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In Place of Liberation -
Failure of Labour Politics in Britain, 1964-79

Shannon Ikebe

2011 Politics Honors Thesis

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Introduction: Keynes' Children in the 1970s

*“Objective conditions have never made socialism seem so necessary and so achievable. Capitalism’s self-justification as the natural means of meeting human needs and expanding human possibilities seems more obviously groundless than ever, with every structure of the economy out of joint with human needs... moreover, the means – or at least the groundwork – for achieving such a society, the organizations created by working people themselves, have grown... as the crisis has deepened.” – Hilary Wainwright, *Beyond the Fragments* (1979)*

In the midst of the Great Depression, John Maynard Keynes wrote a pithy tract envisioning an optimistic future in which the “economic problem” no longer exists.¹ In *Economic Possibilities for Our Grandchildren*, he posited in 1930 that the generation of his grandchildren would be freed from the struggle for subsistence, because of the tremendous growth in productivity; the opportunity to transcend economic insecurity would be a world-historical moment, in which humanity overcomes what “always has been hitherto the primary, most pressing problem of the human race” and faces a delightful prospect of emancipation from economic imperatives.² In the past centuries or even millenia, freedom from alienating labor was the privilege for the few, directly dependent upon exploitation of the mass of workers; because of technological transformations, Keynes posited, the realm of freedom could soon be universally accessible.

We are the Keynes’ grandchildren. Keynes’ predictions of economic possibilities, that of dramatic economic growth and increase in productivity, came true; however, we are nowhere near the realm of freedom that he argued would accompany the growth. In fact, the vista of liberation from economic necessities has been receding from us for the past three decades, characterized by persistent, structural unemployment and the rise in

¹ John Maynard Keynes, “Economic Possibilities of Our Grandchildren,” in *Essays in Persuasion*, New York and London: W.W. Norton, 1963. 358-373. 366.

² *Ibid.*

precarious employment, expanding economic inequality and poverty, increased reliance on debt, and contraction of the social services. The ongoing global economic crisis following the collapse of neoliberalism is threatening to further erode social welfare in the name of unavoidable austerity, and it is almost impossible to imagine that “the economic problem may be... at least within sight of solution, within a hundred years” of his writing (which is, by 2030).³ To understand why the astounding growth in output and productivity in the latter half of the 20th century did not lead to the corresponding expansion of freedom is one of the most fundamental political, economic, sociological and historical questions that we must understand in the contemporary Western world.

The primary key to the puzzle lies in the 1970s.⁴ The 1970s was *the* turning point in postwar history. Until the 1970s, the workers’ class power, the welfare state and social mobility expanded dramatically, full employment and unions’ power reinforced each other, and society was becoming less plagued with inequality and insecurity. The basic economic security spawned a widespread movement for social freedom from hierarchy and especially gendered oppressions, as well as from excesses of industrial pollution and militarization, since the 1960s. The 1970s was also a time of economic crisis and a contestation over a basic paradigm of political economy, as the postwar Fordist-Keynesian consensus was called into question. It was the political struggles fought among the Keynes’ children - both in a generational and ideational sense – that gave neoliberal (counter-)revolutions to his grandchildren. Neoliberalism began in the 1980s,

³ *Ibid.*

⁴ This thesis focuses most intensively on the period of the Labour government between 1974 and 1979, since the most consequential events happened in these years. However, 1970s is meant to cover the “long seventies,” the entire period of the contestation of the Fordist-Keynesianism in economic, social and political sense - starting with the beginning of the first Wilson government in 1964, ending either with Thatcher’s victory in May 1979, defeat of the left-led Labour in 1983, or most conclusively, the defeat of the Great Miners’ Strike in 1985.

but we must trace it to the political struggles of the 1970s which spawned it in the end. There have been substantial differences between countries in regards to the ways and the extent to which neoliberalism spread, but the general trend has been consistent on both sides of the North Atlantic. The 1970s was a moment in which the noblest experiment in capitalist history – if not human history – of a society free from economic bondage came closest, and withered away.

