To Want Something Better is to Want Something Worse:
A Critique of the Labour Party's (Continual) Adaptation to the Capitalist State

by

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Introduction

Niccolò Machiavelli (1979:19; 52-9) maintained the Prince must appreciate the "gap between how one lives and how one ought to live." For him, "anyone who abandons what *is* done from what *ought* to be done learns his ruin rather than his preservation" (italics added). Machiavelli avers however that appearing to be good is qualitatively different from being good. Indeed, "according to the way the winds of fortune and the changeability of affairs" proceed, it is necessary for the Prince to appear "merciful, faithful, humane, trustworthy, religious, and so on" when his motives are quite the opposite in reality. This 'realist' conception of human governance is premised on a 'realist' interpretation of human nature: namely, that because "people are fickle by nature" and do not "know how to live as free men," a Prince must rule over them either by consent or by force to preserve the established order.

The Machiavellian distinction between what *is* and what *ought* to be can be traced throughout the history of the British Labour Party, dividing a 'realist' leadership-class from a 'utopian' activist-base. Rhetorically, Party leaders always paid lip-service to 'socialism' to demonstrate their 'goodness' to Labour's most active supporters, who were themselves on the main avowed socialists. In practice, however, Party leaders invariably accepted what *is* and suppressed what *ought* or indeed *could* be when they assumed the responsibilities of office. For them, what *is* was determined by the vagaries of the British state and its structural-dependency and exposure to an increasingly volatile capitalist economy. Under these conditions, Labour's time in office was an unrelenting process of reacting to 'events' (i.e. moments that disrupt the smooth order of things). Repeatedly, the Party's most active supporters would condemn the government's lack of radicalism. In response, Party leaders would state that whilst they share or at least sympathize with the long-term aspirations of its active membership, the government needed to enact a programme that addressed the problems of the now; for failing to do so would result in some form of crises – be it political, economic and/or constitutional.

This dissertation will critically analyse how Labour's reflexive-adaptation to 'events' was determined by its accommodation of the British (capitalist) state and justified through the ideology of "to want something better is to want something worse" (Badiou 2010:1). Focusing in particular on the period between 1945-1997, the dissertation will empirically and theoretically respond to three research questions:

1) What was the political function of the Labour Party in capitalist society?

2) Did the vagaries of the British (capitalist) state influence the practices and rhetoric of the Labour Party?

3) To what extent did the Labour Party ever represent a counter-hegemonic force?

Rather than being read merely as a contribution to Labour History, this dissertation should also be received as a study in the political sociology of advanced capitalism. Drawing from the Marxist materialist critique of classical political economy, this approach implies a critical examination of the disparate social processes that dialectically-interact to delimit the boundaries of the possible for all political actors living in a capitalist society.

Historically Interpreting the Labour Party

The British Labour Party has always been a "broad church" containing many disparate elements associated with the labour movement. Historically, the Party has had to reconcile two frequently antagonistic political tendencies. On one side was its parliamentary-wing in pursuit of high office, normally comprised of liberal-reformists Members of Parliament (MPs) and supported by moderate trade unionists. On the other side was its extra-parliamentary-wing engaged in grassroots mobilisation, usually comprised of constituency activists and more militant trade unionists. Because the Labour Party did not establish itself as a socialist organisation, but as electoral machine desirous of social reform, the priorities of the Party have invariably favoured the former over the latter, which partly explains the reasons why Labour's leadership-class nearly always think in terms which are

sensitive to the exigencies of intra-party electoral competition (Meredith 2008:160-1; Spalding 1999:47-8; Minkin 1991:46).

From its inception as the Labour Representative Committee (LRC) in 1900, resolving these deep-seated differences within the Party has always been problematic. Indeed, the early tensions between the Fabian Society and the Independent Labour Party (ILP) were prescient in terms of how intra-party ideological conflict was to manifest itself throughout the Party's historical existence. For Fabians such as Sydney Webb (1918:18), Labour should pursue social reform incrementally and in adherence to parliamentary procedures and protocols, where rational argument serves as the primary means of realizing a vague type of socialism, loosely-defined as "repudiation of the individualism that has characterised all the political parties of the past generation" (see also Alderman 1976:6-7). For ILP members such as James Maxton, "there is no time [for] slow processes of gradual change." Accordingly, "the imperative need is for Socialism now," more concretely defined as the "socialisation of the means of production, distribution, and exchange, to be controlled by a Democratic State in the interests of the entire community." The ILP had always maintained that "Socialism could not be made by Parliamentary methods only ... the critical circumstances demand that Socialists much be prepared to organise mass industrial action." This tension between parliamentarism and direct action informed the fault-lines between the 'Labour Right' (i.e. Fabians) and 'Labour Left' (i.e. ILP); understood more broadly as the two principal intra-party blocs that bifurcate the Party along political and ideological lines (Miliband 1972:25-37; 157; 194).

Although Labour's early political outlook was informed by a variety of different political ideologies, Fabianism ended up being its most dominant. Indeed, Labour grandees such as Ramsay MacDonald, Philip Snowden and even Kier Hardie became increasingly susceptible to the notion that in order secure electoral majorities with which to govern with, Labour had to transcend its working-class social-base in order to appeal to a broader electoral constituency (Anderson 1992:35; Spalding

1999:47-9). In Snowden's (quoted in Miliband 1972:101) words, this involved Labour "[showing] the country that [the Party is] not under the domination of wild men" and can be trusted to govern in the national interest. During the first (minority) Labour Government of 1923, Prime Minister (PM) MacDonald used his time in office to demonstrate to the country that the Parliamentary Labour Party (PLP) was not enthralled to any sectional interest. *A la* Machiavelli, MacDonald was sceptical of the working-class' intellectual capacity to participate in democratic life, arguing that its frequent indulgence in unparliamentarily behaviour discredited the labour movement within polite society (Black 2003:27). Throughout the second (minority) Labour Government of 1929, PM MacDonald continued to the distance the Cabinet from the 'wild men' of the Party - namely, those associated with the ILP-Left. His attempts to substantiate the respectability of the PLP almost culminated in the disintegration of the Labour Party itself, as intra-party conflict erupted over MacDonald's proposals to cut unemployment benefit by 10% to stimulate market confidence, all of which led to the collapse of second Labour Government in 1931. Thereafter, MacDonald accepted an invitation from King George V to lead a National Government with Tory and Liberal support, leaving behind a Labour Party ridden with factionalism in the aftermath of MacDonald's 'act of betrayal' and the ILP's defection from the Party.

The first and second Labour governments were indicative of the tensions between Labour's parliamentary leaders and its keenest active members. Indeed, whilst the former was desirous of adapting Labour to the established order, the latter wanted to use Labour to reform the established order more in its own image. According to the "law of curvilinear disparity" these differences are inherent in all parties. For Webb (2000:210-13), although parliamentary leaders are invariably less radical than the parties' most active members, they nevertheless are closer to the values of the majority of their non-active voters and members. Indeed, the huge existence of a moderate political-Centre has always problematized the relationship between Labour's parliamentary leaders and its most active members, who are themselves a largely unrepresentative minority within the Party (Fielding 2010:107). For the former, Labour should adapt its programme to the preferences of the

average voter in order to win electoral majorities to govern with. The latter, however, observed that Labour should be mobilized to change the preferences of the average voter, engaging in a long-term campaign of education and propaganda in the furtherance of socialism (Hay 1999:66-9; Coates & Panitch 2003:72-5).

Resolving Differences

Historically, socialist rhetoric has been the primary device with which to restore party-unity. Indeed, Clause IV of the Labour Party Constitution (Labour Party 1918:176) was written by Sydney Webb with this intention, discursively-uniting the Left and Right of the Party under the guise of a loosely-defined socialism, understood as

> "[securing] for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production, distribution and exchange, and the best obtainable system of popular administration and control of each industry or service."

Although Clause IV does commit Labour to a (nebulous) socialist future, it posits nothing in particular as to how and when this future would be realized. Moreover, in the event of winning future elections, discursive obscurantism - i.e. "*most* equitable distribution," "that *may* be possible," "*best* obtainable system," (italics added to emphasise the relativity of these terms) etc. - safeguarded the parliamentary sovereignty of a Labour government from any immediate socialist demands (see also Spalding 1999:76-7; Pelling 1961/197642-3).

The autonomy of the PLP was not only compromised by local activists organised at the grassroots level in the Constituency Labour Parties (CLP), but also through the Party's political and financial ties with the Trade Union Congress (TUC), whose membership and political fund afforded Labour with the resources to become a mass political organisation. Reflecting its importance within the Party,

trade unions held a majority of seats on Labour's chief administrative body, the National Executive Committee (NEC), as well as a voting-majority (the "block vote") at the Party's annual Conference, which was Labour's sovereign policy-making body. Technically, because of their dominance on the NEC and in Conference, the trade unions had the capacity to dictate party-policy on terms favourable to their interests (Fielding 119-20). In reality, however, the trade unions very rarely utilized this double-majority to their full-advantage. As Minkin (1991:27-38) shows, upon the creation of the Labour Party, the British labour movement cultivated a "functional differentiation" of responsibilities between its Party-wing and its union-wing, with the former engaged in the political struggle, while the latter engages in the industrial struggle. Although sometimes becoming temporarily unstable, this division of powers ensured that union-Party link does not undermine the autonomy of the PLP itself. Additionally, although Conference is sovereign in terms of the ratification of party-policy, its timing and method of implementation was nearly always determined by Labour frontbenchers (Fielding 2003:124). Contrary to Marquand (1992:25), then, such arrangements made clear that the PLP was never completely "a trade union party, created, financed and, in the last analysis, controlled by a highly decentralised trade union movement."

The Contradictions of Labourism

'Labourism' is an ideological construct premised on the assumption that the parliamentary state can be utilized in the furtherance of social reform. Labourism is also a political construct uniting the liberal-reformist-wing and socialist-wing of the Party under the guise of a parliamentary road to socialism, which is at its core a political strategy that strives towards a more egalitarian social order without radically altering the dominant institutions of society (Newman 2003:58-9). In this sense, rather than serving as an "ideology of rupture" *a la* Marxism, Labourism represents an "ideology of adaptation" to the dominant institutions of British society. Indeed, Labour (-ism) was never alternative to capitalism, but always an alternative within capitalism mobilizing for social reforms (Miliband 1983/2003187). The fact that the Party used the term 'Labour' - i.e. an 'interest' in capitalist society,

not a post-capitalist aspiration *a la* 'socialism' - as a party-name was indicative of its reformist predilections (see Anderson 1992:37). However, understanding Labour as Anderson (1964.1992:33) does as "corporate class" desirous of improving its position within an accepted social order does not necessarily entail a comprehensive capitulation to the prevailing orthodoxies. Indeed, there are different degrees of adaptation that assume different trajectories and different temporalities. For the Labour Right, adaptation involved acceptance of what *is*; namely, that which is determined by the exigencies of inter-party electoral competition and capitalist expansion. Conversely, for the Labour Left, adaptation involves a partial shaping of what *ought* to be within the confines of the capitalist state; namely, a reformed political and economic system that provides minimal preconditions for liberty, equality and solidarity. In other words, there can be two kinds of Labour Party without changing the structures of the social status quo: a *reformist-alternative-to-the-Tories,* where Labour represents a reformist departure from the hegemony of Conservative Party (see below), implementing different policies and advancing different programmes from the Party's principal electoral adversary; or, alternatively, a *reformist-version-of-the-Tories*, where Labour appropriates the language of reformism to sell an acceptance of the hegemony of the Conservative Party, implementing the same policies and advancing the same programmes as the Party's principal electoral adversary.

Following Anderson (1964/1992:33), the Conservative Party is a "hegemonic class" because it managed to ideologically and materially construct a state in the image of its social-base: the landed gentry and the commercial and industrial bourgeoisie - i.e. the dominant classes of British society. This was conducted on a gradual basis, preserving the state's pre-democratic structures while it slowly admits the entry of other social groups into the political system on its own terms (see Chapter One). This dissertation will now explain how the Tory-bias vagaries of the British (capitalist) state accentuated the tensions within the Labour Party between those desirous of reacting to 'events' (i.e. the parliamentary-Right) and those desirous of shaping 'events' (i.e. the extra-parliamentary-Left), beginning with a critical analysis of the highs and lows of the Attlee Government during 1945-51.

Missed Opportunities

This chapter will critically assess the achievements of the 1945 Labour Government, popularly-remembered as the high-water mark of Labourism. Inter alia, the chapter will theoretically and empirically explore how the Attlee Government used its parliamentary majority to introduce a catalogue of social reforms that whilst improving popular living standards, nevertheless contributed to the fortification of the dominant institutions of British society. The chapter will conclude by arguing that the Attlee Government should be interpreted as a 'missed opportunity'; in that, despite having a significant electoral plurality to govern with, the Party demonstrated little intention of radically transforming the contours of the British state in its own image, acting instead on the Machiavellian distinction from what is from what ought to be.

The State of Postwar Britain

The peculiarities of the British state have a feudal provenance. For centuries, the House of Commons was dominated by one class: the landed gentry. Consequently, because of the automatic class-bias of Parliament, the need for a constitutional system of checks and balances to limit executive power was mostly considered superfluous by the British ruling-class. During the late-18th century, however, the emergence of industrial capitalism manifested as a challenge to this political system. As an incipient urban bourgeoisie demanded enfranchisement from the above, a riotous and progressively more organised industrial working-class was causing ferment from below.

In the aftermath of the American (1776) and French (1789) revolutions, labour militancy was increasingly perceived as an existential threat not only by the landed gentry, but also by the urban bourgeoisie. Disturbances in the manufacturing districts (e.g. the Gordon riots of 1780) startled both classes into pre-emptive action, culminating in a "historic alliance" (see Anderson 1992:17-22) that safeguarded Britain from the type of revolution witnessed on the Continent, where a segment of the

popular masses are led by an urban bourgeois to overthrow the landed gentry. Instead, the British establishment suppressed the grievances of labour through legislative and/or military means as it gradually enfranchised the urban bourgeoisie through the Reform Act(s) of 1832 and 1867. Thereafter, the British state retained its pre-democratic essence as the interests of the landed gentry and the urban bourgeoisie became one-and-the-same-thing. Indeed, as agrarian magnates started to invest in sectors of industry (e.g. railways and mines), city-based industrialist purchased country estates and sent their children to public schools. Under these conditions, a two-party system subservient to the disparate factions of the dominant classes emerged, with the Tories, generally speaking, representing agrarian and monarchical interests, while the Whigs represent industrial and commercial interests (Anderson 1992:22; 42; 141-1; Lane 1974:41-45; Hobsbawn 1998:68-9; Wainwright 2003:27).

Theoretically, the Labour Party's entry into the political system during the early 20th century could/should have brought an end to this established order. In the continued absence of a legal constitution based on popular sovereignty, British Parliament retained its pre-democratic character as absolute sovereignty remained vested in the legislature. Consequently, a Labour government with a sufficient parliamentary majority could wield a powerful political instrument in the parliamentary state to reshape the institutions of British society in its own image. However, rather than resist the political development of the working-class, or indeed reform Parliament in order to curtail executive power, the British establishment gradually accepted the entry of a working-class party into Parliament, whilst, at the same time, controlling its efficacy through a variety of extra-parliamentary means. One of the most devastating weapons the dominant classes had at its disposal to ensure their continued hegemony in the face of a Labour government was the threat of capital flight, which remained a permanent possibility for the British state in virtue of its internationally-oriented and increasingly dominant financial service-sector, the City of London. Throughout the 19th century, the City expanded its banking functions by using Britain's imperial and industrial pre-eminence to entrench its hegemony within international finance. By the end of the century, the British state was

structurally dependent on the City not only in terms of revenues raised through its high rates of profit, but also in terms of financing foreign imports of cheap British commodities manufactured in British colonies. Under these conditions, the City presents itself as a formidable "technology of power" capable of undermining the parliamentary sovereignty of any democratically-elected government. Hence, though the Reform Act(s) of 1884 and 1918 were egalitarian in principle, the pre-existence of distinctly non-egalitarian "systems of micro-power" residing outside the confines of the parliamentary state ensured that Labour, the parliamentary representatives of the working-class, would have great difficulty in undermining the hegemony of dominant classes (Anderson 1992:42; 138-9; Przeworski 1985:42-6; Foucault 23; 222).

The United Kingdom (UK) remained one of the only European nation-states that did not have to fundamentally restructure its most dominant institutions after the Second World War. As occupation, bombardment and revolution transformed the political and economic architecture of many countries across the Continent, Britain was alone in obviating the need to majorly restructure its political system or replace its existing capital stock. Consequently, the basic structures of the British state and the British economy retained their pre-democratic, capitalistic essence - despite the wartime incorporation of the organisations of the labour movement into the machinery of government. Faced with the looming threat of capital flight - coupled with the possibility of future Rightwing governments unilaterally reversing all of the Party's legislative achievements - the Labour establishment should have mobilized support for a constitutional reform of the British state. Before the War, the Left-leaning senior Labour MP, Stafford Cripps, appreciated the necessities of this when proposing an "Emergency Powers Act," which would legislatively and physically restrain capital's mobilization against the inauguration of a radical Labour government. However, towards the end of the War, the more Right-leaning Clement Attlee (Labour Leader) and Arthur Greenwood (Labour Deputy Leader) removed the issue of constitutional reform from Labour's agenda, erroneously assuming that they could in fact use the pre-democratic structures of the British state in the furtherance of the Party's own ends (Rowthorn 1983:63-7; Coates 2003:138-9; Anderson 1992:45; 339-40).

