their sympathetic allies in the press cut through somewhat between 1985-1987, but thereafter, partially due to Labour’s shift towards supply side socialism and the strategic state generally (allied to the declining fortunes of the government itself), the NIB was both a viable and beneficial part of the Kinnock platform. The shifting nuances in the policy also provided a dog-whistle of sorts for the fact the party had changed from 1983: no bad thing, and certainly something not universally achieved with regard to tax and spend. Had the party won in 1992 the trick would have been for the NIB to avoid the fate of 3i, and to keep an independent NIB focused on national priorities rather than its own bottom-line. But with the appointment of a sympathetic top team (*The Spectator* speculated that Charles Williams might be in line to lead the NIB), day-to-day independence whilst keeping an eye on overarching national priorities was not beyond the wit of man.[[88]](#footnote-88) The Bank of England essentially walks such a line today.

Lastly, the NIB is also instructive regarding the birth of New Labour. As noted, through its intellectual roots in 1970s Tony Benn and the Foot leadership, backing the NIB after 1983 helped Kinnock to move Labour towards the centre. And, importantly, the modernisers were watching intently for opportunities to shift the discourse further. They may not all have bought the NIB wholesale (though Blair and Prescott backed it publicly), but they benefitted from its shifting the political terrain in their favour.[[89]](#footnote-89) By 1994 Labour had found the revisionist leader Giles Radice demanded, one willing to ‘accept the market but uphold the case for selective state intervention.’[[90]](#footnote-90) In pledging that ‘the war on inflation is a Labour war’ and later not to raise the top rate of income tax, New Labour broadly got the economic mood music right in opposition.[[91]](#footnote-91) But one unfortunate casualty of the belief that ‘the era of the corporatist state intervention is over’ was the relatively moderate NIB.[[92]](#footnote-92) In a sense, for Tony Blair, in changing the party the NIB idea had served its purpose. And as a man about ends rather than means, he chose other means to change the country.

1. Richard Hill, *The Labour Party and Economic Strategy 1979-97: The Long Road Back*, (London: Palgrave, 2001),

   p. 4. [↑](#footnote-ref-1)
2. Colin Hughes and Patrick Wintour, *Labour Rebuilt: The New Model Party,* (London: Fourth Estate, 1990), p. 6. [↑](#footnote-ref-2)
3. Giles Radice, *Labour’s Path to Power: The New Revisionism*, Basingstoke: Macmillan, 1989), p. 57. [↑](#footnote-ref-3)
4. See, e.g. IPSOS-MORI’s ‘Economic Optimism Index’. [↑](#footnote-ref-4)
5. *The Guardian*, 2 August 2015 via <https://www.theguardian.com/commentisfree/2015/aug/02/labour-split-corbyn-blairites> [accessed 14 January 2017]. [↑](#footnote-ref-5)
6. IPSOS-MORI, ‘Polls on Labour Party’s Image,’ 1983-1992. [↑](#footnote-ref-6)
7. To contextualize the success of Kinnock, see Charles Clarke, ‘Measuring the Success or Failure of Labour Leaders: The General Election Test,’ in Charles Clarke and Toby S. James (eds), *British Labour Leaders*, (London: Palgrave, 2015), pp. 33-52. [↑](#footnote-ref-7)
8. A note is necessary on the nomenclature, in the 1987 manifesto this institution was called a ‘British Industrial Investment Bank.’ To further complicate matters, in his 1986 *Making Our Way: Investing in Britain’s Future* (London: Basil Blackwell), Kinnock referred to it as the ‘British Investment Bank.’ [↑](#footnote-ref-8)
9. Jim Tomlinson, ‘Thatcherism, monetarism and the politics of inflation,’ in Ben Jackson and Robert Saunders, *Making Thatcher’s Britain,* (Cambridge: CUP, 2012), pp. 62-77, p. 70. [↑](#footnote-ref-9)
10. Richard Carr, *Credit Where Credit’s Due: Investing in local infrastructure to get Britain growing*, (London: Localis, 2012). See also Nick Tott, *The Case for a British Investment Bank: A Report of Labour’s Policy* Review, (London: Labour Party, 2012), and, utilising a different funding model, Richard Carr, ‘Tackling the ‘money octopus’: the financial sector and the One Nation tradition,’ *Renewal* 23/1-2 (2015), 30-43. [↑](#footnote-ref-10)
11. Donald E. Stokes, 'Spatial Models of Party Competition', *American Political Science Review*, 57 (1963), pp. 368-77. [↑](#footnote-ref-11)
12. Colin Hays, *The political economy of New Labour: Labouring under false pretences?*, (Manchester: MUP, 1999); Dianne Hayter, *Fightback! Labour’s Traditional Right in the 1970s and 1980s*, (Manchester: MUP, 2005). [↑](#footnote-ref-12)
13. From an economic standpoint, see Richard Coopey, ‘The First Venture Capitalist: Financing Development in Britain After 1945: The Case of ICFC/3i,’ *Business and Economic History*, 23/1 (1994), 262-271. [↑](#footnote-ref-13)
14. Thanks are due to Lords John Eatwell and Charles Williams, Paul Flynn MP and Bryan Gould for their comments. [↑](#footnote-ref-14)
15. Given the extent to which it is repeated, it is worth laying out in full Peter Mandelson’s famous quote. New Labour was indeed ‘intensely relaxed about people getting filthy rich.’ However, this was always ‘as long as they pay their taxes.’ [↑](#footnote-ref-15)
16. See *the Guardian*, 14 March 2013 via https://www.theguardian.com/politics/2013/mar/14/ed-miliband-network-local-banks and Daily *Telegraph*, 23 February 2012 via <http://www.telegraph.co.uk/finance/comment/9101672/If-we-want-the-UK-to-grow-we-should-take-lessons-from-Germany.html> [both accessed 14 January 2017]. [↑](#footnote-ref-16)
17. Committee on Finance and Industry Report, June 1931, The National Archives (TNA), London, T/200/7. [↑](#footnote-ref-17)
18. Coopey, p.264. [↑](#footnote-ref-18)
19. William A. Thomas, *The Finance of British Industry, 1918-1976*, (London: Methuen, 1979), p. 334. [↑](#footnote-ref-19)
20. Chris Lonsdale, *The UK Equity Gap: the failure of government policy since 1945*, (Farnham: Ashgate, 1997),