This thesis focuses on the politics of the seventies in the United Kingdom, because of the particular acuteness of the stagflationary crisis and the degree of its paradigmatic shift from the Keynesian welfare state to the Thatcherite laboratory. Extremity of Thatcherism is especially illuminated in contrast with the strength of the organized labor and the Left in the '70s. Labour Party was in government for ten out of fifteen years preceding Thatcher, and their failure to construct a durable regime of political economy in place of the declining Fordism was necessary for neoliberalism to emerge. Political scientist Peter Hall characterized the British trajectory an instance of “third order change”, a paradigm shift of rare occurrence.⁵ The decline of Keynesian-Labourism and the rise of Thatcherism in Britain are close to an ideal-typical example of the global shift from Fordism to neoliberalism, and its historical significance cannot be overstated. While neoliberalism came to many other countries in a much less drastic and ideologically-charged manner, the British case best highlights the dynamic of a regime shift.

To understand the path taken by the Labour Party and the unions, this thesis focuses on the ideas held by them; in particular, productivism and masculinism. The role

⁵ Peter Hall, “Policy Paradigms, Learning, and the State: the Case of Economic Policymaking in Britain,” *Comparative Politics* 25:3, Apr 1993. 275-296. 279.

of ideas often tends to be under-emphasized in political science research, but it is an integral aspect in understanding of political change, continuity and agency. The Labour Party's reformist, anti-radical tendency is well known, but their attachment to productivism - the notion that privileges perpetual increase in economic growth and capacity for consumption - and the male breadwinner family wage model also locked them in a box which rendered it unable for them to envision alternative regimes and aims of political economy.

The outline of the thesis is as follows. In the first chapter, I explore the possibility of an emancipatory economy, inspired by the visions of Andre Gorz. The idea of an alternative serves as a contrast with the actual trajectory of labor politics and political economy throughout the thesis. The following chapter situates the thesis on a firm theoretical basis by examining institutionalism in political science and the role of ideas in institutionalism; the analysis is conducted through the lens of the dialectical interaction between ideas and institutions and the concept of ideational path dependence. The third chapter examines the development of Labour governments' social policy and the social wage, and the following chapter focuses on industrial relations and the Social Contract between unions and the Labour government. The third and fourth chapters provide empirical material based on the experience of labor politics in the '70s Britain. I conclude the thesis with an observation of the implications of its failure.

Chapter 1: Post-Fordism That Never Was

*“We do not want to enter the age of abundance, only to find that we have lost the values which might teach us how to enjoy it.” - Anthony Crosland, *the Future of Socialism* (1956)*

“Another World is Possible” is a slogan of the World Social Forum, a network of the alter-globalization movement in the early 21st century. The slogan was coined as a response to the most emblematic credo of the neoliberal hegemony, the Thatcherite refrain of “There Is No Alternative.” The assertion of neoliberalism as destiny has been the most effective way to discursively suppress the opposition to the new order that emerged at the end of the 1970s. Therefore, it is imperative to envision a potential non-neoliberal development of political economy. What would an economic system for “Keynes’ grandchildren” look like? In this chapter, I describe the blueprint of an emancipatory arrangement which could have been built since the ‘70s, had it not been for political obstacles.

The Crisis of Fordism

The transition of a dominant mode of production throughout the Western advanced capitalist world from Fordism to neoliberalism is one of the most significant events in the history of capitalism. The Fordist regime of political-economic regulation, as a combination of labor control practices, constellations of political power, technology and consumption patterns which interacted with each other, reigned throughout Western Europe since the 1940s.⁶ Taylorist scientific management was widely employed to boost productivity and profitability in the economy based on mass industrial production, which

⁶ David Harvey, *the Condition of Postmodernity: an Enquiry into the Origins of Cultural Change*. Oxford: Blackwell, 1989. 124.

achieved constant high growth rates. Industrial production was based upon stable socioeconomic relations between concentrated capital and well-organized yet moderate labor. The Keynesian welfare state and higher wages won by labor's strength in organized collective bargaining served to mitigate capitalism's contradiction of overproduction by institutionally boosting the worker's power, and the material benefits that the workers gained from the Fordist system were used to secure labor's consent to alienating labor process of Taylorism. There were certainly differences in the way and the extent to which Fordism was applied within Western Europe; for example, the introduction of Taylorism came later in Italy and France, and even in Britain the shop stewards were able to resist full-fledged Taylorism until the 1960s. However, the general trend of the Fordist-Keynesian settlement is evident; after the devastation of two world wars, the class struggles in Western Europe saw a sustained compromise, which was hardly satisfactory for socialists yet represented a crucial gain for workers and citizens.