The Zenith of Reformism

In 1945, the Coalition Government was dissolved and a general election was announced (Wright & Carter 1997:66-8). Written by the Right-leaning Labour grandee, Herbert Morrison, the 'Let Us Face the Future' (Labour Party 1945:3) manifesto tapped into the groundswell of collectivism that built-up over the War period, emulating "a practical expression of the Spirit of the Blitz applied to the tasks of peace." *Inter alia*, the manifesto committed Labour to nationalisation of unprofitable industries, increasing social-security (or, the establishment of the Welfare State), full-employment, and the creation of a national health service (NHS). Under the leadership of Attlee, Labour went on to win the election by a landslide, accruing 48% of the vote and 383 seats. This outstanding electoral victory has been interpreted as a reflection of Labour's popular appeal at the time (Wright & Carter 1997:68-9). However, as Pelling (1961/1976:94) notes, 1945 was no different to any other election in that votes were largely cast in relation to track-records; and the Conservative's track-record throughout the 1930s was one of depression, unemployment and appeasement to fascism. Labour assumed the premiership on this basis and little else. Indeed, the details of Labour's manifesto were less of a determining factor in the election than the harrowing images of Tory rule, which Labour repeatedly reminded everyone of throughout their electoral campaign (Pugh 2010283).

Nineteen-forty-five was not the first time Labour benefited from the misfortunes of its electoral rivals. Indeed, under Lloyd George, the Liberal Party descended into relative obscurity amid intra-party factionalism during the Great War, leaving behind a political vacuum for a progressive party-political force to occupy. Here, without ever having to compete with the Party, Labour replaced the Liberals as the main party opposing the Conservatives, who also exploited the disintegration of the Liberal Party to become the sole parliamentary representative of the whole of the dominant classes (Adelman 1972/1986:52-5; Anderson 1992:28; Pelling 1961/1976:46-51).

In government, Labour stuck to every single one of its manifesto commitments. The Attlee Government nationalized 20% of the British economy (including the Bank of England, coal, gas, electricity, steel, communications and mass transportation) and established the Welfare State, which oversaw an expansion in social-security as well as the creation of the NHS. To increase the effectiveness of the Party-in-Government, Labour limited the ability of the House of Lords to filibuster the passing of legislation – i.e. the only piece of legislation to reform the undemocratic structures of British Parliament. The Trades Disputes Act of 1927 was also scrapped under Attlee, which formerly outlawed general strikes, as well as requiring trade-unionist to 'contract-in' to the political levy to the Labour Party. Trade union affiliation to the Party nearly doubled as an immediate consequence (Minkin 1991:64-5; Fielding 2003:21-4). In 1948, after a "bonfire of [wartime] controls," a more fiscal-approach to economic policy was adopted. Under these conditions, Labour increased public-expenditure on large-scale, labour-intensive infrastructural and construction projects, creating the preconditions for full-employment and economic growth (Wright & Carter 1997:68-83).

Making a Virtue of Necessity

The achievements of the Attlee Government gave the impression that a 'New Jerusalem' was being constructed in the interests of the 'People'; that is, a One-Nation discursive construct that unifies practically everyone in opposition to the idle rich (Minkin 1991:69). As full-employment and pro-union legislation increased the bargaining-position of labour, a more corporatist social settlement developed and was crystallised with the emergence of a tripartite system of industrial relations, wherein Big-Capital, Big-Labour, Big-Government work side-by-side in the national interest (see Harvey 2005:10). Naturally, Labour took full credit for presiding over these changes (see Blair 2004:98-9). However, it must be emphasised that many of the social reforms associated with the Attlee Government were in actuality initially brought into existence under Winston Churchill during the wartime Coalition Government. Moreover, notwithstanding their contribution to pro-union legislation, Labour had very little involvement in formulating the intellectual arguments that informed

the creation of the 'Keynesian Welfare State'; the postwar state-form that although crystallised through the reforms of the Attlee Government, nevertheless emerged as a necessity under wartime conditions. In 1941, John Maynard Keynes was the principal intellectual architect behind the wartime Budget, which committed the Coalition Government to a policy of counter-cyclical demand management to stimulate economic growth, as well as a progressive taxation regime with which to better redistribute the country's resources. One year later, William Beveridge (1942:6) produced a report on social security proposing an expansion of welfare-services to ameliorate the "Five Giants:" squalor, ignorance, want, idleness, and disease. In 1945, Labour inherited the ideas of these two liberal thinkers who were already active inside the Civil Service, merely advancing a policy programme that was introduced as a necessity by the Coalition Government. In summation, then, the achievements of Attlee Government are more attributable to historic circumstance than the Party's own discretionary effort. Indeed, the popular radicalism of immediate postwar years, the emergence of a more radical form of liberalism in the Civil Service, and the failures of previous Tory administrations had very little to do with Labour's campaign for a vague type of socialist change (Adelman 1972/1986:84-5; Anderson 1987/1992:161-3; Fielding 2003:44).

Up until the late-1930s, Labour did not have a clearly-formulated economic policy of its own. Whilst nationalization was rhetorically endorsed, the Party nevertheless adhered to Treasury orthodoxies whenever it found itself in office. In Keynesianism, Labour accidentally discovered a fiscal approach of simultaneously raising living standards and boosting the rate of profit. This policy innovation was particularly useful to the Labour leadership, who were increasingly under pressure from the Labour Left to mobilize support for a more thoroughgoing nationalisation programme. Via the Keynesian Welfare State, the Attlee Government convinced the Labour Left that Britain was experiencing the beginnings of the "socialist reconstruction of society." A partial nationalization programme corroborated this perception, with Britain's essential services now under state-control. However, despite the socialistic undertones of a commitment to state-interventionism, the Attlee Government's policy programme was never meant as a departure from capitalism, but merely an attempted

humanisation and rationalization of its operation, all of which was informed by a "public goods theory of the state;" namely, that whilst private property in the means of production remains accepted as a given, the state should intervene in the economy to ensure a more equitable provision of "public goods," understood as those services and commodities that should be supplied to everyone if they are supplied to anyone (e.g. healthcare, education, transport, housing, etc.). In reality, then, Attlee appropriated the language of socialism to embellish what was a social democratic programme, committing itself not to a thoroughgoing socialisation of the means of production, but to the creation and management of a mixed economy (see Przeworski 1985:38-40; Spalding 1999:7).

Although never socialistic, Labour could at least present itself as a *reformist-alternative-to-the-Tories.* Indeed, the "Red Scare" pre-election rhetoric espoused by the Conservatives gave voters the impression that they had a clear option between two qualitatively different parties. Churchill himself was reported to have many reservations about the "dangerous optimism growing about postwar conditions," fearing a Leftward shift in the attitudes of the electorate was taking place (Adelman 1972/1986:85; Pugh 2010:278). Despite these concerns, Churchill still recognized that a return to Depression-style capitalism of the 1930s was tantamount to political suicide after sacrifices of the British working-class during the War Effort. Moreover, Churchill accepted that, with market confidence enervated, unprofitable industries (e.g. coal, gas, transport) had to be nationalized in order to avoid yet another economic depression. Under these circumstances, albeit it reluctantly, Churchill committed his Party to full employment, improved welfare services and the creation of the NHS. In Opposition, the only major objection the Tories had to Attlee's reforms was the nationalization of steel (passed in 1951), which was a self-sustaining industry at the time (Spalding 1999:106; Pelling 1961/1976:96-106). On reflection, then, the differences between the Tories and Labour were exaggerated by rhetoric (Hickson 2004:143-7). In reality, the postwar valorisation requirements of capital and exigencies of political struggle in society narrowed the gap between the two main parties, so much so that only a few policy-stances differentiated Labour from the Conservatives.

This policy convergence was to be remembered as the "postwar consensus" (Hickson 2004:143), which revealed a particularity not just about the British state, but about the capitalist state in general. Structurally-dependent on the taxable-profits of capitalist expansion, the modern state affords parliament a small measure of latitude to pass legislation and levy taxation. Reforms that potentially imperil the continuation of the established social order reside outside the state's monopoly of the possible, determined by the forever-changing valorisation requirements of capital and the exigencies of political struggle in society. Under these conditions, there will always be strong elements of continuity between Labour and Tory governments. Attracting investment requires the state to safeguard the present from a nebulous future; to narrow the options available to governments to inspire confidence within the business community. Inside the state-system, then, Labour's reformist ambitions will always be heavily-conditioned - but not altogether predetermined - by whatever capitalism at the time can afford as solutions to the problems it generates via its own uneven, contradictory development. *Mutatis Mutandis*, the Tories can only entrench the hegemony of the dominant classes (i.e. its social-base) so long as it does not conflict with the capitalist state's primary function: to maintain a social order premised on a (temporary) balance of class forces in a society largely-organised via the market mechanism. Notwithstanding its importance, a change in state-power will never be enough to change the materiality of the state-apparatus. For that sort of power resides inside the arena of class struggle, which the capitalist state regulates to engender a transient balance between disparate and contradictory class forces (see Clarke 2011:169; Negri & Hardt 1997:37-50; Hall et al. 1978:193; 217; Holloway & Picciotto 2011:118-9; Poulantzas 1978:130).

The Exhaustion of Reformism

Despite improvements to the condition of the working-class, the economic structures of British society did not qualitatively change. Firstly, the City of London endured as the most economically-advanced faction of British capital, still equipped with the means with which to undermine the parliamentary sovereignty of any democratically-elected government (Wickham-Jones 2003:92-3).

Secondly, following Herbert Morrison's top-down nationalization programme, the logic of capital continued to dominate the newly-nationalised industries, especially in terms of (a) how they were managed (i.e. via a board of directors with experience in private industry); (b) how they generated profit (i.e. via the exploitation of labour); and (c) how they sought to arrange the division of labour (i.e. via a Fordist system of command and control) (Miliband 2009:42-3; Minkin 1991:73). Thirdly, and lastly, as Foreign Secretary, Ernest Bevin advanced the emergent "special relationship" with the United States in the unfolding of the Cold War against Soviet Communism.

With regards to the last point, Bevin's contribution to Britain's place within postwar international relations should not be perceived as detached from his Party's domestic policy, for the two serve merely as 'moments' in the reproduction of "a concrete international order, based on an informal hierarchy of states and other international forces... characterized by complex and tangled internal and external relations" (Jessop 2008:107). After the War, Europe was economically-stagnant. Under these conditions, the financial assistance of the US was indispensable, but nearly always entailing conditionalities. For Britain, this meant a greater commitment to American-style free trade through, gradually, (a) establishing a convertible currency; (b) abandoning a system of imperial preferences that allowed Britain to access exclusive world markets; and (c) becoming a signatory of the Northern Atlantic Treaty Organisation (NATO) and supporting US counter-revolutions in the developing world (Wright & Carter 1997:74-5; Pugh 2010:294).

Britain's structurally-dependency on the US evinces a central flaw in the ideology of Labourism: namely, that the national state is a neutral political instrument ready-made for an endogenous political force to wield in the favour of its own political programme. This interpretation evades how the national state is a material-expression of a form of social relations that are always-already of a global disposition. Because of this, socialism-in-one-country, whether via reform or revolution, is not a

sustainable political programme, since it erroneously presupposes that the state is potentially-autonomous from the capitalistic social relations that surround it (see Holloway 2010:13-8).

Moreover, the Attlee Government's accommodation of international finance also served to discredit the above 'Labourist theory of the state'. Throughout Labour's premiership, public finances were in total disarray as a deteriorating balance-of-payments deficit made the country vulnerable to speculative attacks on the sterling. In the event, the Attlee Government presided over three currency crises occurring in 1947, 1949 and 1951 – in turn lending British capitalism a 'stop-go' character. In an effort to assuage market uncertainty, Labour frequently resorted to slashing public spending, increasing indirect taxation, and raising interest-rates. In 1947, whilst still trapped in the wartime regime of physical controls, Right-leaning Chancellor, Hugh Dalton, introduced cuts in petrol rations and food imports. Then, in the wake of over-devaluing the pound in 1949 after two US recessions led to intense financial pressure on the pound, Dalton's Left-leaning successor, Stafford Cripps, reduced public spending by £280 million (Cliff & Gluckstein 1996:218-55; Wright & Carter 1997:76-7). These austerity measures, presided over by two Labour Chancellors of Left and Right persuasions, further demonstrated the limitations of socialism-in-one-country. Without a rigorous, internationally-coordinated political strategy to control the movement of financial flows, the parliamentary sovereignty of any reforming government will invariably be curtailed by the demands of international finance. Although the Bretton Woods system of fixed exchange-rates was established to serve this purpose, there was still an absence among the institutions of global governance of a statutory body regulating the mobility of finance capital - despite Keynes's endorsement of such an institutional arrangement (Hutton 1996:238-45)

Combined with Britain's 'stop-go' economic cycle, Dalton's and Cripps' austerity measures hit the pockets of Labour's heartland supporters: the working-class. Buoyed by the conditions of full employment, the British working-class responded to these developments by organising unofficial

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strikes. During 1945-50, 10,000 stoppages took place due to such industrial practices (Minkin 1991:80). In effort to tackle wage-inflation, Cripps imposed a cap on wages, salaries and dividends in 1948. In earlier times, union officials would have resisted Cripps' abrogating the TUC's ability to fully-participate in collective bargaining. However, because of the Attlee Government's achievements in improving the conditions and rights of labour, the majority of the General Council supported a temporary suspension of industrial freedom – something which incensed the rank-and-file of unions with a strong Communist Party presence. For Minkin (1991:77-82), this moment demonstrated a fundamental contradiction within the union-Party link:

> "How can the public interest in the outcome of collective bargaining be made effective without destroying the voluntary system or weakening the unions?"

In the last analysis, there was no final solution to Minkin's contradiction. The union-Party link was only maintained through a constant reassessment of the immediate priorities facing a Labour government, and then through back-and-forth re-negotiations between the union and Party leadership on how the situation can be temporarily resolved (*ibid*.).

Consolidating the Social Order

In 1950, Labour secured another Commons majority in the general election of that year. However, with a reduced majority of only six, the prospect of implementing any contentious reforms became near-impossible. Although steel was brought under the public umbrella, all other nationalization policies were scrapped (Pelling 1961/1976:106). After several months of his second term in office, Attlee sent British troops to support an American intervention in the Korean War; a geopolitical region Britain had no strategic interest in whatever. At the time, Britain was spending more on defence than any other non-Communist nation. This was in part due to the fact that Attlee maintained National Service during peacetime and financed a nuclear arms programme without seeking the approval of neither Parliament nor his Party. With rising military costs, Chancellor Hugh Gaitskell introduced charges on the NHS-supply of dentures and spectacles, leading to resignations from three

cabinet ministers (Aneurin Bevan, Harold Wilson, John Freeman) associated with the 'Tribunite Left' (named after the Labour Left magazine, Tribune) (Pelling 1961.1976:107; Cliff & Gluckstein 1996:241-55). Despite the inflationary impacts of the Korean War hitting Labour's poll ratings, Attlee called a general election in 1951 in effort to strengthen the Party's majority. Labour's campaign was mostly one of anti-Tory propaganda, warning the electorate that the Conservatives pose a threat to both peace and welfare (Labour Party 1951:1). In reality, Labour's scaremongering was nothing more than a figleaf that sought to conceal the Party's inability to formulate a political programme that built on top of past achievements. Morrison's top-down nationalizations were proving not as popular as first imagined, with many workers dissatisfied with the continuation of substandard working-conditions. At the time, only 21% of the public believed nationalisation was a success. With this in mind, the Labour establishment deemphasised the Party's commitment to public ownership and ignored demands to do the contrary from the Labour Left (Pugh 2010:294-301). Although Labour came out on top in the popular-vote, the Tories won just enough seats to assume office (Pelling 1972/1961:106-7). Despite receiving the most votes in the history of British Parliament, Labour lost the 1951 election primarily as a result of the country's anachronistic first-past-the-post electoral system, which derives its form from a pre-democratic age when the majority of polls went uncontested and the local gentry simply decided among themselves who should be their MP. Although advantageous to the Tories in 1951, Labour too benefited from the vagaries of the British electoral system. Indeed, as a cause of the first-past-the-post-system rendering smaller parties more-or-less impotent, Labour assumed the automatic right of representing the entire British Left in Parliament without ever having to compete with other Left-wing parties for this mandate. Consequently, Labour saw no reason to sought electoral reform (Anderson 1992:341-50).

Accordingly, the Attlee Government represents the high-water mark of Labourism, presiding over a period where "liberty, equality and fraternity all made progress," and when "high net upward mobility" and "slowly burgeoning affluence" transpired (Halsey 1981:156-7). By 1952, with the coronation of Queen Elizabeth II, these achievements (unwittingly or otherwise) consolidated

widespread-consent in the dominant institutions of British society: Property, Parliament, and Monarchy. According to David Held (1989:100), "people seemed to identify with each other in and through the state: the patriotic allegiance of all citizens seemed to have been won." In sum, the tripartite system of Big-Government, Big-Labour and Big-Capital reinforced the faith in the functioning of the country's democratic institutions (Held 1989:106-7).