    p. 40. [↑](#footnote-ref-20)
21. Coopey, p. 264. [↑](#footnote-ref-21)
22. Planning Agreement and the National Enterprise Board, 1 August 1974, TNA, CAB/129/178/13. [↑](#footnote-ref-22)
23. Ibid. [↑](#footnote-ref-23)
24. ‘British Leyland: The Ryder Report,’ 23 April 1975, TNA, CAB/129/183/3. [↑](#footnote-ref-24)
25. HC Debs, 20 February 1986, 92, col 477. [↑](#footnote-ref-25)
26. 1979 Conservative Party manifesto. [↑](#footnote-ref-26)
27. Tony Blair in conversation with Matt Forde, 22 July 2015, available via [www.progressonline.org.uk](http://www.progressonline.org.uk) [Accessed 14 January 2017]. [↑](#footnote-ref-27)
28. Tony Benn, *The End of An Era: Diaries 1980-90*, (London: Hutchinson, 1992), p. 44 [5 November 1980]. [↑](#footnote-ref-28)
29. Ibid, p. 296 [12 June 1983]. [↑](#footnote-ref-29)
30. Ibid. [↑](#footnote-ref-30)
31. Nigel Lawson, *The View from No. 11: Memoirs of a Tory Radical*, (London: Bantam, 1992), p. 90; M. Grylls and John Redwood, *National Enterprise Board: A Case for Euthanasia*, (London: CPS, 1980). [↑](#footnote-ref-31)
32. Keith Joseph statement draft, 18 July 1979, TNA, PREM/19/260 f114. [↑](#footnote-ref-32)
33. James Fulcher, ‘British Capitalism in the 1980s: Old Times or New Times?’, *British Journal of Sociology*, 46/2,