As the rigidity of Fordist production started to hamper growth rates in the late 1960s, "inability of Fordism and Keynesianism to contain the inherent contradictions of capitalism" began to manifest.⁷ Various explanations have been advanced for the crisis and decline of Fordism; one of the most conspicuous causes was the four-fold increase in oil prices following the OPEC embargo in 1973. However, the internal contradictions of capitalism, such as the tendency of overproduction, also threatened the system saddled with the saturation of the consumer market and the expanded productive capacities.

Growth rates slackened, and the distributional conflicts between labor and capital and the fiscal tension between social policy commitments and stagnating fiscal capacities of the state intensified. At the beginning of the crisis, extraordinarily loose monetary policy in

⁷ Harvey, *Condition*, 142.

the major economies between 1969-73 enabled them to postpone the decisive resolution of these conflicts – though at the expense of rising inflation rates, which quickly turned into stagflation by the mid-1970s.⁸ At the same time, the institutional strength of trade unions, enhanced by low levels of structural unemployment in Fordism, empowered them in the intensified class struggles in which they had the determination to take part. In the 1970s, not only was labor powerful, but also the Left was gaining strength within the labor movements. It seemed that just as the previous structural crisis had led to the strengthened power of the workers in the form of Keynesian compromise, the late-Fordist crisis could give way to an even more democratic and egalitarian society. As Eduard Bernstein conceptualized in his vision of evolutionary socialism, social democracy could finally fulfill its historic mission of “democracy... [as] the highest possible degree of freedom for all” through liberal, parliamentary, advanced capitalist democracy.⁹

Except it was not to be. The 1970s was an apogee of the Left power, but their demise was in the making. Beginning in the late 1960s, the Western world saw advancement of the leftist mobilizations in many countries. The iconic May 1968 in France saw a spectacular rise of the New Left student movement demanding autonomy and liberation from alienation, followed by the largest general wildcat strike in history. Massive labor militancy and the student movement also radicalized each other in the Italian Hot Autumn of 1969. In Sweden, the unions put forward a proposal for the wage-earner fund, an epitome of a plan for peaceful, gradual, parliamentary transition to

⁸ *Ibid.*, 145

⁹ Eduard Bernstein, *Evolutionary Socialism: a Criticism and Affirmation*, New York: B. W. Huebsch, 1911. 143.

socialism.¹⁰ Throughout Europe and beyond, New Left movements of feminism and environmentalism were matched with the resurgence of Marxism and labor militancy.

However, the intensified class struggles were resolved decisively in favor of capital by the 1980s, to a varying degree yet almost without exception throughout the Western advanced capitalist world. A host of capital-friendly policies including assaults on union power and on egalitarian social policies followed, and the persistence of heightened structural unemployment further eroded the organized power of labor and exacerbated the inequality and precarity of workers. The triumphant neoliberals jubilantly proclaimed that the Right turn after Fordism was destined. Feminism and environmentalism fared less worse than did workers in neoliberal post-Fordism, but they also waned in the face of accelerating consumerism, apolitical individualism and virulent social conservatism in some countries.