Conclusion

Rather than being celebrated as the Party's crowning achievement, the Attlee Government should be interpreted as a missed opportunity for Labour to fundamentally reform the pre-democratic, capitalistic essence of the British state. Granted, without seriously altering the social relations that surround it, which of course requires extra-parliamentary mobilisation, the Party could never use the British state to transform the institutions of British society more in its own image. However, what Labour could have done with its unprecedented parliamentary majority was to reduce the structurally-dependency and exposure of the British state to an increasingly-volatile British capitalism. Also, to ensure that Attlee's social reforms would not be immediately undone by future Right-wing governments, rather than frighten the British public into voting against the Tories, Labour should have mobilized support for the implementation a constitutional system of checks and balances on executive power, thereby preventing successive governments from using the absolute sovereignty of parliament to unilaterally dismantle the Welfare State. Unfortunately, Labour did not do anything of the sort. Instead, the Party establishment accepted the dominant institutions of British society as they are, while advancing a policy programme formulated by liberal intellectuals, initially-enacted by the Civil Service, and mostly-tolerated by the Opposition. The next chapter will critically analyse the practices and rhetoric of Labour in between 1951-1970, focusing in particular on the how the divisions between the Left and Right intensified amidst the slowdown of British capitalism.

The Gradual Erosion of Consent

This chapter will explore the dialectical tensions between a structurally-weak British capitalism and an organisationally-strong union movement during 1951-70, with all its attendant problems for Labour in particular. The main intention of this chapter will be to demonstrate how Labour's integration into the British state prefigured a re-evaluation of its union-links and its relationship with the British Left, as economic instability precluded the co-existence of collective bargaining, social reform and capitalist profitability. Being a reformist-alternative-to-the-Tories necessitates a fiscal dividend from economic growth with which to finance social reforms. Without economic growth, Labour's ability to perform this more progressive political function becomes almost untenable. Under these conditions, a reformist-version-of-the-Tories logically becomes Labour's newfound political function, as no other alternative is available inside the confines of the British (capitalist) state during economic difficulty.

__Restoration of Tory Rule__

In 1951, Britain's traditional governing party returned to the helm of the state. Under PM Churchill, the Conservatives' freedom of manoeuvre was delimited by the state's monopoly of the possible, determined by the requirements of economic growth and social stability. As was the case with Labour, this meant a policy of state-intervention, counter-cyclical demand management, and welfarism. Despite Churchill's avowed liberalism, the Tories, for purely practical reasons, accepted the basic coordinates of the emergent the "Keynes-plus-modified-capitalism-plus-Welfare-State" (see Crosland 1958/2008:27; Pugh 2010:305-6), confirming yet again one of the main arguments of this dissertation: that the idealism of a parliamentary government is *relatively* immaterial for as long as state-action is *predominantly* influenced by the material realities of economic development and political struggle.

This theory of state should not be confused with economic determinism. Contrary to Marxian orthodoxies, the state is neither a super-structural expression of the economic base, nor an simple "organ of class domination" (see Lenin 1932/2011:7-17) Indeed, capitalism is too complex, differentiated and crisis-prone to be planned in the long-term interests of the dominant classes; or indeed be controlled in the last instance by one single subsystem (see Marx and Engels 1848/2005:32). The notion of a state as an autonomous power-source under the control of the capitalist-class is equally absurd (see Miliband 2009:19-35), for it evades how the capitalist-class is itself ridden with contradictory interests and completely incapable of acting as a unified force (see Poulantzas 1978:130-3; Offe 1985:2-8). The state should rather be understood as an uneven, contradictory *process* of practices, actions and responses that momentarily converge, thorough trial-and-error, to create a transient form of social order and economic efficiency. As one of many power-sources within capitalist society, the state on the main reacts to the 'events' (i.e. moments that disrupt the smooth order of things) that transpire beyond its purview. The frequency and unpredictability of such events render the state's capacity to shape events very limited. However, not to deny the existence of agency, how state-operators perceive, interpret and react to such events is very much conditioned by "ideology;" that is, in Althusser's (1971/2008:36) terms, "the imaginary relationships of individuals to their real conditions of existence." Indeed, the Conservatives, whilst accepting the necessities of the Keynesian Welfare State, interpreted and responded to the conditions of postwar Britain an ideologically-particular manner, differentiating themselves from Labour and *vice-versa*. Thus, from 1951-64, the Tories, a party with a tradition of laissez-faire and an explicit bias towards business, permitted the continuation of state-ownership, but only with respects to unprofitable industries. Steel and road haulage, both self-sustaining industries nationalized under Labour, were denationalized almost immediately (Panitch 1976/2003:124; Pugh 2010:306). Additionally, as economic difficulties eased towards the end of the decade, the Conservatives began to adopt a more free-market approach towards economic policy (Fielding 2003:9).

After completely scrapping Britain's wartime planning apparatus in 1951, the Conservatives continued to express their ideological distinctiveness and class bias by reopening the foreign exchange markets in London after years of it being semi-operational during and after the War. Upon the deregulation of credit controls, the international hegemony of the City was restored under PM Harold Macmillan (1957-63). A high and stable exchange-rate policy was henceforth maintained by the Bank of England (BoE) and enforced by Treasury inside the state (Anderson 1992165-6; Rowthorn 1983:66-9). After the Korean War, the Tories were able to introduce tax cuts and abolish rationing partly through reductions in military spending. After Attlee's devaluation served to boost productive output, living standards increased without impeding on the profits of British capital, thereby laying the foundations for the Long-Boom of the 1950s (Pugh 2010:305-6; Callinicos 2010:6-7). Structurally, the British economy was still heavily-dependent on the City producing an invisible balance-of-payments surplus to cover the country's visible account deficit. Moreover, Britain's deteriorating capital stock was in need of modernization after decades of underinvestment. These factors would normally render a country internationally-uncompetitive. However, with Western Europe and Japan still under reconstruction, a structurally-weak British capitalism was able to fully-participate in the postwar expansion of global capitalism without too much difficulty. Consequently, big industrial firms became progressively multinational, exploiting the captive markets in the Empire whilst avoiding the renovation of its plant machinery at home. Under these conditions, the most economically-advanced sections of British capital (i.e. finance capital and multinational corporate capital) became increasingly hostile to state-interventionism impinging upon its mobility. The Conservatives' growth model was obviously unsuitable. Indeed, the lack of investment in British industry would eventually become detrimental to the country's competitiveness after the unfolding of decolonisation and national economic development elsewhere (Minns 1982:25-32; Rowthorn 1983:65; Hall et al. 1978:233).

<u>*The Union makes us Disciplined*</u>

In 1955, Attlee resigned as Party Leader after losing the general election. Two of the main candidates to replace Attlee represented the Left and Right respectively: Aneurin Bevan and Hugh Gaitskell. For Martin Jacques (1983:60), the Left and Right of Labour can at times be complimentary; that is, whilst the former keeps the latter committed to the values of the labour movement, the latter keeps the former grounded to the realities of government. However, as the 1950s verify, the tensions between not only the Left and Right but also the disparate political factions operating *within* these intra-party blocs have frequently torn Labour's federalist party-structure apart (see Meredith 2008:25; 32;161). For example, prior to the 1955 election, the 'Bevanite-wing' of the Party undermined the authority of Labour's decision-making structures when it campaigned against German rearmament and the manufacture of the hydrogen bomb – i.e. Government policies supported by Conference and passed in Parliament. For Attlee and Morrison, such insubordination made the Party look disunited before the public and therefore unelectable. Bevan was close to being expelled from the Party because of this. In the event, he was forced to apologise for his behaviour in order to retain his membership of the Party (Pelling 1961/1976:110-3).

Bevan went on to lose the leadership election to Gaitskell. The trade union bloc vote proved decisive in final ballot. Predominantly, although socialist in principle, General Secretaries are in practice sensitive to the material realities as they *are* and not as they *ought* to be. Mostly viscerally anti-theoretical in practice, General Secretaries reflect the priorities of its rank-and-file, who were themselves largely moderate in their political orientation – i.e. like the working-class at large (see Chapter Three). Historically, the Right-leaning tendencies of most trade union officials had given the Labour leadership a ready-made majority on the NEC and in Conference, emulating a "Praetorian Guard" interdicting Left-wing initiatives (Minkin 1991:40-1). Prior to the election, three General Secretaries formed the Praetorian Guard of the 1950s: Arthur Deakin of the Transport Workers, Tom Williamson of the General and Municipal Workers, and Will Lawther of the Miners. All three

regarded the Bevanite-wing as an affront to many of the "unwritten rules" of the labour movement. For them, the Bevanites leapfrogged over the General Council to radicalize the rank-and-file, violating the functional differentiation between the political and the industrial in the process. Following Minkin (1991:46), the existence of such unwritten rules partly explain the reasons why those with a politically-moderate, viscerally-conservative orientation have been able to assume senior positions within both the Party- and union-wings of the labour movement; namely, because they are trusted not to break the norms, values and structures of the movement in the furtherance of a radical political programme. Despite receiving support from the CLPs and a few trade unions (e.g. Railwaymen, Engineers, Shopworkers), Bevan lost the leadership election because a Conference majority believed he had little regard for Minkin's unwritten rules, perceiving Gaitskell as a more responsible candidate in this regard (Minkin 1991:82-3).

The Praetorian Guard's stranglehold over party-policy began to loosen with the death of Deakin. Frank Cousins was his replacement; a renowned supporter of the Left-wing causes. Although significant in terms of voting-patterns, this change in leadership did little to weaken the practical conservatism of the General Council. Cousins himself remained committed to the unwritten rules of the movement, viewing issues invariably from a "trade union perspective" (Minkin 1991:84). The soon-to-be General Secretary of the TUC, George Woodcock (quoted in Lane 1974:228), made note of this moderation:

> "As leaders of their particular unions, politics makes no difference at all... the most political, militant of trade unionists get along fine with the employers. [This was] true of Frank Cousins. He was constantly the bad boy of the TUC, but all the employers get along with him."

In sum, trade unionists, irrespective of their political persuasions, have to confront the material realities of their situation. By participating in a decision-making procedure (i.e. collective bargaining) with a class of opposite interests (i.e. employers), trade unions have to accept decisions that are

inimical to the interests of workers in the present if they are to benefit from decisions that are conducive to the interests of workers in the future (Singer 1973:22). Here, labour enters into a *quid pro quo* relationship with capital. This restricts the latitude for trade unions to act as anything more than a corporate-partner in the reproduction of capitalist social relations – something that inevitably leads to tensions between the leadership and the more militant sections of the rank-and-file.

Labour's Soul Re-examined

After losing the 1959 election, Gaitskell believed that the labour movement needed to be 'modernized'. For him, Labour's electoral-base was diminishing because a "new way of life based on the telly, the fridge, the car and the glossy magazines" were all at odds with Labour's working-class appeal. Accordingly, "affluent society" had produced a "class dealignment" among the British public, as aspiration and social mobility attenuated the significance of class in political life (Held 1984:100). The invocation of revisionism was the Labour Right's response to this situation; an ideological tendency that at its core suggests that as society changes so must the Party (see Meredith 2008:31). From its inception, Labour has always had a strong revisionist-orientation, as articulated by Webb (Labour Party 1918:224):

> "[Labour's] Policy and its Programme will, we hope, undergo a perpetual development, as knowledge grows, and as new phases of the social problem present themselves, in a continually finer adjustment of our measures to our ends."

The 'Gaitskellites', then, represent a continuation of the revisionist tendency established by the Fabians. Anthony Crosland's 'The Future of Socialism' (1954/2004) was an intellectual expression of the Gaitskellites' 'neo-revisionism'. For Crosland (1954/2004:11-34; 89-90), capitalism had undergone a slow, largely-involuntary metamorphosis as a result of the 1945 Labour Government. The creation of the "Keynes-plus-modified-capitalism-plus-Welfare-State" augured the end of Victorian-style poverty, unemployment and stagnation. Accordingly, these social transformations were irreversible and resulted in a "national shift to the Left, with all its implications to the balance of

power." Crosland maintained that because the irrationalities of capitalism had been mostly "legislated out of existence," Labour must now revise the practical means of realizing socialist ends, which for Crosland (1954/2004:167) were equality, freedom and solidarity – again, a very vague and fluid definition of the concept.

In 1959, the ideological fault-lines between the Gaitskellite-Right and Bevanite-Left were exposed when Gaitskell proposed a revision to Clause IV of the Constitution, which hitherto served as the one of Party's most popular definitions of socialism. For the Left, Clause IV was the social conscience of the Party; the principle which differentiated Labour from the Tories. However, because of the incoherent manner in which 'common ownership' and 'popular administration' were defined in the Constitution, the limits of Clause IV (i.e. how far public ownership must go before labour earns "the full fruits of their industry") were never universally-understood by the Party. In 1959, Gaitskell (quoted in Gould 1998:32) was the first to properly address this issue, advancing a rather limited account of what common ownership entails:

> "Since [Labour's] goal [has never been] 100 percent state ownership... standing on its own, this [clause] cannot possibly be regarded as adequate... [For] it implies that we propose to nationalize everything. But, do we; everything? – The whole of light industry, the whole of agriculture, all the shops – every little pub and garage? Or course not."

Gaitskell went on to say that in a mixed economy, state-owned enterprises should be an addendum to capitalist production. Contrary to conventional wisdom, Gaitskell's argument was not something the Labour Left found theoretically disagreeable. Indeed, Bevan (quoted in Cliff & Gluckstein 1996 [1988]:273) himself accorded that "public ownership should not reach down into every piece of economic activity, because that would be asking for a monolithic society." Like the Gaitskellites, the Bevanites accepted the existence of the market – albeit in the form of an "ugly necessity" (Fielding 2004:65). The only point of contention between the Left and Right was on the extents of state interventionism in hastening the rate of capital expansion. This may appear significant, but in terms of

determining the ideological character of the Party's 'soul', both factions read from the same hymn sheet: namely, that Labour is a party that is politically and ideologically committed to reforming capitalism – not transforming it into something qualitatively different.

In practice, Clause IV meant little to nothing. The actions of Labour governments are delimited by the contours of the capitalist state, which has a "structural-selectivity" in terms of what political programmes are viable and unviable depending on the exigencies of the moment (see Jessop 2008:36). Ideologically, however, Clause IV assumed an important symbolic function in uniting the disparate sectors of the working-class, the union movement and the extra-parliamentary Left into an anti-Conservative coalition in the service of collectivist policy ideal (see Laclau & Mouffe 1985:66). As Minkin demonstrates (1991:106-7), most trade union leaders recognised the importance of this symbolic function when they voted against Gaitskell's proposal in Conference in 1960. Supported by Labour Left, the union block vote ensured that Labour remained a theoretical alternative to the Conservatives, leaving the revisionists temporarily marginalised but still in control of the Party's destiny in virtue of its dominance in the PLP.

Better Together under Wilson

At the height of his prestige in the Party, and after winning a Conference vote to reverse an earlier Conference vote favouring nuclear disarmament, Gaitskell died unexpectedly at the age of 56. In 1963, half because of his technical abilities as an able spokesman and administrator, and half because of his from-nothing-to-something biography personifying the 'meritocracy' of modern Britain, the widely-assumed Tribunite, Harold Wilson, was appointed Party Leader. Wilson maintained that Gaitskell's ambition to modernise the Party's appeal would be realized under his leadership (Wright & Carter 1997:99-101). In the 'Let's Go with Labour for the New Britain' (Labour Party 1964:3) manifesto, this commitment to modernisation was spelled-out before the 1964 election, promising to create

"A New Britain – mobilizing the resources of technology under a national plan; harnessing out national wealth in brains, our genius for scientific innovation and medical discovery; reversing decline of thirteen years; affording a new opportunity to equal, and if possible surpass, the roaring progress of other western powers"

This statement sums up Wilson's "scientific revolution," wherein socialism is wielded to science and science fastened to socialism. Via the language of modernization, Wilson embarked on a hegemonic project to construct a system of alliance between the Party's declining social-base (i.e. the manual working-class) and an emergent middle-class of scientists, engineers and entrepreneurs. Wilson's rhetoric was contrasted with "thirteen years of Tory failure," which towards the end of the 1950s was a statement of some credibility (Labour Party 1964:5-7). Indeed, internationally, Britain's industrial and imperial pre-eminence was in a state of terminal decline. In 1957, PM Anthony Eden (1955-7) was forced to withdraw British forces from the newly-nationalized Suez Canal at the behest of President Eisenhower, who was becoming increasingly perturbed about the emergent rapprochement between Egypt and the Soviet Union. *Inter alia*, this moment served to symbolize Britain's diminishing role in international relations. Meanwhile, with Europe and Japan fully recovering from the effects of the War, Britain's share of the world market continued to decline – something that has been true since 1880. The country's outdated capital stock struggled to compete with levels of productivity achieved in Germany, France and Japan, who were all forced to replace their plant machinery in the aftermath of the War. With wage-inflation making matters worse, PM Macmillan attempted to revive the county's export market by introducing a 'pay-pause' in 1961; a very unpopular policy that ended up hitting the Tories' poll-ratings. Wilson repudiated the Conservatives' growth model. The dominance of finance over industry; the obsolescence of plant machinery; the backwardness of corporate boardrooms; the lack of investment in human and physical capital; and the general abandonment of governmental planning were all issues Wilson used to criticize the Tories on. With the appearance of the Conservatives becoming steadily patrician under Alec Douglas-Home (1963-4), Wilson promised to get rid of all the tradition-bound fetters of national progress and social mobility. In the event, Labour beat the Conservatives in the 1964 election, winning a slender majority

in the Commons (Pelling 1961/1976:126-39; Anderson 1992:169-72; Spalding 1999:45; Labour Party 1964:6-7).