    pp. 326-338. [↑](#footnote-ref-33)
34. HC Debs, 13 November 1980, 992, cols.445-7. [↑](#footnote-ref-34)
35. *Glasgow Herald*, 11 September 1981, p. 9. [↑](#footnote-ref-35)
36. *Glasgow Herald*, 29 September 1982, p. 6. [↑](#footnote-ref-36)
37. Conservative Research Department Confidential Note, 16 May 1983, Churchill Archives Centre (CAC), THCR 2/7/3/10 f5. [↑](#footnote-ref-37)
38. ‘Costing Labour’s Manifesto Promises,’ 25 May 1983, CAC, THCR 2/7/3/15 f9. [↑](#footnote-ref-38)
39. Conservative Research Department Confidential Note, 16 May 1983, CAC, THCR 2/7/3/10 f5. [↑](#footnote-ref-39)
40. Ibid. [↑](#footnote-ref-40)
41. Charles Williams to the author, 11 December 2015. In 1987, Lord Williams authored the influential Fabian Society pamphlet, *An Investment Bank for the UK*. [↑](#footnote-ref-41)
42. HC Debs, 12 December 1985, 88 col. 1093. [↑](#footnote-ref-42)
43. Hattersley to Kinnock, 24 October 1985, CAC, KNNK/6/1/7. [↑](#footnote-ref-43)
44. European Investment Bank Annual Reports, 1980 and 1990. [↑](#footnote-ref-44)
45. HC Debs, 13 March 1990, 169, cols. 160-1. [↑](#footnote-ref-45)
46. HC Debs, 20 April 1990, 170, cols. 1047-50. [↑](#footnote-ref-46)
47. 1992 Conservative Manifesto [↑](#footnote-ref-47)
48. Hill, p. 28. [↑](#footnote-ref-48)
49. ‘A Million Jobs for a Year: The Case for Planning Full Employment’ by Andrew Glyn, 3 September 1985 draft, CAC, TADA 4/10/1. [↑](#footnote-ref-49)
50. Paul Flynn to the author, 9 December 2015. [↑](#footnote-ref-50)
51. Ibid. [↑](#footnote-ref-51)
52. Bryan Gould to the author, 6 December 2015. [↑](#footnote-ref-52)
53. Kinnock, *Making Our Way*, p. 186. My italics. [↑](#footnote-ref-53)
54. Albeit balanced against positional friends such as small business and, potentially, the unemployed. [↑](#footnote-ref-54)
55. IPSOS-MORI, ‘How Britain Voted Since October 1974’. [↑](#footnote-ref-55)
56. *Glasgow Herald*, 17 September 1985, p. 7. [↑](#footnote-ref-56)
57. Tony Blair note on ‘Public Expenditure,’ CAC, KNNK/6/1/17 [↑](#footnote-ref-57)
58. ‘Costing Labour’s Manifesto Promises,’ 25 May 1983, CAC, THCR 2/7/3/15 f9. [↑](#footnote-ref-58)
59. Mandelson memorandum on General Election Strategy, 27 October 1986, CAC, KNNK/3/2/4. [↑](#footnote-ref-59)
60. Martin Westlake, *Kinnock: The Authorised* Biography, (London: Little, Brown: 2001), p. 434. [↑](#footnote-ref-60)
61. ‘Economic Policy After the Review,’ 22 June 1989, CAC, KNNK/6/2/13. [↑](#footnote-ref-61)
62. Ibid. [↑](#footnote-ref-62)
63. First Report of a Labour Party Economic Policy, July 1986, King’s College, Cambridge, NK/11/10. [↑](#footnote-ref-63)
64. Bryan Gould speech in Cambridge, 17 May 1987, CAC, BRAY Acc. 870, Box 10. [↑](#footnote-ref-64)
65. Kinnock, *Making Our Way*, p. 111. [↑](#footnote-ref-65)
66. Ibid. [↑](#footnote-ref-66)
67. HC Debs, 11 March 1985, 75, cols 105-6. [↑](#footnote-ref-67)
68. Lord Eatwell to the author, 8 January 2016. [↑](#footnote-ref-68)
69. Kaveh Pourvand, *Picking Winners: How UK industrial policy ensured the success of the aerospace and automobile industries*, (London: Civitas, 2013), p. 33. [↑](#footnote-ref-69)
70. Lord Eatwell to the author, 8 January 2016. [↑](#footnote-ref-70)
71. Ibid. [↑](#footnote-ref-71)
72. HC Debs, 15 May 1985, 79, col 334. [↑](#footnote-ref-72)
73. See press cuttings in CAC, KNNK/6/2/1. [↑](#footnote-ref-73)
74. *New York Times*, 18 February 1986 via <http://www.nytimes.com/1986/02/18/world/after-thatcher-kinnock-doesn-t-spring-to-mind.html?pagewanted=1> [accessed 14 January 2017]. [↑](#footnote-ref-74)
75. *Boston Globe*, 20 May 1987, p.5. [↑](#footnote-ref-75)
76. *Toronto Globe and Mail*, 12 May 1988, p.8. [↑](#footnote-ref-76)
77. See Al From, *The New Democrats and the Return to Power*, (London: Palgrave Macmillan, 2013), passim. [↑](#footnote-ref-77)
78. ‘Developing a Communication Strategy,’ June 1988, CAC, KNNK/6/2/1. [↑](#footnote-ref-78)
79. Westlake, p. 425, p. 427. [↑](#footnote-ref-79)
80. *Glasgow Herald*, 20 September 1985, p. 6. [↑](#footnote-ref-80)
81. *Glasgow Herald*, 20 March 1989, p. 4. [↑](#footnote-ref-81)
82. Ibid. [↑](#footnote-ref-82)
83. Radice, pp. 200-201. [↑](#footnote-ref-83)
84. *The Times*, 18 July 1991. [↑](#footnote-ref-84)
85. Economic briefing, 14 January 1991, CAC, KNNK/6/2/15. [↑](#footnote-ref-85)
86. Via Eurostat. [↑](#footnote-ref-86)
87. David Butler and Dennis Kavanagh, *The British General Election of 1992*, (Basingstoke: Macmillan, 1992), p. 98. [↑](#footnote-ref-87)
88. *The Spectator*, 14 December 1991, p. 18. [↑](#footnote-ref-88)
89. Such as HC Debs, 9 July 1985, 82, col 1043 and 20 March 1986, 94, col 445. Prescott as something of a more ‘traditional’ moderniser, admittedly. [↑](#footnote-ref-89)
90. Radice, p. 209. [↑](#footnote-ref-90)
91. Gordon Brown lecture, 17 May 1995, CAC, BRAY 97/097. [↑](#footnote-ref-91)
92. Bray to Blair, July 1994, CAC, BRAY 97/097. [↑](#footnote-ref-92)