Productivism and Limits to Economic Growth

Since the 1960s, the productivist paradigm - the notion that human well-being fundamentally depends on the level of material possessions and consumption - faced mounting social contestations. Environmental consciousness and grassroots ecological movements rose as a reaction to the years of material growth. The concerns of the popular movements were reflected the United Nations' first Conference on Human Environment in 1972, and the influential elite think tank Club of Rome published a provocatively-titled *Limits to Growth* in the same year, arguing that the carrying capacity of the finite planet would render continual economic growth impossible at some time in

¹⁰ For details of the wage-earner fund, see John D. Stephens, *the Transition from Capitalism to Socialism*. Urbana, IL: University of Illinois Press, 1986. Ch. 6.

the near-future. Considering that the systemic economic crisis was occurring in the midst of burgeoning green and post-materialist consciousness, a potential alternative would have been the one that constitutes a fundamental break with the productivist logic of Fordism, characterized by growth imperatives and consumerist values.

The exceptionally high rates of growth in the Fordist years are unlikely to be always repeated, let alone perpetually sustained. The uninterrupted technological innovation is hardly guaranteed, to say the least; the rate of productivity growth started to see a structural decline in the 1970s, despite a plethora of policies to stimulate growth through encouraging technological innovations; these policies were promoted by productivists both on the Left and the Right in Britain, as they were especially concerned with its slower growth rate compared to other major OECD countries. Especially the production of services is resistant to continual, exponential growth, due to its inherently labor-intensive nature. Furthermore, ecological and natural resource constraints cannot be ignored. As the Club of Rome noted, since the available natural resources and absorbing capacities of the ecosystem are finite, perpetual growth is impossible, and the scarcity in natural resources would eventually slow down growth; the economic system which severely discounts the ecological impact of productive activities accelerate such trend.¹¹ Indeed, the acute crisis of the 1970s was precipitated by the shortage of crucial natural resources; even though the shortage was artificially created, the severe constraints on economic growth due to energy shortage are likely to manifest within the next few decades.

¹¹ See Herman Daly, *Beyond Growth: the Economics of Sustainable Development*, Boston: Beacon Press, 1996 for recent analysis.

One of the main reasons that economic growth is regarded as the foremost goal of political economy is its necessity for providing employment and/or any other means of attaining livelihood for the entire population. Labor movements and social democrats are particularly invested in the welfare-preserving functions of economic growth, since in the absence of countervailing measures, reduction in growth would lead to an increase in unemployment. However, the logic of continued economic growth distorts the economy towards expending resources far beyond what is necessary for maintaining welfare of citizens. To maintain economic growth, the demand for products must also continually rise; hence, there arises an imperative of need-creation for the sake of growth. Indeed, saturation of demand for products was one of the root causes of the crisis of Fordism, and capitalists developed sophisticated advertising techniques in order to manufacture the needs that had previously not existed.¹² The production of superfluous goods and the constant creation of needs are regarded as necessary for the maintenance of livelihood through employment (which serves to produce those goods in the first place) and the welfare state. The alternative, more liberatory solution would be for a society to decide to produce services and goods with high use values while expending the minimally necessary labor time.

The labor movement opposition to such an alternative is almost invariably based on economistic notion of their interests, most succinctly expressed in Samuel Gompers' statement in the late 19th century - "we do want more, and when it becomes more, we

¹² Jean Baudrillard, *For a Critique of the Political Economy of the Sign*. Trans. Charles Levin. St. Louis, MO: Telos Press, 1981. (Originally published in 1972).

shall still want more.”¹³ Labor needs to advocate for perpetual economic growth if, and only if, they subscribe to economism. Indeed, British unions mostly did, even though the absolute level of material wealth was vastly different from the Victorian misery. As they were strengthened by favorable full employment conditions, they used the power to demand the wage growth faster than the productivity growth. Certainly, labor is ethically entitled to fight for lowering the rate of exploitation. However, such wage offensives did accompany inflation, which opened a way for the rightist “solution” which purposefully undermined the labor’s structural power. An aggressive wage offensive by strengthened unions would lead to inflation to an extent the workers spend their increased income on consumption rather than savings and firms are able to pass the increased wage costs onto the consumers, thus erasing the original gains made by the workers.¹⁴ That unions partially “caused” inflation needs not necessarily be an anti-union argument; inflation is a symptom of the lack of decisive solutions in the class struggle. Inflation was particularly acute in the 1970s Britain, and even though inflation was deployed as a reason to discipline the organized labor, the problem could not simply be wished away by the Left. Radical labor movements could (and indeed did) press for the lowering of real exploitation rates through price freezes and socialist measures which prevent unemployment rates from rising even as the rate of profit decline. However, besides formidable political obstacles against such strategy and the inflationary effects of the

¹³ Samuel Gompers, “an Address in Louisville,” in Stuart B. Kaufman (ed.), *the Samuel Gompers Papers: Volume 2, the Early Years of the American Federation of Labor, 1887-90*. Champaign, IL: University of Illinois Press, 1987. 313. (Originally published in 1890.)