In its first 100 days, the Wilson Government introduced several bills that reinforced Labour's reputation as the *reformist-alternative-to-the-Tories*. The landlord-friendly Rent Act of 1957 was abolished and replaced with rent-controls and a more stable security-of-tenure. As the Race Relations Act outlawed racial discrimination at the workplace, the Redundancy Payments Act was enacted to provide compensation to workers who lost their jobs through no fault of their own. Wilson also appointed George Brown as Minister for Department of Economic Affairs (DoEA); a newly-established state-branch with a mandate of coordinating the expansion of the British economy. In addition to these changes, Chancellor James Callaghan raised National Insurance contributions to finance an increase in state pensions and social security payments, as well as abolishing NHS prescription charges (Wright & Carter 1997:109-10).

With a widening balance-of-payments deficit, these reforms were greeted with hostility by international finance. Consequently, speculators started to disinvest from the pound. In response, the BoE implored the Government to engage in fiscal retrenchment. Wilson however rejected these proposals and threatened to call a snap election on the theme of "the People versus the Bankers." Wilson's admonition proved effective as the BoE organized $3 billion from American and European central banks to stabilize the currency (Cliff & Gluckstein 1996:283-4). Arguably, the actions of the first Wilson Government undermined a theory long-attributed to the Marxist-Left: namely, that the state is nothing more than a super-structural expression of the economic infrastructure (see Marx 1978:85). Indeed, the Callaghan Budget manifestly ignored the demands of the most economically-advanced faction of British capital, the City of London. The Government exerted what little autonomy it had in Parliament to use public money according to its own discretion.

From 1964-65, Labour presented itself as not only as a *reformist-alternative-to-the-Tories*, but also as autonomous from the most economically-advanced sections of the British bourgeoisie. However, for as long as the British economy remained structurally-dependent on the City, Wilson's autonomy as PM would always be limited during economic stability and highly-compromised during economic difficulty. This was exemplified as pressure on the pound continued to mount as Britain's balance-of-payments deficit increased to £800 million (Minkin 1991:112). With another currency crisis looming, the Wilson Government felt compelled to abandon its "National Plan" that was purposefully designed to stimulate British productivity and investment. Instead, it introduced a 15% surcharge on imports and raised the bank rate to 7%, which temporarily resolved the problem. Devaluation was a non-option at the time. For Wilson, maintaining the value of the sterling was a crucial part of his economic strategy to restore Britain's international competitiveness, which was, among other things, dependent on the City preserving its hegemony within international finance. Consequently, the Government was forced to curb inflation to assuage market uncertainty. In 1965, this culminated in a voluntary incomes policy that although passed by the TUC Congress, nevertheless split the union movement into two camps, with a vocal minority arguing it was a restriction on free collective bargaining, while a broad majority argued it was a necessary part of "socialist planning." Despite its passing, wages continued to rise as the number of unofficial strikes mushroomed (Thorpe 2007:135-7; Anderson 1992:170 Wright & Carter 1997:106-8).

The Limits of Labourism

In 1966, Wilson called a general election and campaigned on the theme, 'You Know a Labour Government Works', which pledged, among other things, to take legislative action to prevent the drain of capital (Labour Party 1966:6). In the event, the Party won 48% of the popular vote and secured 363 parliamentary seats (Wright & Carter 1997:113). Labour's victory was a combination of an improving economy and a lack of credible alternatives, with the Tories divided over party-policy amidst a transition in leadership (Pelling 1961/1976:136-4). The second Wilson Government was far

less reforming than the first. As Wilson opted to "keep the pound riding high," Chancellor Callaghan introduced the largest austerity package in British history to counter international finance's attack on the pound. In one fell swoop, the level of demand in the economy was reduced by £500 million. Thereafter, the inevitable transpired. As the 'Six Day War' between Israel and Egypt caused the Suez Canal to close, a global increase in the price of imports made Britain's overvalued currency unsustainable. Callaghan devalued the pound as yet more deflationary measures were introduced. British industry was therefore pointlessly sacrificed to safeguard the Sterling Area from something that was inevitable. Labour's metamorphosis into the more politically-regressive *reformist-version-of-the-Tories* was seemingly underway. And this was indeed foreseeable. The British state Labour occupies is a capitalist state designed in the image of the dominant classes represented by the Conservatives. Under these conditions, Labour has to fashion its internal arrangements to suit the subsystem it operates in. And, because the subsystem the Party operates in is highly-centralized, significantly-undemocratic and with a capitalistic bias, Labour itself is impelled to adopt these distinctly Tory-based characteristics to become a party fit-for-government (see Panitch & Leys 2001:161).

Unofficial strikes by the seamen in 1966 and the dockworkers in 1967 were just two materializations of the creeping emergence of the "two systems of industrial relations," with one formally managed by TUC officials and the other informally practiced by the more militant sections of the rank-and-file. With the latter being held responsible for the rise in inflation by the Government, in 1969, the Left-leaning Employment Secretary, Barbara Castle, sought to curb such industrial trends through top-down legislation. 'In Place of Strife' was a White Paper proposing measures that whilst supportive of union recognition and employment protection, also endorsed a "conciliation pause" in relation to unofficial strikes, as well as a mandate requiring unions to hold a ballots before strike action. Additionally, during times of industrial disputes, the Paper proposed that Ministers should be given powers to enforce a solution on both sides of industry. From across the spectrum, unions rejected Castle's intervention in an industrial relations matter (Minkin 1991:114-5). The Labour Left

supported the union movement in resisting the Paper, as did many Right-leaning MPs that were sponsored by trade unions (e.g. James Callaghan). On the ground, a small yet vociferous group of rank-and-file workers, many with Communist Party affiliations, organised a street-campaign against In Place of Strife, exacerbating already-existing tensions within the labour movement in the build-up to the 1970s election (McIlroy 2007:243). Castle's proposal (partly intended to strengthen the Government's authority after devaluation) was defeated by overwhelming majority. Instead, the TUC agreed that it would do what it could to resolve the issue of unofficial strikes (Pelling 1961/1976:145; Thorpe 2007:139).

For Castle, "wildcat strikes" were a breach of labour movement discipline, understood as a commitment to "socialist responsibility" and constitutional majority decision-making (Thorpe 2007:138-9). Traditionally, the Praetorian Guard accorded with such reasoning, as demonstrated by Bevin (quoted in Lane 1974:254) in 1936:

> "the lay members must be conscious that there are certain things they cannot do, and they must leave the Officers to carry out the task in which they are employed to specialise, [with] the lay member supplementing this work and thereby making a very happy combination."

Exhorting the rank-and-file to have confidence in their elected leaders to make the decisions that are in their interests presupposes that the rank-and-file will not act in its own interests when left to its own devises. Shop-steward-coordinated direct action spontaneously emerged from the material realities of the local and the immediate. Whilst this was generally accepted, it was nevertheless seen by the likes of Bevin and Castle as an inevitable path to failure for as long as it remains unmanaged by highly-rank officials with specialist knowledge. The prevalence of such thinking in the General Council before the 1960s was a derivative of the institutionalization of the union movement. After independently emerging as a secular response to industrialization, the union movement went on to increase its presence in the British state as its officers regulated those spontaneous tendencies that led to its initial development. Thereafter, any advance the union movement made had to come from

above, where a well-disciplined rank-and-file responds not to the material realities of the workplace, but to the discretion of a well-connected leadership-class (Rocker 1938/2004:26-48). During the 1960s, however, this arrangement began to fragment as a gradual *de facto* decentralization of power took place within the union movement, with the noticeable growth in the number of shop stewards increasing the prevalence of workplace-bargaining. Serving as both a cause and effect of this development, many unions were electing leaders with Left-wing credentials. This weakened the union-Right's monopoly over the block vote. By 1969, four out of the five largest trade unions elected candidates of the Left (Jack Jones of the Transport General Workers Union (TGWU), Hugh Scanlon of the Amalgamated Engineers Union (AEU), Lawrence Daly of the National Union of Miners (NUM), and Richard Seabrook of the Union of Shop, Distributive and Allied Workers (USDAW) (Minkin 1991:115). These factors explain the reasons why In Place of Strife was so unpropitious. The Government could not depend on a much-weakened Praetorian Guard to impose discipline on an increasingly restless rank-and-file. And even if the White Paper was somehow enacted, the chances of it being effective would have been doubtful under conditions of full employment, rising union militancy and 'stop-go' economic instability, as demonstrated by the Heath Government (see Chapter Three) (Thorpe 2007:135-8).

The Erosion of Political Order

Following Hyman (2007:362), in Place of Strife confirmed the difficulties of maintaining a 'functional differentiation' between the political- and the industrial-wings of the labour movement, as the government assumes greater macroeconomic responsibilities. The Keynesian Welfare State presupposes governmental intervention in the labour markets to increase economic efficiency. Labour therefore had to revise its union-links in accordance with the valorisation requirements of capital. It was more or less predetermined by its incorporation into the capitalist state, which is drawn, progressively during times of economic instability, into the arena of class struggle to bring about a solution in the interests of maintaining social order (Hall et al. 1978:217).

The slowdown of British capitalism made matters worse for Labour. In an effort to balance the books, the liberal Chancellor, Roy Jenkins, increased income taxes on low-to-middle incomes. In 1950, manual workers paid no more than 5% income tax; by 1970, that figure had increased to 20% (McIlroy & Campbell 2007:11). Under these circumstances, the number of wage-demands rocketed as workers went on strike to offset the increase in the burden-of-tax. In 1969, 6,800,000 working days were lost due to industrial action (Cliff & Gluckstein 1966:291). Meanwhile, as the Wilson Government sought to address these industrial concerns, the British state became mired in a legitimation crisis as "the politics of the street replaced the politics of convention and the ballot box" (Hall et al. 1978:241-3). In Northern Ireland, as the persecuted Irish-Catholic minority engaged in a series of civil rights demonstrations, Irish Republicanism became progressively more organised and militant in its opposition to the British rule (Coogan 2000:162-3). Concomitantly, in-and-around British cities, a rise in political activism of various persuasions challenged the more traditional aspects of British culture, campaigning against the persistence of sexism, racism, militarism, industrialism and various other concerns. Manifesting as a double-rejection of Soviet aggression (e.g. the suppression of Hungarian uprisings of 1956) and Western imperialism (e.g. the Suez Canal crisis of 1957), the New Left emerged as an intellectual expression of the "sixties counter-culture," organised primarily through scholarly journals influenced by neo-Marxist and post-Marxist writings. Maintaining a one-foot-in-one-foot-out relationship with Labour, the New Left sought to mobilise support from both within and without the Party to transform Labour into a vehicle for socialist advance (Rustin 1985:46-53; Hall et al. 1978:241-3). The convergence of these 'events' was something Labour had to deal with. The Party leadership could either identify those elements within the emergent popular consciousness that could be mobilised for alternative political programme, or it could ride roughshod over all of them in the interest of the social status quo.

Wilson's response would have to wait until after the 1970s general election. Leader of the Opposition, Edward Heath, castigated Labour's "managed decline" of Britain's imperial standing in the world, epitomised by Wilson's devaluation and the closing of the Colonial Office – one of the few remaining

vestiges of the Empire. Heath pledged to reverse British decline, promising to deal with union militancy more firmly than Labour. This was part of his overall economic strategy to let unprofitable industries declare bankruptcy, leaving Britain's largest and most efficient firms to compete in a more dynamic marketplace, which would be more open to foreign competition after securing Britain's membership into the European Economic Committee (EEC) – something which had been rejected by France under Wilson in 1967 because of the UK's perceived complicity in advancing US hegemony (Foster & Woolfson 2007:298-9; Gamble 1983:117; Anderson 1991/1992:171). With Labour's economic management credentials in tatters, the Conservatives went on to win the general election with a 31 seat-majority.

Conclusion

Despite the enfranchisement of 18-21 year olds in 1969, voter-turnout had declined by 5%. Labour itself lost 10% of the working-class vote, many of which to various nationalist parties (Pelling 1961/1971:151). Combined with the rise of new social movements, such voting-behaviour reflected the gradual erosion of consent in society, as various groups of Right and Left began to contest the social settlement established during the immediate postwar years. From 1970-79, a different type of statecraft emerged as 'events' consumed both Labour and Conservative governments. As this chapter explains, the contradiction between a weak British capitalism and a strong union movement meant that the state could no longer permit the continuation of tripartitism. Under these conditions, Labour had to decide whether to preserve its union-links or attempt to restore the rate of profit, as doing both was now unsustainable during a period of economic contraction. The next chapter will explore how Labour, in virtue of the Party's integration into the capitalist state, sacrificed its credibility among the rank-and-file to salvage what little credibility it had among international finance. Among other things, the chapter will explain how the Wilson-Callaghan Government established the preconditions of the Neoliberal State, which was augmented via the hegemonic development of the 'New Right Conservatives' during the 1980s.

<u>The Preconditions of the Neoliberal State</u>

Towards the late-1970s, British state slowly rearticulated its functions to suppress the rise in union militancy that violated not only the freedom of capital, but also the authority of parliamentary democracy. This chapter will demonstrate how Labour presided over the first part of this process by introducing policies that radically departed from the postwar political consensus. The chapter will then explain what effect the Party's policy-shift had on its appeal as oppositional, anti-Establishment force, as well as on the stability of its quasi-federalist party-structure. In the last analysis, the chapter will conclude by stating that Labour's reluctance to challenge the hegemony of the City prefigured not only the continuation of Britain's industrial decline, but also the intensification of intra-party conflict as the Labour- and union-Left reprimanded the Party establishment for its capitulation to the demands of international finance.

<u>*Lessons from the Heath Administration*</u>

Initially, the Heath Government represented a departure from the postwar consensus. From 1970-72, there was a cessation of subsidies to unprofitable firms and plans to denationalize industry, as well as an abandonment of fixed exchange-rates and an expansion of credit and the money-supply with the intention of stimulating investment at home via the market-mechanism. Entrance to the EEC was also secured after a diplomatic *rapprochement* with France. In 1971, the Industrial Relations Act was enacted to curb union militancy, containing a clause requiring unions to hold a ballot before engaging in strike action, as well as a conciliation period before that strike-action can begin. In addition to insisting that employers recognise trade unions and employment rights, the bill, which required trade unions to register more formally than ever before, legislatively-prohibited pre-entry close shops, unofficial strikes and secondary picketing – the latter two became especially highly-effective practices during the Wilson Government. An Industrial Relations Disputes Court (IRDC) was also established to settle industrial grievances inside the state. In essence, however, these labour-market reforms were never intended as an fatal assault on the union movement, but an attempt to better manage the rank-

and-file by making its leaders (including shop-stewards) more accountable to the state. In sum, Heath did not want to eviscerate tripartitism; he just wanted to reform it (Minkin 1991:118; Anderson 1987/1992:174-5; Hall et al 1978:189; Pelling 1961/1974:157-6; McIlroy & Campbell 2007:110).

Nevertheless, the labour movement responded to the Industrial Relations Act as a collective to this perceived existential threat. The TUC called on all affiliated unions not to register under the Act, with all but a small minority acting accordingly. Additionally, trade unions seldom put their cases before the Industrial Relations Court, thereby refusing to recognise its legitimacy. The Act also bridged the gulf between the Party- and union-wings of the labour movement, as Wilson promised to repeal the Act "in the first session of the Labour Government." A new Labour-TUC Liaison Committee was created to negotiate a better industrial relations policy, therein symbolizing the strength of the union-Party link at a time of political instability. Rhetorically and practically, then, Labour represented a distinctly reformist departure from the Heath Government. The Party avoided repeating the errors of the General Strike of 1926 by demonstrating solidarity with the union movement as it reacted to a Right-wing attack on its living standards (Pelling 1961/1976:158-9; McIlroy & Campbell 2007:110; Lane 1974:15-30).

This unity was crucial in resisting Heath's economic programme, which the Government was confident about seeing through after defeating postal workers resisting rationalization (Foot 2012:369). After a series of real and nominal wage-cuts, the miners voted in favour of a national strike in 1972. The NUM exploited the economy's dependence on a highly-centralized power-generation system based on coal production to their full advantage. Mass, mobile picketing was used to blockade the purveyance of coal to various power stations, which was observed by unionized transportation workers. Public opinion was generally sympathetic to the miners, which was decisive in pressuring the National Coal Board (NCB) to concede to a pay increase. Out of desperation a State of Emergency was declared by Heath. But with the Government overwhelmed by the level of rank-and-

file militancy, Heath was forced to concede to the miners demands by allowing the NCB to increase their pay by 27% (Taylor 2007:159). This industrial victory was celebrated by the labour movement as sign of its growing collective strength, which galvanized other sections of the labour-force to engage in official/unofficial strikes against pay-cuts and redundancies. The "Pentonville Five" epitomised the spirit of the times. In 1973, five dockers were arrested for engaging in unofficial strikes, only to be released two days later following a national strike of 40,000 dockers. The incident served to render the NIRC manifestly powerless. The continuation of both unofficial and official strikes - all employing the use of secondary, mass, and flying picketing - forced the Heath Government to engage in a series of policy 'U-turns', culminating in a return to state-interventionism (Minkin 1991:160-1; Taylor 2007:160).

The Industrial Relations Act was a deviation from the type of state a weakened British capitalism required during the early 1970s. Unlike Western Europe, Britain's capital stock was not totally destroyed during the War. Consequently, British industrial firms participated in the global expansion of postwar capitalism with less technologically-efficient capital equipment than its European counterparts, who were forced to re-equip their industries with more up-to-date plant machinery. Heath did not fully understand just how disadvantaged this made Britain's industrial-base, following Labour's lead by imputing union militancy for the country's decline in international competitiveness. Heath also did not anticipate the onset of a global recession just when Britain entered the Common Market. Here, weak-industry collided with severe economic headwinds, rendering any recovery dependent not only on the revival of global capitalism, but also the availability of venture capital form the City. Without state-direction, City funds simply flowed into those sectors that provided the highest rate of return on capital, which was either overseas economic development and/or urban real-estate – i.e. not domestic industry. From 1970-3, manufacturing profits grew by 6%; in finance and banking they grew by 122% (Anderson 1991/1992:45; 174-5; Hall et al. 1978:233; Callinicos 2010:59-63).

Meanwhile, industrial militancy continued to intensify at home. Under conditions of full employment and free collective bargaining, neither the government nor the TUC would be able to force the rank-and-file to accept wage-cuts or redundancies. Heath's plan to *reform* tripartitism was therefore a fool's errand. Renewing British capitalism, from a Conservative perspective, required the evisceration of tripartitism altogether, as well as an acceptance of higher unemployment rates, which was something at loggerheads with public opinion at the time (Hyman 2007:353; Lane 1974:219; Taylor 2007:154) Heath learnt all this lesson the hard way. In 1973, as the Yom Kippur War led to an increase in global inflation, the price of oil quadrupled as Third-World nationalism engulfed many oil-producing economies (Currie 1986:88). In response, the miners demanded that the NCB raise their wages to counter such inflationary trends. When the NCB refused, the NUM imposed an overtime ban, which encouraged Heath to take emergency action to limit the consumption of fuel. Heath imposed a three-day working week for the industry, as well as banning television broadcasting after 10:30pm. One month later, the NUM voted in favour of yet another national strike against the Government. Heath knew he did not have the legislative powers to take on the miners, so he decided to take the issue to the electorate after calling a snap election on the theme, "Who Governs?" Although Heath won the popular vote, the vagaries of the electoral system ensured that Labour gained enough seats to form a minority government, who in turn promised to work with the unions more cooperatively (Pelling 1961/1974:157-62; Labour Party 1974:5).

A Struggle for the Soul of the Movement

During the late-1960s, Labour experienced several heavy defeats in a series of by-elections. This served to dislodge several older members of the Labour Right from positions of power, paving the way for a younger, more radicalized group of Labour activists to gain ascendancy within the Party's ranks (e.g. Ken Livingstone, David Blunkett, Neil Kinnock, etc.) (Panitch & Leys 2001:29). Supported by the union-Left in Conference, the Labour Left started to increase its presence on the NEC. By 1969, the intra-party bloc had a majority of 15 to 14 on the board, which it used to create

several policy sub-committees on industrial, financial and economic affairs. The convergence of these events had a profound impact on the ideological-orientation of the Party. By exploiting its strengthened position in the NEC, the Conference and several sub-committees, the Labour Left was able to pass numerous resolutions that committed the next Labour government to a radical programme (Wickham-Jones 1996:117-21; Foot 2012:390).

Tony Benn, the former Minister of Technology under the first Wilson Government, was regarded as the *de facto* leader of this resurgent Labour Left. After the failures of the Wilson Government, Benn (1995:273-4) observed that the new social movements were not so much a protest against this or that government, but a "crisis of confidence shared by the Establishment" itself. For him, Labour needed to "convert this negative [energy] into positive power," incorporating disenfranchised sections of the population into a democratic movement for socialism (see 'Bennite' definition thereof below). The 'New Labour Left' (i.e. a synthesis of the 'Bennite' Left and the intellectuals of the New Left) held that the failures of the Heath Government gave Labour the mandate to radically transform the dominant institutions of British society. Within this space a more radical incarnation of parliamentary socialism emerged (Panitch & Leys 2001: 39-47; 44-65; 149; Benn 1995:201).

The publications of the 'Labour's Programme for Britain' in 1972 and 1973 were an intellectual expressions of the New Labour Left's advance. These documents, which passed through Conference both times with an overwhelming majority, committed the Party to increased public expenditure, economic planning, industrial democracy and price/import controls, as well as the nationalization of finance, banking, insurance, construction, and the North Sea oil (Labour Party 1972:20-5). The Programme of 1973 in particular contained a proposal that departed from previous Labour administrations: nationalizing profitable industries (Labour Party 1973:30-1). With the intention of dismantling the monopolistic structure of the British economy, which the Wilson Government was partly-responsible for in virtue of its state-sponsored mergers during 1964-70, this proposal

maintained that a Labour Government should put the top 25 leading private-sector firms into public ownership. The New Labour Left believed that nationalization of the "commanding heights of the economy" would not only increase productivity, but also relieve inflationary pressures. For them, private monopolies have offset the fall in the rate of profits by raising the prices of goods for consumers, thereby precipitating a reduction in the level of aggregate demand. State-owned enterprises would not engage in such economically short-term practices. They would instead reduce prices down to their lowest level with the knowledge that such a measure - if applied nationwide - would stimulate aggregate demand and enable capital expansion. Significantly influenced by the New-Left-influenced economist, Stuart Holland, these policy commitments informed the "Alternative Economic Strategy" (AES), which became party-policy amidst further intra-party ideological conflict (Fielding 2003:24; Anderson 1992:171; Benn 1995:263-5; Wickham-Jones 1996:59-77; Labour Party 1973:13-37).

With the disintegration of the Praetorian Guard, the Labour Right (and its dominance on the Party's frontbench) was the main obstacle preventing the implementation of the AES. As Stephen Meredith (2008:4; 11; 18) elucidates, this intra-party faction should not be interpreted as homogenous politico-ideological bloc, but rather as a "complex, heterogeneous and disputatious body," whose unifying "principles and politics of the emergent (revisionist) social democratic politics" established the intra-party faction as the "dominant coalition and governing elite" during the immediate postwar period. Anthony Crosland (Keynesian-egalitarianism), Dennis Healey (moderate-Centrism) and Roy Jenkins (radical-liberalism) represented the three main strands of the (revisionist) Labour Right. Towards the late-1960s, however, these three main tendencies on the Labour Right became more ideologically-distinct as the Party's commitment to Europe, public expenditure and trade unions came under scrutiny. Consequently, the Labour Right's collective position as the dominant coalition and governing elite of the Party came asunder, which allowed the a more unified Labour Left to entrench its authority within the Party's decision-making structures. However, after setting their differences aside, Crosland, Healey and Jenkins managed to coalesce around their opposition to the AES, arguing

that its proposals were both psephologically-misguided and economically-wrongheaded. For them, Labour should campaign around a more moderate set of policies, which are (a) respectable to the business and financial world, and (b) responsive to the interests of the median voter (i.e. the voters that determine elections according to "the Downsian economic theory of democracy" (see Hay 1999:76-102)). Whilst Wilson remained sympathetic to the Right's reservations, he was more concerned about electoral inexpediencies of intra-party conflict and what such looked like to the press. In the interests of party-unity, Wilson watered-down the Labour's commitment to the nationalization of the top 25 national firms, while maintaining that the next Labour Government would seek to increase public ownership when and where it can (Wickham-Jones 1996: 120-1;156).

In Opposition, the Heath Government's application for membership of the EEC divided the Left and Right of the Party. For the Left, the EEC was as a capitalist instrument that limited Parliament's freedom of action (Benn 1995:243). For the Right, the EEC was the mechanism through which to recalibrate Britain's international standing after the unfolding of decolonization. In the event, Conference voted against entry to the EEC on the terms advocated by the Heath Government. As a presentably-impartial Wilson tried to keep the party united, 69 members of the Labour Right defied their Party whips and voted in favour of Heath's application to the Common Market, violating the authority of Conference and the Party Leader, as well as exposing Labour's divisions to a broader audience. The Labour Left was outraged with the 'pro-Marketeers'. To restore party-unity, Wilson promised a referendum on Britain's terms of entry to the EEC under the next Labour government. This gesture only ended-up exacerbating intra-party tensions, as Deputy Leader Jenkins resigned from the Shadow Cabinet in response to Wilson's perceived capitulation to an "increasingly dominate" Labour Left (Wright & Carter 1997:122-5; Pugh 2010:322; 346; Benn 1995:283). This view was reinforced by the mass-media, which repeatedly depicted the 'Jenkinsites' as "the voice of moderation and tolerance standing up against the gang mentality of the dictatorial Left" (Panitch &Leys 2001:74; Benn 1995:273-4) Even though the reverse is true, history remembers how an "aberrant" Labour Left

"rudely interrupted" the Party's commitment to modernization led by the Jenkinsite-wing (Fielding 2003:208; Gould 1998:33-6).

A Note on the Politics of the Working-Class

Although the miners were credited for toppling the Heath Government, their initial aims were never explicitly political. The rank-and-file never really expressed a desire to mobilise support for a pro-labour parliamentary party in the build-up to the 1974 general election, reinforcing a point well-made by Mike Savage (2007:29-31); namely, that the industrial militancy of the 1970s was not so much an expression of class-consciousness, but more a manifestation of the instrumentalism among the working-class in their relationship with the union movement. Indeed, self-interest amidst economic insecurity better explains the growth in union membership during this period, not class consciousness as many of the writers of International Socialism maintained (see Cliff & Gluckstein 310-13; Foot 2010:391-3) The limited, stubbornly instrumentalist ambitions of the rank-and-file partly explains the reasons why Labour only managed to secure a minority government in 1974 by default; elected with a smaller share of the popular vote than it won in 1970 (Pelling 1961/1974:161).

According to Ross McKibbin (1974:12), the politics of the Labour Party can be understood through recourse to the culture of its social-base: the British working-class. Despite the mutuality of its long-term interests, the British working-class was never a unified, homogenous social-force, but more a disparate, disorganised 'class-on-paper' with sectional tendencies and conservative proclivities. The politically-active, self-conscious working-class - organised in trade unions and the CLPs - represented a minoritarian-interest, often led by middle-class professionals brought into the labour movement "out of theory" rather than practical experience (Minkin 1991:14; Callaghan 2003:124; Adelman 1972/1986:21). Among the non-active working-class majority, there was no ready-made electoral mandate for socialism; only reformist improvements (rent caps, social security, enfranchisement, etc.) to existing arrangements seemed to appeal to the average labourer (Hobsbawn 1998:70-1). This is not

to say that there were never any *tendencies* within the working-class that could be mobilized in the furtherance of socialism. Indeed, according to Gramsci (1971:134), common-sense (particularly of the working-class) is "not something rigid and immobile, but is continually transforming itself." For him (quoted in Hall & O'Shea 2013:1-5), common-sense is a "strange composite" of Left and Right ideological forms. Viewed this way, Labour should/could have nurtured those elements within the emergent common-sense that were sympathetic to more progressive ideals. Naturally, this would have required a long-term campaign of education and propaganda on behalf of social justice. For, without this, the working-class would remain a badly-educated class-in-itself and be left hostage to a largely Right-wing mass-media, thereby making the chances of securing an electoral mandate for social reform all the more difficult for Labour (Lane 1974:173).

The Self-Destruction of Labourism

In 1974, Labour was elected on its most radical manifesto to date, containing most of the policies outlined in the Labour Programme(s) of 1972 and 1973. The rhetoric of the manifesto was a step beyond the more cautious reformism of previous ones, well-exemplified in the expounded Bennite definition of socialism as "a fundamental and irreversible shift in the balance of power and wealth in the favour of working people" (Labour Party 1974:15). Despite their support in Conference, both Scanlon and Jones had strong reservations about the radicalism of the AES, commenting on the tendency of "middle-class theorists" of the Labour Left to ignore acute economic realities (Minkin 1991:168). During 1974-5, wages increased by 32.9% as inflation peaked at 21%. Under these restrains, after repealing the Industrial Relations Act, Wilson worked with Jones to devise a plan to curb wage-inflation. The 'Social Contract' was the end-result of this partnership; a union-Party agreement that committed the unions to administering a £6-a-week pay norm on industry in exchange for better social services (e.g. raised pensions) from Government (Wickham-Jones 1996:58; 130; 150; Labour Party 1973:5).

Under Wilson, very little attention was given to Britain's weakening industrial-base, which was continuing to decline relative to its competitors (Anderson 1987/1992:176). Bankrupt industries were being bailed-out by Government through either loans or outright nationalisation. No major attempt was made to renovate the country's deteriorating capital stock. As Secretary of State for Industry, Benn sought alternative ways of refinancing unprofitable industries through industrial democracy. Many shop stewards were receptive to the idea of worker-cooperatives. However, with the Right still dominating the upper-echelons of the PLP, the Cabinet refused to support Benn's initiative. Despite its many advocates of industrial democracy (e.g. Scanlon and Jones), this was also the case with the TUC, who became more cautious in the face of negative economic growth. Even parts of the Labour Left became reluctant to endorse Benn's agenda, creating a demarcation between an emergent "soft-Left" and the Bennite "hard-Left." The Tribunite Employment Secretary, Michael Foot, typified the soft-Left position. Despite having sympathises with industrial democracy, out of collective cabinet responsibility, Foot and other Tribunites sided with Government in the furtherance of maintaining party-unity. Thereafter, the New Labour Left and the AES were sidelined by the Government to deal with more pressing events (Benn 1995:283-96; Foot 2012:386; Panitch & Leys 2001:121-2).

After securing a slender 5-seat majority in the second general election of 1974, Wilson suspended collective cabinet responsibility in the build-up to the EEC referendum. On the pro-Market side (i.e. the Yes Campaign) was the PM, a majority of Right-leaning Cabinet ministers (e.g. Jenkins, Callaghan, Healey), and most of the Conservatives and Liberals; on the other side (the No Campaign) was a minority of Left-leaning Cabinet ministers (e.g. Benn, Foot, Castle), most but not all of the big unions, and a minority of Conservatives. The No Campaign operated at the grassroots level and had strong public support, with 51% of the electorate opposed to British membership. The Yes Campaign relied on the support of industry and the big-circulation newspapers, which were both pro-EEC, to influence public opinion in the favour of entry to the Common Market. By outspending their opponents by close to a £1 million, the Yes Campaign managed to swing public opinion in its favour, with the electorate voting 67.2% in favour of entry on existing terms (Pelling 1961/74:166; Foot

2005:385; Wickham-Jones 1996:191). This sea-change in public opinion suggests threefold: (1) that voter preferences are not fixed, but open-categories susceptible to counter-argument; (2) that the mass-media is crucial in terms of shaping public opinion; and (3) that if Labour wants to receive public support for a radical programme they will have to contend with other vested interests (e.g. industry, finance, media, etc.) that are in favour of less progressive agendas. Under these conditions, Labour's relationship with the electorate can be one of "preference-accommodation," where the Party accepts how public-opinion is moulded by a reactionary mass-media and adapts it political programme accordingly; or, it can be one of "preference-shaping," where Labour seeks to overcome media opposition and persuade the public of the benefits of a distinctly socialist programme. The latter approach was advocated by the Bennite-wing, desirous of committing Labour to a long-term campaign of education and propaganda on behalf of socialism. The former approach was embraced by a Labour Right hell-bent on securing electoral majorities to govern with. Wilson's decision to demote Benn (i.e. the most vociferous supporter of preference-shaping) after the referendum partly reflected which strategy the leadership sought to take; namely, one of preference-accommodation and acceptance of public opinion how it *is* and not how it *ought* to be (see Hay 1999:66-9).

In 1976, during a period of stagflation, Wilson announced he was stepping down as PM and was replaced by Callaghan. To stimulate aggregate demand, on his fist day in office, Callaghan introduced £1.3 billion worth of tax cuts, restoring Labour's credibility as the *reformist-alternative-to-the-Tories*. Unfortunately, however, this counter-cyclical measure ended up being counter-productive. Perturbed that Labour was excessively borrowing to finance redistributionist policies, international-creditors began selling-off the pound, culminating in a currency crisis in 1976 (Wright 1997:135; Harvey 2005:12). With economic difficulties worsening, the Treasury's permanent secretaries accorded that the Government's "current policies were unworkable [and] there was no longer support for them at official level in the Treasury" (Panitch & Leys 2001:111). The City and the US Government also expressed reservations about the political-orientations of Labour's policies. Accordingly, both were

"sick of sterling crises" deriving from the profligacy typified by Labour's budgets (Panitch & Leys 2001:115-6).