¹⁴ The impact of inflation would not be equally distributed among the workers; the better organized, skilled sections of the working class could win the wage increase greater than the inflation rate, at the expense of less organized or skilled workers.

rising share of wages vis-à-vis profits¹⁵, the expectation of continually rising wages are dependent upon the high growth rates; there would be a limit for what labor can gain by reducing the share of capital. Unlike the rate of exploitation, the rate of growth in production or productivity could not be altered through political solutions.

Therefore, it is a defeating proposition for the Left to continue defining their primary aim as the perpetual increase in workers' ability to consume. The sustainable Social Democratic-Keynesian regime of regulation – as well as a socialist economy - requires a coordinated wage policy that could be restrained if necessary; indeed, such was the rationale behind the voluntary incomes policy of the Social Contract between the unions and the Labour Government. However, obediently accepting the sustained rate of profit could hardly be the most desirable strategy for the empowered unions. Because the claim for more consumption is unsustainable and the restraint without reward is clearly undesirable, the moment of the systemic crisis of the productivist regime was an opportune moment for the inheritors of the emancipatory tradition to ask fundamental questions of political economy, rather than taking the growth-based paradigm for granted. What are the aims of political economy and what policy measures are necessary to achieve them? Should the productivity increase be translated into more production or more freedom? In the age in which the productive capacities are developed enough to be able to provide the basic needs for the entire population without further growth, the more freedom from, and freedom in, wage labor looms large as a viable alternative. Indeed,

¹⁵ In a capitalist society, the increase in the worker's share would most likely mean the increase in immediate consumption vis-à-vis savings. The Swedish wage-earner fund, which proposed that the workers' gain be realized as capital investment rather than consumption, offered a way to mitigate the inflationary effects of the labor offensive. See Stephens, *the Transition*, 190. Non-productivist economy is expected to be less inflationary, since workers' gains are not translated into inflationary pressures on demand.

Marx never saw material consumption for its own sake as a primary agenda for the Left; in his original vision, increased production and productivity were merely a means to achieve higher goals of freedom and self-actualization.

The regime that eventually replaced the high-growth postwar economy was fully based on the productivist logic of capitalism, even though it was less successful in growing the GDP. The structural unemployment sharply rose in the post-Fordist era, and the regime of “flexible accumulation” also created highly insecure and irregular forms of jobs such as contract and temporary employment, as the great amounts of work were rendered unnecessary by technological evolution.¹⁶ The post-Fordist unemployment or precarious employment is not only detrimental in terms of income security, but also for their social status and self-esteem due to the socio-cultural “ingrained normality of employment and a steady job” as well as, crucially, for the organized labor’s collective power.¹⁷ As existentialist-socialist theorist Andre Gorz emphatically argues, the neoliberal economy presents “free time as a disaster, as social death.”¹⁸ Society was confronted with a choice between “a society of unemployment still productivist and grossly unequal, or a society of free time where self-determined, non-market activities predominate over waged work with economic goals.”¹⁹ The outcome of the struggles of the 1970s led to the former, extinguishing the vista of the latter.

Non-Productivist Political Economy

¹⁶ Andre Gorz, *Paths to Paradise: on the Liberation from Work*, Boston: South End Press, 1985. 71.

¹⁷ Claus Offe and Rolf G. Heinze, *Beyond Employment: Time, Work and the Informal Economy*, Philadelphia: Temple University Press, 1992. 4.