In response, Chancellor Healy reduced public expenditure by £2 billion. This measure served to divide the labour movement. Over half of the TUC's membership was comprised of public-sector workers, who were the main victims of Healy's cutbacks. The leaders of National Union of Public Employees (NUPE) and the National and Local Government Officers Association (NLGOA) argued that such economies violated the Social Contract, turning what was a policy of "economic and social priorities into a vehicle for implementing a policy of wage restraint." This position was supported by the Labour Left, with many on the Bennite-wing believing that a more militant trade unionism was the principal catalyst of a new political mobilisation (see Minkin 1991:121). Conversely, Jones and Scanlon defended wage-controls and public-sector cutbacks, maintaining that a reduction to public-sector services meant that there would be more room for investment for private manufacturing – a view that was embraced by most of the General Council. For Ludlam (2003:158), this notion that the 'unproductive' public-sector was out-crowding the 'productive' private-sector conformed to one of the fundamental tenets of capitalist ideology: "the absolute primacy of traded commodity production, and an associated prejudice against unproductive labour." In response, the NUPE and NLGOA led a nationwide public demonstration against the Labour Government. The TGWU, the AUE and the General and Municipal Workers Union (GMWU) refused to support the national demonstration, thereby intensifying already-existing divisions within the union movement (Ludlam 2003:155-63).

In the event, Healy's austerity measures were not enough. International creditors were still not satisfied with the country's public finances. The pound was continuing to be sold-off at a rate that made many financial-analysts think that Britain could tip the global economy into a 1930s-style depression. So, with the AES ruled out by the Cabinet, the TUC, the Treasury, the Confederation of Business and Industry, the City, the BoE and the US Government, Healy, backed-up by Callaghan,

approached the IMF for a £4 billion loan to stem the flow of sterling. As a security measure, this 'bailout' was attached to "conditionalities;" namely, significant cutbacks in healthcare, education, infrastructure and subsidies to private industry. While Healy implemented the reforms demanded by the IMF, Callaghan, in an effort to finalize, once and for all, that Labour was committed to the orthodoxies of responsible governance, publicly-repudiated everything the Party previously stood for, stating that the option of "spending your way out of a recession... no longer exists." In an effort to bolster credibility, Healy raised interest rates to a unprecedented 15% after receiving advice from the BoE that reducing the money-supply was now essential in curbing inflationary trends. "Monetarism" was the name of this emergent policy-stance, which was to assume a commonsense dimension from the 1980s onwards (Wickham-Jones 1996:98-100; Panitch & Leys 2001:112-8; 126).

What remained of the Social Contract was eviscerated in the aftermath of the IMF-imposed cutbacks. Wage controls were maintained as the social wage was allowed to deteriorate. In 1977, the TUC voted in favour of a return to free collective bargaining. Despite this, Healy imposed yet another round of wage restraint (the 4th in total) on industry, limiting workers to a mere 5% pay increase. The policy was totally unrealistic, with plenty of signs of restlessness within the rank-and-file. Moss Evans and Terry Duffy (i.e. successors to Jones and Scanlon respectively, both of which retired in 1978) both tried to lobby the Government against this unsustainably low pay-norm, admonishing Callaghan that they will not be able to contain the explosion of union militancy that would inevitably follow. The 'Winter of Discontent' of 1978 substantiated their concerns. After Ford motor-workers secured a 10% increase in pay, thousands of manual public-sector employees went on strike after years of limited pay increases on already poor-wages (Thorpe 2007:144-7; Minkin 1991:123). In 1979, after receiving a vote of no-confidence from Parliament, Labour went on to lose the general election to a Conservative Party led by Margret Thatcher – the darling-child of the emergent 'New Right' (see Chapter Four) (Wright & Carter 1997:138-9).

Conclusion

In 1945, 1964 and 1974, Labour entered office amidst radical pre-election rhetoric. However, because each time it inherited an unreformed state-system that was regulated by and structurally- and intellectually-dependent on non-democratic institutions - i.e. the City, the BoE, the Civil Service, etc. - Labour's practices in office lacked any kind of correspondence with its radical rhetoric. As mentioned previously, this was the dominant classes' response to the rise of a working-class party: to gradually admit their entry into the parliamentary system at the same time as neutralizing their effectiveness through a variety of extra-parliamentary means. Instead of providing a coherent analysis of the slowdown of British capitalism, and how the expansion of industry has been undermined by the dominance of finance, Labour held union militancy as responsible for the country's economic problems, proposing bogus top-down solutions like In Place of Strife and the Social Contract instead of challenging the hegemony of the City. The next chapter will explore the implications of Labour's capitulation to international finance, analysing how the Thatcher Government appropriated a crisis presided over by successive governments of Left and Right to radically transform the functions of the state.

The Closure of Alternatives

This chapter will firstly analyse how the New Right Conservatives augmented the emergent hegemony of neoliberal statecraft during 1979-90. Thereafter, the chapter will explore Labour's response to their dismantling of the Keynesian Welfare State, focusing in particular on the ideological tensions between the Left and Right during the Party's 18-year long hiatus from office. In conclusion, the chapter will state that in virtue of the Labour establishment's short-term pursuit of office, the Party ceased to represent a coherent alternative to the Conservatives, thereby relinquishing its more progressive characteristics to become, in the last analyse, a reformist-version-of-the-Tories.

The Rise of the New Right Conservatives

The late-1970s was a period of mass-unemployment, high-inflation, wage-militancy, negative economic growth, under-investment and high capacity utilization. Under these restraints, the Keynesian Welfare State, with its corporatist predilections, was ill-equipped to address these problems afflicting British capitalism. Indeed, the state's functions had to either be rearticulated to suppress union militancy as it accommodated the emergence of an increasingly globalized capitalism; or, alternatively, restructured to redirect the flow of capital towards more productive sections of the national economy (Currie 1983:94). The New Right Conservatives adopted the former option, which was indeed already partly practiced by the Callaghan administration. Under Thatcher, market-forces were allowed to take a trajectory that was less inhibited by state-regulation hitherto. Consequently, the British state readapted its functions in order to respond to the events shaped by the ascendant neoliberal type of capitalism, where capital's need for freedom is considered sacrosanct within a global economic order (Harvey 2005:64-7; McIlroy & Campbell 2007:97). This moment was not so much a creation of 'Thatcherism', but more a derivative of the emergent phase of capitalist development and how the British state responded to such conditions under a Right-wing administration. Indeed, during conditions of low profitability, social harmony has a tendency to disintegrate as the class antagonism between labour and capital becomes more intensified. Under

these conditions, the state is drawn progressively deeper into the arena of class conflict, assuming "the character of the national power of capital over labour." Consequently, the government's "political character [changes] simultaneously with the economic changes of society," becoming in the last analysis a "Party of Order" in the service of the social status quo (Marx 1970:67-72). The Neoliberal State, with its authoritarian predilections, was not the so much the creation of New Right Conservatives, but more the logical outcome a structurally-weak capitalism mired in a seemingly permanent profitability crisis. As Hall et al. (1978:227) explains, "from about 1967 onwards, the state... whichever the political coloration it assumed... was, *structurally* on a collision path with the labour movement and the working class" (italics in original) (Poulantzas 1978:203-5).

The New Right was a internationally-oriented consortium of academics, politicians, businesspeople and think-tanks, mobilizing to turn a relatively-obscure economic doctrine in neoliberalism into a commonsense concept (Giddens 1994:33-42; Harvey 2005:3). For Milton Friedman (1962:11) and Friedrich von Hayek (1944:133) - i.e. the intellectual doyens of the New Right - a healthy capitalism had been vitiated by excessive state-interventionism and militant trade-unionism. Friedman (1970:12-26) in particular was vociferous in opposition to Western governments' use of counter-cyclical instruments to stimulate aggregate demand, arguing that it was the arbitrary increases in the money-supply that caused the high-inflation of the late-1970s - not wage militancy. In the build-up to the elections of 1979, Margret Thatcher was the siphon through which the prevailing *geist* of the New Right was channelled, discursively-framing its relatively-complex ideas into a language that appealed to the 'common man'. Indeed, Thatcher imputed Labour's commitment to socialism as the root-cause of the country's economic problems, maintaining that they had "virtually doubled prices, doubled unemployment, doubled the tax burden and doubled public spending." Thatcher accused Labour of assuming that they know better than the "genius of the British people," maintaining that the circumstances of the individual would be more auspicious if the individual's relationship to the state was minimized (Berlinski 2011:13; Hall 1983:21).

One of the primary functions of the emergent neoliberal state was to eliminate all blockages to the accumulation of capital, which during the late-1970s meant militant trade-unionism and state-regulation. The New Right Conservatives are frequently depicted as the sole architects of the neoliberal state in Britain (see Harvey 2005:64-70). However, as explained in the previous chapter, Labour was at least partly responsible for establishing the preconditions of the Neoliberal State. Depicting trade unions as the main impediment to capital expansion - coupled with the toleration of the exponential expansion of finance capital relative to industrial capital - were both essential in terms of making the Neoliberal State *appear* legitimate; in other words, the unions needed to be tamed to allow the most efficient sections of British capital to expand. This was the most popular analysis of the slowdown of British capitalism, which the Wilson-Callaghan Government initiated and the Thatcher Government took to its logical conclusions.

Whilst in accordance with respect to the cause of the country's economic difficulties, Thatcher herself was critical of the manner in which previous administrations (Heath's in particular) tried to take on the trade unions on the latter's own terms; namely, within the tripartite system of industrial relations and under conditions of full employment. For Thatcher (1995:205), the Heath Government made the fatal-error of not recognising,

> "that [they] were involved in a struggle with unscrupulous people whose principal objectives lay not in industrial relations but in politics. Had we understood this we might have embarked on a step-by-step approach, fighting in our own territory at our own timing, as we were to do after 1979."

Under Thatcher, pro-union legislation was replaced with the Employment Act(s) of 1980 and 1982, which collectively (1) restricted closed-shop practices in the interests of non-union workers; (2) made secret ballots a legal necessity before strike action could take place; (3) prohibited the practice of secondary picketing; (4) introduced Byzantine rules for the election and behaviour of union officials; and (5) advanced an incentive scheme initiated by the Callaghan Government, whereby profitable pits

would accrue material benefits (e.g. higher subsidies) for productivity gains, which would then trickle-down to the worker-force in the form of higher wages (Foot 2010:399-406; Ricketts 2005:75) Amidst the scrapping of the tripartite system of industrial relations, the New Right Conservatives also reorganised the British state to enable the expansion of the most efficient branches of domestic capital (i.e. finance capital). Subsidies to unprofitable industries were gradually discontinued at the same time as the money-supply was sharply reduced, as Thatcher sought to minimize the role of the state in economic affairs. Consequently, unemployment was allowed to increase as the reduction in aggregate demand deepened the recession of the late-1970s. This coincided with significant reductions to welfare-services and direct-taxes. As the top-rate of tax was slashed from 80% to 42% in the name of "supply-side economics," many welfare services were made means-tested and conditional upon the recipients conduct. One of the main purposes of these reforms was to make the individual less dependent on the state and become more self-sufficient. Individualism hereby replaced collectivism as the guiding-principle informing welfare policy (Minford 2005:54; Ricketts 2005:77; Wright & Carter 1997:144).

The New Right Conservative's dismantling of the Keynesian Welfare State was not only met with riots on the streets, but also resistance from organised labour, particularly the NUM in the Miners Strike of 1984. However, with the bargaining-power and self-confidence of the union movement compromised by restrictive labour laws and rising unemployment, the Thatcher Government was able to confront organised labour more on its own terms. After reorganising the police-service into a national strike-breaking force, the New Right Conservatives was able to defeat the steelworkers in 1980, the miners in 1984, the print-workers in 1985, the motor-workers in 1988, the railway-workers and dockers in 1989, and the ambulance service workers in 1990 (Foot 201:402; Minkin 1991:145; 406). By the end of the decade, industrial action was reduced to a tenth of previous levels (Harvey 2005:59).

From 1979-97, the Conservatives sold-off state-owned monopolies in manufacturing, telecommunications, aviation, utilities, recourse extraction, mass transportation, and space exploration (Harvey 2005:60). Controversially, numerous public-sector contracts were tendered to allow private companies to play a partial role in the provision of essential services, including the delivery of healthcare and education (Tooley & Stanford 2005:135-45; Marsland 2005:162-76). Privatization was carried out by the New Right Conservatives to get the state out of the way of capitalist development, which was becoming increasing globalized as advancements in telecommunications and aviation made capital, labour and commodities more mobile than ever before (see Castells 2000:145). The abolition of exchange controls 1979 and the deregulation of the London Stock Exchange in 1983 created a bonanza for the City, which prospered throughout the recession as it became three times richer than the real economy. Pursued by short-term interests, British finance continued to move into overseas markets where competition was less fierce and investment-opportunities were aplenty. From 1979-86, British holdings of net foreign assets went from £3 billion to £80 billion. An already weak industrial-base was gutted as a consequence, decimating many of the towns and cities economically-dependent on manufacturing jobs. Under Thatcher, Britain became for the first time in its history a net importer of industrial goods. In the absence of state-subsidies, manufacturing firms turned increasingly towards City institutions for short- to medium-term credit. Under these conditions, British industry became more short-termist in its business operations, as dividend-hungry institutional shareholders from the City pressured manufacturing firms to rationalize their labour-processes and/or outsource production to the developing world. Although British capitalism did here enter a qualitatively different stage in its development, there was an element of *plus ça change* with respects to its operation. Indeed, as was the case before, the national economy was now and then structurally-dependent on the profitability of a square mile, the City of London (Anderson 1992:178-85; Albo, Gindin & Panitch 2010:31-4; Hay 1999:153-69; Minns 1982:24-5).

Labour's Response to Thatcherism

Under Thatcher, the labour movement was unable to retain the type of unity it expressed during previous phases of conservative backlash. After the 1979 elections, Callaghan remained Party Leader, only to resign one year later amidst internecine intra-party conflict. Foot was subsequently elected to assume leadership of the Party. After his role in mediating between the union- and Party-leadership as Employment Secretary during the Wilson-Callaghan years, Foot's conciliatory (soft-Left) style of leadership was regarded by Labour frontbenchers as better-equipped to unify a Party riddled with political factionalism. During this period, Labour's policies were grossly-misrepresented by the big-circulation newspapers, most of which interpreted Foot's election over the more moderate Healey as an expression of Labour's lurch towards the hard-Left (Pugh 2010:361-2). In 1981, eleven out of seventeen English nationally-syndicated newspapers supported the Tories, with only two backing Labour. The New Right Conservatives used this media-bias to their full-advantage. Thatcher's vision of a property-owning democracy - typified by the selling-off council houses at a discount to low-income residents - was well-promoted by many tabloid newspapers, celebrated as a victory for "Middle-England" and the "aspirational working-class" (Stewart 2008:175-6). By 1982, with the revival of the global economy, a small segment of low-to-middle income families begun to see their living standards materially-improve under Thatcher's neoliberal policy regime, giving the Tories a sufficient anti-Labour plurality to take into the 1983 elections (Seymour 2010:35-9). The Falklands War only went on to improve the Government's approval-ratings (Klein 2007:172). Backed by City donors, the New Right Conservatives became a well-organised electoral machine, financing a highly-expensive media-driven campaign of neoliberal propaganda (e.g. self-help, low-taxes, fiscal responsibility, etc.) and anti-Labour rhetoric (Anderson 1992:182; Stewart 2008:176). Under these conditions, Labour should have done everything to present itself as an united front in opposition to Thatcherism. Alas, they did neither; party-policy continued to divide the Left and Right, which was depicted by Tory-supporting newspapers as a sign of a Party unfit-to-govern (Pugh 2010:361-2).

A major source of contention within the Party was the issue of constitutional reform. The Campaign for Labour Party Democracy (CLPD) was established by the Bennite-wing of the Party in the early

1970s. In the furtherance of making the Party leadership more accountable to the movement, the CLPD sought three constitutional reforms, so that (1) MPs face reselection during the lifetime of every Parliament; (2) the Leader of the Party is democratically-selected not just by frontbenchers, but by Conference; and (3) manifestos are written by the NEC, rather than the Leader and his advisers (Meredith 2008:11). For the Right, the CLPD was a vehicle with which to turn the Party into a Leninist-Marxist organisation, making MPs accountable to the 'party-line' as opposed to Parliament. The Jenkinsite former Education Secretary, Shirley Williams, held that the CLPD want to render the PLP beholden to a minority of unrepresentative CLP activists (Panitch & Leys 2001:151-2). Williams' argument did have some merit. From the mid-1960s, the CLP became overran by local councillors and community activists that were mostly of a Left-wing orientation and sometimes affiliated with radical-Left organisations like the Militant Tendency (i.e. an entryist organisation) (Rustin 1985:60-3). It is true; most CLP activists were not representative of the Party's membership. Nor were Conference decisions an accurate reflection of the attitudes of Labour's supporters. Indeed, the union block vote determined what became party-policy – not the preferences of individual members. However, with the deterioration of Labour's social-base (i.e. the industrial working-class) manifesting as a result of deindustrialization, the Party had to mobilize support among sections of the population that Labour traditionally abandoned, which included young people, women and ethnic-minorities, as well as social movement activists and the nationalists of Scotland, Wales and Northern Ireland (Seymour 2010:37-8; Rustin 1985:67) . To incorporate such disparate groups into a anti-Conservative electoral plurality could not come through a media-driven campaign controlled by the Office of the Leader. Rather, it had to come through a long-term campaign of education and propaganda on behalf of socialism (or, social democracy), organised and sustained at the grassroots-level. To overcome a reactionary press, only this *extra-parliamentary approach* would secure for Labour with a consistent electoral-base it required to win consistent parliamentary majorities. This necessitates enthusiastic and well-appreciated CLP activists engaging with people in their own communities and workplaces, *shaping* public-opinion at the grassroots-level. In other words, it requires a rejection of what *is* and striving towards what ought to *be*; namely, a ready-made majority for progressive social change.