¹⁸ Gorz, *Paths*, 71

¹⁹ *Ibid.*

The increased productivity achieved in the Fordist-Keynesian years opened up a society's possibility to reach the realm of freedom, as Keynes had predicted. The realm of freedom would require a distribution of work in a rational and organized manner, and decoupling of work from attainment of livelihood. For a political economy to maintain full employment in a non-growth condition without imposing insecurity and powerlessness on the part of workers, a well-organized scheme of work sharing is essential. In a society in which massive savings in working time have been made, working time of individual workers must be cut in an orderly manner so that it can facilitate worker's freedom and sense of autonomy rather than be manifested in high unemployment caused by technological progress. State-sanctioned working time regulations or collective bargaining agreements that stipulate working time reduction on the basis of work sharing would transform the "system which makes unprecedented savings of working time, but turns that time into a disaster for those who save it".²⁰ Working time in many European countries have been declining, but very slowly; the 35-hour workweek instituted by the French Socialists in 1999 and the Dutch scheme of work sharing and the industry-wide collective agreements on 38-hour workweek are the examples of more systematic policies for working-time reduction, but they have hardly led to a paradigm shift. A non-productivist economy with reduced production and working time would also be more sustainable, since it exhausts ecological capacities and natural resources at a slower speed.

The other core policy for the anti-productivist Left must be social rights of all citizens to a satisfactory livelihood, which are not conditional upon one's sale of labor

²⁰ Andre Gorz, *Reclaiming Work: Beyond the Wage-Based Society*, Cambridge, England: Polity Press, 1999. 91.

power. One way to realize such rights is through universal basic income, which is “an income paid by a political community to all its members on an individual basis, without means test or work requirement,” as defined by its most prominent theorist Philippe van Parijs.²¹ However, there are numerous varieties of a basic income scheme with widely divergent implications, including the “negative income tax” (NIT) proposal most prominently advocated for by the libertarian Right such as Milton Friedman and Charles Murray. The NIT leaves the basic income at “subsistence” level and abolishes all other forms of income transfer programmes in order to make them work at a lower wage level; in this case, basic income would effectively be functioning as a subsidy for employers for the labor power, in a Speenhamland style. In contrast, the emancipatory form of basic income would provide a “sufficient social income” that “enables them to refuse work and reject ‘inhuman’ working conditions”.²² As such, basic income is a more complete form of decommodification of labor power; basic income would realize reduction of working time – or rather, the workers’ right to reduce their working time – by removing the compulsion to sell their labor power to maintain their livelihood.

Anti-productivist working time reduction and basic income would result in the elevation of the non-market realm as a sphere of activity. If a society is to prioritize the distribution of wealth as free time rather than money, enriching aspects of life must be found in the sphere of non-market activities; indeed, the recognition of spontaneous “lifeworld” as a source of emancipation would undergird any plausible form of leftist anti-productivist politics. Andre Gorz conceptualizes the two distinct social spheres as

²¹ Philippe van Parijs, “Basic Income: a Simple and Powerful Idea for the Twenty-First Century” in Bruce Ackerman, Anne Alstott and Philippe van Parijs (eds.), *Redesigning Redistribution: Basic Income and Stakeholder Grants as Cornerstones for an Egalitarian Capitalism*, London and New York: Verso 2006, 3-42.

4.

²² Gorz, *Reclaiming*, 82-83.

that of autonomy and heteronomy; the former is a “convivial society” in which emancipation and satisfaction are sought, while the latter is the sphere of necessity, the functional imperatives of collectivities whose existence the former requires. Gorzian “post-industrial socialism” is based on “a synergetic relation between the heteronomous and autonomous modes of production, aiming at the utmost expansion of the sphere of autonomy.”²³

Gender and the Social Wage Economy

An alternative that expands the sphere of autonomy must be liberatory for all workers, regardless of gender. Astonishing development of the second-wave feminism since the late 1960s substantially changed politics of gender, which influences the operations of the entire economy including conditions of domestic production and reproduction of labor power. Putting a limit on the market sphere certainly coincides with the feminist aim of valorizing non-market and/or care work. However, consideration of care work must be fully taken into account in the division between the spheres of freedom and necessity. In a quest to minimize the sphere of necessary production, Gorz tends to limit the sphere of necessity to manufacturing, infrastructure or industrial activities, such as “railway networks and electricity grids”, “telephones, video machines, microprocessors,” “a limited range of sturdy, functional shoes and clothing with an optimal use-value” and “high-technology [medical] treatment.”²⁴ Care work is a socially necessary service, yet he argues that the distinction between “productive and reproductive labour” should not be blurred since “the private character of domestic activities” based on

²³ Andre Gorz, *Farewell to the Working Class: an Essay on Post-Industrial Socialism*, Boston: South End Press, 1982. 96.