Disintegration of the Broad Church

In 1979, Conference passed the two constitutional amendments: (1) automatic reselection of MPs and (2) NEC-control over the Party's manifestos. The third to enfranchise the whole of Conference on the elections of Leaders and Deputy Leaders was passed in 1981, establishing an electoral college wherein the TUC would have 40% of the vote, the PLP 30%, and the CLP 30% (Wright and Carter 1997:142-4). In response, the Jenkinsite-wing defected from the Party to establish the Social Democratic Party (SDP). In the Limehouse Declaration (1981:1), Shirley Williams, David Owen, Bill Rogers and Roy Jenkins (the new SDP Leader) lambasted Labour for moving "away from its roots in the people of this country and its commitment to parliamentary government" by allowing the Party to be dominated by trade unions and unrepresentative CLP activists. The SDP wanted liberation from the unwritten rules of the labour movement to promulgate a moderate, Left-of-Centre programme, premised on a harmonization between a "competitive economy [and] a fairer distribution of rewards" (Limehouse Declaration 1981:1-2; Minkin 1991:221).

The impact of the Jenkinsite defection from the Party made Labour appear disorganised in the build-up to the 1983 general election. From 1979-81, Labour's approval-ratings were around 45-50%. After the founding of the SDP and the eruption of intra-party conflict, the Party's approval-ratings plummeted to 20-25%. Labour did not change its political programme in between these years. The main reason Labour's popularity diminished post-1981 was due to the fact that the Party appeared before an already-hostile press as divided and disorganised, with the parliamentary Labour Right refusing to adhere to Conference decisions supported by the extra-parliamentary Labour Left (Cliff & Gluckstein 1997:354). Wilson's and Callaghan's public repudiation of Labour's political programme was also something that contributed to the public's low-estimation of the Party. Indeed, their words condemning the radicalism of Labour's programme served to legitimize the SDP's claim that Labour has been overtaken by Left-wing extremists (Panitch & Leys 2001:147).

The Right-wing assumption that the Labour Left was becoming increasingly power-hungry at the cost of party-unity became a commonplace on Fleet Street when Benn challenged Healy for the Deputy Leadership. In the event, after losing the support of the Tribunite soft-Left, Benn narrowly lost out to Healey in the final vote by 0.852% . Led by Neil Kinnock, several Tribunites decided to either abstain or vote for Healey to differentiate the caucus from the Bennite hard-Left (Seyd & Whiteley 1992:37). Despite media vilification, however, Benn's campaign for a more radical Labour Party drew in new layers of the population into the political struggle for socialist change. Tariq Ali (1981:20-6) was one of the far-Left intellectuals that gave support to Benn during this period, maintaining that New Labour Left's programme presented a veritable threat to the hegemony of the dominant classes. For Panitch and Leys (2001:208), Benn's motivations behind entering this election was to not only force Foot to stand-up to the Right of the Party, but to also initiate a "long-term campaign of mobilisation and education to refashion and reconstruct working-class and socialist identities," which would serve as Labour's electoral-base for future election. However, an anti-Bennite coalition of the soft-Left, moderate trade unionists and Right-leaning MPs ensured that New Labour Left's objectives continued to go unrealized.

After the Falklands War, Thatcher called a general election in 1983. After being approved by the NEC and ratified by Conference, Labour's 'New Hope for Britain' (Labour Party 1983:10-3) manifesto committed the Party to the AES, nuclear disarmament and the abolition of the House of Lords. Hard-Left Labour MP, Eric Heffer, corroborated the main thrust of Labour's manifesto in 'The Socialist Alternative' (1981:16-20); a policy document that delineated a radical departure from neoliberalism, which included an imposition of exchange controls, state intervention in industry and finance, and an increase public spending. The Labour Right was vocal in their criticism of Labour's increasingly hard-Left official policy-stances. In response to the passing of 1983 manifesto, the Right-leaning Shadow Environment Secretary, Gerald Kaufman, famously maligned it as "the longest suicide note in history." Under these conditions, the Party had little chance of earning the confidence of the electorate. With the SDP splitting the anti-Tory vote, only the vagaries of the first-past-the-post

system ensured Labour could carry on as one of the two main parliamentary parties. In the event, Labour received its lowest national percentage poll since 1918, gaining 27.6% of the vote and won 209 seats. Absurdly, Labour polled 2.2% more than the SDP-Liberal Alliance, but received 700% more seats (Wright & Carter 1997:148-9; Anderson 1992:350; Coates 2005:26).

Thereafter, Foot resigned as Party Leader and was replaced by Kinnock. Despite being accused of being enthralled to the unions, Kinnock's principal aim was to make Labour more electable in the eyes of the public, which for him meant a more moderate policy programme and a revision of the union-Party link. With respects to the latter, Kinnock had the support of most of the TUC. After Labour received a mere third of the trade-union vote in 1983, the TUC had representational responsibilities to re-evaluate its relationship with both the Party and the Government. This was indeed accepted before the election, with several Right-leaning trade union officials and Labour MPs establishing the 'St. Ermins Group', which sought to push the Party in more moderate directions by reducing the Left's dominance on the NEC. By 1982, the Right now had a majority on the NEC by 15:14 – something Kinnock found useful in changing the policies and organisation of the Party (Minkin 1991: 135; 269; Stewart 2008:177). Len Murray (General Secretary of the TUC) and Frank Chapple (General Secretary of the Engineers) were among the principal architects of "New Realism," which proposed an acceptance of Thatcher's anti-union legislation to bring about a more mutually-beneficial relationship with the government-of-the-day. Inauspiciously, however, the emergence of New Realism coincided with the Miners Strike of 1984. For the Right-leaning Engineers and Steelworkers unions, the Strike "put at risk the entire conception of a civil society." On this point, Arthur Scargill of the NUM was criticised for his disregard for ballot procedures and his union's picketing tactics, both of which made the strike appear unconstitutional and illegitimate (Cooper &Hardy 2012:69-74; Minkin 135-7). In response, Kinnock and Murray deprived the NUM of its most effective resource: mass picketing. Having proved highly effective during the 1970s, this tactic would have brought in other sections of the union movement and thereby increased the Miners' chances of winning. However, because the Labour and TUC leadership accepted its illegality, the Miners had to

do without the only resource it could have deployed to topple the Thatcher Government (Foot (2012:406).

From the Flag to the Rose

Inter alia, neoliberalism in Britain manifested as an attack on local government. Under Thatcher, Treasury controls were imposed on local authority budgets and metropolitan councils were abolished. From the early-1970s, many parts of local government had become sites of municipal socialism. In certain regions, metropolitan councils had transcended parliamentary paternalism and demonstrated the self-governing capacities of local democracy. The Greater London Council (GLC) was the standard-bearer of this type of politics, led by Ken Livingstone who sought to incorporate trade unions and community organisations into the provision of local governmental services. Despite three-quarters of all London's supporting its continuation, Thatcher abolished the GLC with the intention of centralizing political power in the hands of the Executive, thereby undermining the ability of local government to resist her Party's neoliberal programme (Anderson 1992:180; Panitch & Leys 2001:161; 215).

Kinnock himself initiated his own assault on local government. In the 1985 Conference, Kinnock upbraided the Left-leaning NEC members and the Militant leaders of the Liverpool Council for undermining the Party's respectability. In truth, this message was not directed at the individuals in question, but to the national media who in turn praised Kinnock's "show of strength" against a "loony left." Thereafter, Kinnock launched an investigation into the activities of Militant tendency within the Party, culminating in the suspension of 14 party members (Panitch & Leys 2001:217; Wright & Carter 1997:153-4).

With NEC now firmly in control of the Labour Right, Kinnock presided over a major shift in the political economy of Labour, introducing five policy changes that made the Party's opposition to Thatcherism difficult to ascertain: (1) abandonment of full employment; (2) adoption of a pro-European position; (3) loosening its stance on public ownership; (4) embrace of the market in allocating scarce resources; and (5) commitment to balanced-budgets. To retain some of Labour's ideological distinctiveness, Kinnock also committed the Party to nuclear disarmament, as well as a modest reversal to Thatcher's welfare-cuts (Wickham-Jones 1996:218). In addition to these policy changes, Kinnock initiated a major transformation in the organisation of the Party, employing Peter Mandelson as the Party's new Director of Campaigns and Communications, as well as establishing the Shadow Communications Agency headed by Philip Gould. With the two bodies being answerable only to the Office of the Leader, Kinnock entrenched his authority over Labour's policies and image. Here, Kinnock purposefully sidelined many CLP activists and Left-leaning MPs and trade unionists by disempowering Conference and the NEC in the making of executive decisions on many parts of the Party's policy and image (Fielding 2003:128; Wright & Carter 1997:155).

Thereafter, the Party embarked on new electoral strategy. For Mandelson (1996:40) "Labour was seen by most people as out of date, appealing to groups who were not representative of the changing electorate. Accordingly, a "growing number were buying shares, had bought their own home, were self-employed, and less likely to support Labour." Consequently, Mandelson held that Labour had to undergo a transformation in both substance and style to become electable. Determined to win the much-discussed swing-voters in marginal seats, Kinnock accepted this ideologically-specific analysis when he authorised the adoption the Red Rose as the Party's emblem, rebranding Labour as a force of progressive moderation in a changing world (Wright & Carter 1997:156). Thereafter, Labour took on the Conservatives on the latter's own terms, abandoning the more traditional community- and workplace-focused electoral strategies to embark upon a US-style, media-driven campaign (Stewart 2008:185). The 'Britain will Win with Labour' (Labour Party 1987:1-3) manifesto criticized the Thatcher Government without giving much detail as to how Labour would depart from Thatcherism.

In the 1987 election, Labour received 31.5% of the vote - a mere three point improvement on the last election. In the media, Labour was still a Party that appeared ridden with factionalism – something which Kinnock himself accentuated with his high-profile face-off with the hard-Left. Moreover, Kinnock's inability to construct a coherent alternative to Thatcherism left traditional voters uninspired. Surveys indicated that 36% of voters identified with Labour abstained from voting (Pugh 2010:380).

Thereafter, the Right-leaning MP Tony Blair issued a press-statement announcing that Labour was now disconnected from the general public. In his terms, the Party had to modernize or cease to exist. For Blair, Labour needed to accommodate the values and preferences of the modern electorate, which are accordingly fixed, permanent and indeed sacrosanct (Mandelson & Liddle 1996:39; Sennett 2006:149). Kinnock agreed. Headed by Patricia Hewitt, the Policy Review of 1987-9 was commissioned by the Office of the Leader to reconcile Labour's policies, rhetoric and image with the moods of modern Britain, verified through extensive polling and focus-groups (Smith 1992:12-22). According to Hay (1999:42), "by the completion of Policy Review... Labour had ceased to be a social democratic party, committed as it had by then to a pervasive neo-liberal economic orthodoxy and to a basic acceptance of the legacy of the Thatcher years." In the event, Labour adopted a pro-market, pro-competition, pro-EEC position, including an acceptance of Thatcher's low-inflation and anti-union policies, as well a formal abandonment of nuclear disarmament. In keeping with the Party's emergent "Thatcher-with-a-human-face" identity, Kinnock pledged to increase welfare spending through raising the top-rate of tax, lending his Party an air of credibility among the Party's more traditional voters (Driver & Martell 1999:15). For the New Labour Left, Kinnock had transformed what Labour was about. Benn (1995:612) in particular was scornful of how the Labour and TUC establishment colluded to change Labour's ideological-orientation:

> "To cut a long story short, it is the Thatcherism of the Labour Party. We moved now into the
> penumbra of [Thatcher's] policy area, and our main argument is that we will administer it

better than she will. Kinnock has won because the trade unions leaders don't like the Left, and because they haven't any idea of what to do, they have lost confidence in themselves and think this the best way of winning an Election"

In 1992, Kinnock led a thoroughly modernized Party into the general election. In the 'It's Time to Get Britain Working Again' (Labour Party 1992:8-11), Kinnock outlined how his Party would create a country that is "more competitive, creative and just" after 13 years of Tory failure, promising that Labour in office would be "a Government for business." The electorate however were not convinced by Labour's new appeal; the Party lost to the Conservatives for the fourth consecutive occasion. Despite its lead in the pre-election polls, one of the main reasons why Labour only increased its share of the vote by 3.6% was because the Anti-Poll Tax Campaign, which encouraged the non-payment of Thatcher's controversial Community Charge of 1990. Despite its significance in terms of determining Thatcher's downfall as the Conservative Leader, the Campaign culminated in over one million anti-Tory voters being wiped-off the electoral register. Kinnock himself condemned local councillors and MPs for endorsing the Campaign, arguing that Labour could not appear to "seek to use power in office, but in Opposition show contempt for the law" (Pugh 2010:378-85). Another reason accounting for the Party's poor electoral support was the Conservatives smear-campaign against Labour, which propagated the myth that the Party wanted to raise all income taxes to finance welfare reforms, even though Kinnock specifically stated that this tax only applied to top-rate earners (Hutton 2010:142-3).

After the election, Kinnock resigned as Party leader and was replaced by (Shadow Chancellor) John Smith. Upon assuming leadership, Smith decelerated Kinnock's centralization programme that was in part responsible for 60,000 members defecting from the Party. This caused disquiet among the 'modernizing-wing' of the Party, with many growing concerned that Smith's more traditional style of leadership was stalling the reform process initiated under Kinnock. These misgivings were temporarily put to bed when Smith advanced Kinnock's modernization agenda in a major reform of the union-Party link. In 1993, Smith managed to scrape through Conference a resolution that made the

One-Member-One-Vote (OMOV) principle apply to the selection of Parliamentary candidates. For Smith, OMOV would not only give ordinary members more of a chance to influence party-policy, but also turn Labour itself into an "independent party which was not in the pockets of union barons" (Wright & Carter 1997:170). Accordingly, the union-Party link was one of the reasons accounting for Labour's electoral defeats, with the Right-wing press citing it as a automatic disqualification from office (Panitch & Leys 200124-5).

In the wake of Smith's death in 1994, Tony Blair, with the assistance of Peter Mandelson, was elected as Party Leader over his closest ally, Gordon Brown. Despite tensions between the three, the Blair-Brown-Mandelson triumvirate were able bring Labour's modernization to its completion. After running a successful propaganda campaign to abolish Clause IV from the Party's Constitution in 1994, Blair replaced Labour's link to socialism with a tentative, politically-anodyne commitment to "create a community in which power, wealth and opportunity are in the hands of the many not in the few" (Labour Party 2013:3; Wright & Leys 1997:181-2). Additionally, Blair reorganised the policy-making machinery of the Party after the passing of Partnership in Power in 1997. Written by Tom Sawyer, this proposal ensured that policy-making would be henceforth conducted more on the leadership's terms. Conference was hereby subordinated to the Office of the Leader (Fielding 2003:130). Accompanying these constitutional changes was also an attempt to make the Party less dependent on the trade union political fund. Consequently, a "prawn cocktail offensive" was initiated by Mandelson and Mo Mowlam to raise campaign donations from the City, as well as to reassure international finance of Labour's fiscal credibility (Callinicos 2001:103). For Blair (1996:16-17), the "old-style" politics of nationalization, redistributionism and welfarism were "confusion between the means and ends of [socialism]," better defined as a system of values and aspirations "rooted in the belief that only by recognizing their interdependence will individuals flourish." With this vaguely-defined concept of "social-ism," Blair sought to transcend the "worn out" divisions between Left and Right to establish a new "radical Centre," heavily informed by the writings of Third Way authors (see Giddens (1994) 'Beyond Left and Right'). Here, Blair (quoted in Fairclough 2000:43) constructed a

new discursive terrain wherein "social justice and economic dynamism, ambitions and compassion, fairness and enterprise [go] together." In the words of Benn (2003:2; 7; 29-30;), Blair "invented New Labour, then he renamed the Labour Party which elected him as leader as Old Labour," differentiating the two by emphasising the former's acceptance of "capitalism and capitalist values," while vilifying the latter by claiming that it had "no relevance and no public support." In the 'New Labour, New Britain' (Labour Party 1997:1) manifesto, Blair stated that "[Labour is] a national party, supported today by people from all walks of life, from the successful businessman or woman to the pensioner on a council estate." Blair also confirmed that Labour will be sticking to the Tory's economic policy, as well as coming down hard on "crime and the causes of crime." With the Conservatives under PM John Major held in low-esteem by the electorate after Black Wednesday and series of high-profile scandals, 'New Labour' went on to win the 1997 election by a landslide, securing a 179-seat majority to govern with.

In government, New Labour presided over the biggest increase in inequality since the Victorian period (Coates 2005:19; 151); relinquished operational-control over the interest-rate to the BoE; accelerated privatization on the railways, London Underground, Airports, and with Air Traffic Control; enabled private capital to become more involved in the provision of public services (Brown 2001:7); allowed the City to grow five-times larger than national output; retained Thatcher's neoliberal system of industrial relations (Hutton 2010:26-9; 143); centralized political power in the hands of the Executive; violated civil liberties in the name of counter-terrorism; and sent British forces into action on five separate occasions (Rawnsley 2010:42-47; 142). Throughout its entire time in office, Labour appropriated the language of reformism to sell what were Conservative policies; the Party was a *reformist-version-of-the-Tories*.

Conclusion

From 1979-97, the Labour leadership reacted to Thatcherism by suppressing all opposition to its accommodation to Thatcherism. Firstly, it outmanoeuvred the Labour Left to secure a majority on Labour's policymaking bodies. Secondly, it disempowered the CLP by centralizing political power in the Office of the Leader. Thirdly, it reformed the union-Party link to give the PLP greater freedom of action. Fourthly, and lastly, it rewrote the Party's Constitution to establish a new party devoid of socialist traditions. Meredith (2008:31; 159-161) correctly argues that the concept of New Labour boiled down to a "marketing strategy of the modernizers in their haste to patent a new, dynamic and, most of all, electable party." For him, the "emasculated internal opposition" from the Labour Left made this process of renewing the Party's image less divisive. Meredith makes clear that the Party's revisionist predilection is evidenced in "Labours Old and New," based "not [on] a set of core principles, but [rather on] a practical means of accommodating to change." Fielding (2008:208) reinforces Meredith's argument, maintaining that Blair's modernization "marked the resumption of a process rudely interrupted by the party's historically aberrant move left" after the disappointments of the Wilson years. What this chapter has demonstrated is that there was always intra- and extra-party opposition to Labour's modernization and/or its accommodation to Thatcherism. From 1983-97, the Party leadership rode roughshod over such opposition to make Labour an electable force in the eyes of a reactionary media and an electorate bred on Thatcherite low-tax propaganda. Consequently, Labour, in both style and substance, was consummately restructured, turning what was a *reformist-alternative-to-the-Tories* into a *reformist-version-of-the-Tories*.

<u>Conclusion: To Want Something Better is to Want Something Worse</u>

From 1945-1997, the Labour leadership spent most of its time inside-and-outside of office consumed by events beyond its control. In virtue of the office it occupies inside the capitalist state-system, the Labour leadership was compelled to react to these events in an effort to postpone the onset of a crises-situation – be it political, economic and/or constitutional. The practices of the Labour leadership in these situations reveal an acceptance of what *is* rather than striving towards what *ought* to be. In most cases, an invocation of a non-ideological pragmatism is rhetorically-expressed to justify the 'unpopular decisions' that antagonize the Party's most active members. Healy's (1989:429) rejection of the Labour Left's socialist alternative (i.e. state-interventionism behind a wall of protectionism) to the IMF-imposed cuts exemplified this discursive style:

> "The probability is that it would be a recipe for a trade war and a return to the conditions of
>
> the thirties ... If you don't want those alternatives then you've got to stick with the policies
>
> you've got."

Prima facie, this statement presents itself as pragmatic and non-ideological. However, latent within these words resides an ideologically-specific acceptance of what *is* and a suppression of what *ought* to or indeed *could* be. Following Badiou (2010:1), Healey's argument evinces an ideology of "to want something better is to want something worse." This viscerally-conservative *Lebenswelt* has informed not only the practices of the Labour leadership, but also its rhetoric – and to good effect. Despite many paying lip-service to socialist ideals, the majority of trade unionists corroborated this scheme of things. For example, on the issue of wage-militancy, Woodcock (quoted in Taylor 2007:198) opined that "this free-for-all cannot continue unabated; it will bring legislation by unemployment and legislation." *A la* Healey, Woodcock confirms that to want something better than low-wages is in fact to want something worse in the form of unemployment and anti-union legislation (i.e. Thatcherism). Put differently, the 'mobilization of fear' has been continuously practiced by the Labour and most of the union leadership to lower the aspirations of their constituencies and persuade them of the necessity of unpopular decisions.

Jean Meynaud (1969:222) critique of the 'technocrat' is germane to Labour's ideologically-specific acceptance of what *is*. For him, "to treat problems without reference to ideology – which is one of the constant themes of technocratic argument – simply means the acceptance of the dominant ideologies and, consequently, of the relations of forces which they express or justify." The interpellation of the Party leadership into the ideology of to want something better is to want something worse was indeed premised on the acceptance of the dominant ideologies – i.e. ideologies that perpetuate the hegemony of the dominant classes. For example, Kinnock's condemnation of the Anti-Poll Tax Campaign (see Chapter IV) expressed the recognition of tradition-bound parliamentary procedures. Indeed, by maintaining that Thatcherism should be defeated through the ballot box – i.e. not via unconstitutional mobilization - Kinnock accepted one of the principal tenets of bourgeois ideology: namely, that all social progress should be achieved singularly through parliamentary action. *A la* John Rawls (1971:388), Kinnock here proposes that participating in acts of civil disobedience was detrimental to the Party's long-term interests, arguing that Labour cannot appear to be seen seeking the advantages of parliamentary sovereignty while doing nothing to uphold it in opposition.

The 'modernize or cease to exist' hypothesis encapsulated the quintessence of the ideology of to want something better is to want something worse. This dictum was expounded by the Blairite-wing to sell an accommodation to Thatcherism and an abandonment of Labour's more socialistic traditions. Its mobilization of fear in the furtherance of a conservative agenda was crucial in persuading members of the necessity of New Labour. As Benn (1995:263) avers, "fear always turns [people] to the right," which explains the reasons why Blair evoked images of danger (i.e. a forever unelectable Party) in attempting to shift the Party to the Right. While at times effective, such methods eventually erode the Party's electoral-base for social reform. Indeed, a unifying characteristic of the political Left is the practice of initiating a 'mobilization of hope' in the furtherance of social change and a qualitatively different future. Exploiting people's fear of something real or imagined in the present reduces the capacity to capture their hopes for a better society in the future. Constantly reminding people of real or imagined threats to their existence renders many pessimistic about the possibilities of social

betterment. Consequently, by invoking images of danger to sell a conservative agenda, the Labour leadership not only gives the politics of the Right a common-sense dimension, but also serves to vitiate the electoral-base for Left-wing political action (see Hay 1999:66-7).

Benn (2010:19) maintains that such negative campaigning and tactics raises "very serious questions about Labour's integrity and the paucity of its policies and principals." For him, "the flame of anger against injustice and the flame of hope" for a better world should have been what Labour drew inspiration from. The New Labour Left represented a radical departure from the inherent conservatism of previous and subsequent Labour administrations. Its struggle for autonomy and control over the Labour's political destiny was a struggle to commit the Party to a Left-wing future and not a Right-wing accommodation. In the event, the New Labour Left's politics of hope was defeated by New Labour's politics of fear, as a predominantly politically-moderate Party membership was in the last analysis swayed by the latter's invocation of danger.

What was the political function of the Labour Party in capitalist society?

As mentioned previously, Labour was never an alternative to capitalism, but always an alternative within capitalism mobilizing for social reform. Under these circumstances, the Party's political function unremittingly oscillated from being a *reformist-alternative-to-the-Tories* to a *reformist-version-of-the-Tories*. The capitalist state largely determined which political function Labour adopted at a particular conjuncture. During the immediate postwar period, British capitalism could permit the passing of social reforms in the interests of the working-class because it was experiencing a period of economic expansion. Consequently, Labour could assume the political function of a *reformist-alternative-to-the-Torie*s precisely because British capitalism could afford to finance solutions to the problems it creates via its own organic, contradictory development. After the late-1960s, however, Labour had to abandon this political function as the slowdown of British capitalism made social reform inimical to capital expansion. Herein resides the moment when Labour abandoned its more progressive tendencies and assumed the political function of the *reformist-version-of-the-Tories*,

appropriating the language of reformism to advance what was essentially a Conservative policy programme of fiscal retrenchment and market discipline.

Labour should be understood in relation to the Conservatives, as the former continues to occupy the institutions designed in the latter's own image. Labour was never the natural Party-of-Government. The British state is a relic of a feudalistic past and maintained to ensure the hegemony of the dominant classes, which the Conservatives continue to represent in Parliament. Because the ideology of law and order is reflected in the materiality of capitalist state, the Tories (i.e. the party of law and order) will remain Britain's natural governing party for as long as the operation of the capitalist state-form endures. Labour can therefore only temporarily hold office until its natural occupiers are re-elected back into power. Until it mobilizes in the furtherance of transforming the dominant institutions of British society in its own image, Labour's political function will forever be understood with reference to the Conservative Party and the degree to which Labour adapt themselves to its hegemony.

Did the vagaries of the British (capitalist) state influence the practices and rhetoric of the Labour Party?

The British state is capitalistic in virtue of its structural-dependence on and exposure to British capitalism. Under these restraints, Labour's primary concern in office was to ensure a social order conducive to capitalist growth. For, in the event of declining profitability, the possibility of raising sufficient revenues to finance social reforms progressively diminishes. Moreover, because the state is *seen* to assume the role of a manager of capitalism, a crisis of capitalism quickly becomes a crisis of the state, as unemployment, inflation and recessions become political problems waiting to be resolved by governmental authorities (see Habermas 1976:38). Under these conditions, Labour has to respond to the valorisation requirements of capital in order to receive a respectable hearing in the court of public opinion. Labour's adaptation to the British state therefore presupposed its acceptance of the

supremacy of capitalist social relations within the realm of governmental policy. And, because these social relations are not coterminous with the nation-state but are rather the world and everything in it, the resumption of economic growth is always-already conditional on the vitality of global capitalism. Consequently, Labour's ability to shape economic events will be forever overdetermined by the state's structural exposure to the fluctuation in the global and national economy.

The particularities of British capitalism condition the materiality of the British state, which in turn shapes the boundaries of the possible for Labour and other British parliamentary parties. Indeed, "[keeping] the pound riding high" (see Chapter Three) was an expression of the requirements of the most economically-advanced section of British capital, the City of London. The policy of a high and stable exchange-rate reflected the City's interests in securing a high rate of return on capital. And, despite this policy's negative impact on the international competitiveness of British industry, it was maintained by successive Labour and Tory administrations to prevent the onset of capital flight and/or widespread currency speculation. The British state remains dependent on the City not only in terms of its taxable profits, but also because of its ability to produce a consistent *invisible* balance-of-payments surplus with which to counteract the country's *visible* balance-of-payments deficit. As this dissertation explains, Britain became a net importer of manufactured goods not because of the strength of its labour movement, but because of the weakness of its industrial base after decades of underinvestment and an over-valued currency – both of which transpired as a result of the City's interests in overseas financial speculation. Labour's practices in office invariably reflected the British state's structural dependency on and exposure to the City. In government, the Party rode roughshod over its social-base to appease finance markets, repeatedly making economies in areas that impact the living standards of the working-class. Moreover, instead of reprimanding the City for outsourcing more capital than it invests at home (and thereby leaving British industry deprived of the capital with which to invest in more efficient plant machinery), Labour held the union movement responsible for British industrial decline, formulating false, short-termist solutions to the crisis - e.g. In Place of Strife and the Social Contract.

Labour's capitulation to the interests of the most economically-advanced sections of British capital had to be justified to the Party's most active members, who were themselves invariably at loggerheads with the policies being pursued by their Party leaders. Again, this was conducted via rhetorical means; through the mobilization of fear in furtherance of a conservative agenda. Callaghan's (quoted in Panitch & Leys 2001:117) monetarist-shift exemplifies the Labour leadership's method of frightening members into submission:

> "We used to think you could spend your way out of recession and increase employment by boosting government spending. I tell you, in all candour, that that option no longer exists. And in so far as it ever did exist, it only worked on each occasion… by injecting a bigger dose of inflation into the economy, followed by a higher level of unemployment as the next step"

Herein resides a very conservative notion that to want something better than austerity measures and wage controls is in fact to want something worse in the form of mass unemployment and inflation.

Fear has always been the terrain of the Right. Indeed, speaking with respects to state-interventionism, Milton Freidman (1962:3-4) argued that it is "mostly led by men of good will who will be the first to rue its consequence." *A la* Callaghan, Friedman here invokes images of danger by maintaining that today's progressives will be the sources of tomorrow's stagnation. This was very basis Thatcher attacked Labour on; stoking-up people's anxieties of a society crippled by inflation, unemployment and recession caused by Labour 'socialist' policies. Rather than challenging the Conservative's mobilization of fear, Labour frequently employed the same tactics to push the Party in more conservative directions. Indeed, Attlee on the Soviet threat; Gaitskell on the implications of class dealignment; Wilson on the dangers of devaluating the pound; Callaghan on problems of expansionary fiscal policy; Kinnock on the risks of unconstitutional behaviour; and Blair on the consequences of failing to modernize are all examples of how the Labour leadership exploited people's sense of fear to move the Party to the Right, encouraged as it was to do so by the Party's integration into the structures of the British (capitalist) state.

To what extent did the Labour Party ever represent a counter-hegemonic force?

Labour on the main accepted the hegemony of the Conservative Party and adapted its political programme accordingly. Consequently, the Party cannot be seen as counter-hegemonic force as it never sought to transform the dominant institutions of society in its own image, opting instead to accept what *is* and dismiss what *ought* to be. Labour integrated the working-class into a political system that was created in the image of the dominant classes, which remain the Tory Party's social base. As mentioned previously, Labour (-ism) is motivated by an ideology of adaptation – not rupture. Consequently, Labour can only be understood with reference to its degree of adaptation to the hegemony of the Conservative Party.

However, there were elements within Labour that did demonstrate counter-hegemonic tendencies. The New Labour Left represented the apotheosis of the Party's radicalism in this respect. Benn's desire to effectuate a "a fundamental and irreversible shift in the balance of power and wealth in the favour of working people" was a rupture from the hegemony of dominant classes; or, a mobilization of hope in the furtherance of transforming the dominant institutions of British society in the image of Labour's social-base: the working-class. The New Labour Left was 'newer' than New Labour in the sense it deviated from many of the Party's traditions inside-and-outside of office. As mentioned previously, Labour's party-political existence was more a product of historical circumstance than it was an outcome of political mobilization. Labour became an opposition party by default via the disintegration of the Liberal Party; its support-base was predominantly determined by its union affiliations and not its presence in the community and workplace; and its policy ideas were largely the intellectual property of liberal-minded intellectuals or civil servants. The New Labour Left did not depend on the winds of fortune to determine the Party's political trajectory. Rather, it sought to mobilize support for a radical programme based on democracy and equality, initiating a sustained grassroots campaign of propaganda and agitation on behalf of a more concrete interpretation of socialism. During the 1970s, the New Labour Left realized that the economic conditions precluded the option of piecemeal reformism. So, rather than assuming the political function of a *reformist-version-of-the-Tories*, the

New Labour Left mobilized to turn Labour into a *radical-departure-from-the-Tories*, representing a rejection of what *is* and a striving towards what *ought* to be.

Conclusion

The Labour Party can be understood as a party-political materialization of the ideology of to want something better is to want something worse. The Party oscillated between a *reformist-alternative-to-the-Tories* and a *reformist-version-of-the-Tories* because it never developed the political will to aspire for something better; namely, a state-form not created in the image of the dominant classes, which the Tories represent in Parliament, but one that is responsive to interest of the dominated classes, which remain Labour's social-base. Granted, as Marx (1970:64) states, "the working class cannot simply lay hold of the ready-made state machinery, and wield it for its own purposes." Indeed, the state is one of many power-sources in capitalist society; and a change in state-power is never enough to change the materiality of the state-apparatus. Hence the reason why the extra-parliamentary struggle is more important than the parliamentary struggle, as the former tends to *shape* the balance of class forces rather than *reacts* to it which is usually the case with the latter. However, Labour, as a parliamentary outfit, can still play an active role on both sides of the political struggle; principally, by mobilizing support at the grassroots level while campaigning at the parliamentary level in the furtherance of what *ought* to be: a more socialistic society based on liberty, equality and solidarity. For Gramsci (1971:474), progressive forces need to practice "a pessimism of the intellect and an optimism of the will." The problem with the Labour leadership is that historically it has demonstrated too much of the former and never enough of the latter. Inside the confines of the capitalist state, the rhetoric and practices of Labour governments were always determined by events occurring beyond its control. Seldom was the case that Labour took the initiative to actually shape events on its own accord and against the tide of conservative opposition. The credibility of the Labour Party now depends on it assuming a more counter-hegemonic political function. Indeed, the structural weaknesses of British capitalism have made reformism progressively less viable, leaving two options for a party like Labour: either (a) assume the role of a *reformist-version-of-the-Tories* and carry on ceding political support from the British Left; or (b) become a *radical-departure-from-the-Tories* and seek to

transform the dominant institutions of British society more in its own image. While the former relies of a mobilization of fear to justify its political existence, the latter is premised on a mobilization of hope in the furtherance of a better society. Crucially, the course of action the Party takes should not be determined by Labour's parliamentary leaders, but instead by its most active members organised at the grassroots level. A sustained campaign of education and propaganda to overcome conservative opposition and influence the hearts and minds of the British public has to be conducted inside people's communities and workplaces – not in the Houses of Parliament. Indeed, there is no place for parliamentary leadership within extra-parliamentary action; such change either comes from below or it does not come at all.

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