²⁴ Gorz, *Paths*, 74; Gorz, *Farewell*, 100-102.

“spontaneous behaviour between persons” is crucial to the “emotional value” produced domestic labor.²⁵

The notion that socially necessary care labor can be, and indeed should be, performed in the sphere of autonomy relies upon the ideology and social expectation of altruistic care. The exaltation of altruism and caring values in themselves is an integral aspect of emancipatory post-productivist society. However, care labor is *necessary* rather than extraneous for the reproduction of society, and necessary labor cannot be guaranteed to be free; the sphere of necessity is not limited to the level of material production. The extremely gendered nature of care activities cannot simply be ignored; when the distinction between care labor and care as spontaneous activity are blurred, the social expectation of care labor in the ostensibly “autonomous” sphere would not be so different from the currently dominant, masculinist ideology of domestic altruism that justifies women’s unpaid labor and denial of power relationships within private households. The market-based compulsion or the state bureaucracy are not the only sources of unfreedom. Oppressive social norms could very well persist in the autonomous sphere; as Fraser argued in her critique of the Habermasian lifeworld, the colonization of the lifeworld by the system (or the sphere of autonomy by heteronomy) is not a unidirectional process; “the social meanings of gender [created in the lifeworld] still structure... official economic and state systems,” she writes.²⁶ While Gorz did not advocate for such gender inequalitarian measures, the compatibility of non-productivist autonomous society with

²⁵ Gorz, *Reclaiming*, 86.

²⁶ Nancy Fraser, “What’s Critical About Critical Theory? The Case of Habermas and Gender,” *New German Critique* 35, 1985. 97-131. 127. Habermas’s theories of “lifeworld” and “system” posits that the autonomous “lifeworld” of the civil society are encroached upon by the instrumental-rational modern bureaucracies of the “system”. Habermasian emphasis on the lifeworld can be seen as analogous to the sphere of autonomy that Gorz envisions.

patriarchal gender relations is explicitly demonstrated by Ivan Illich, whose theories strongly influenced Gorz. Illich actively promotes the separation of spheres based on gender due to its prominence in the “convivial” sphere free from market relations, arguing that the decline of gender roles constitutes a sinister aspect of capitalism and modernity.²⁷

The policy implications of such feminist contradictions are manifested most clearly in the implications of the basic income. As noted above, basic income, at least in its full, emancipatory forms, is anti-productivist and at the same time drastically reduces economic dependency upon private entities, whether they be capitalists or breadwinner husbands. Carole Pateman ardently defends basic income from democratic as well as feminist perspectives. By freeing domestic relationships from dependency and creating a wider room for non-employment activities for all individuals, Pateman argues, that basic income could “help break the long-standing link between income and employment, end the mutual reinforcement of the institutions of marriage, employment and citizenship.”²⁸ Furthermore, basic income could be considered as a compensation for the non-market, feminine-gendered care work. However, not all scholars share her optimistic assessments that “men might... use their basic income to take on their fair share of the caring work”.²⁹ As Barbara Bergmann argues, basic income would most likely lead to more unpaid domestic labor mostly undertaken by women, reducing women’s employment and additional income from paid work while reinforcing constricting gender roles and discrimination, unless gendered nature of production and reproduction activities is

²⁷ Ivan Illich, *Gender*, New York: Pantheon Books, 1982.

²⁸ Carole Pateman, “Democratizing Citizenship: Some Advantages of a Basic Income” in Ackerman, Alstott and van Parijs (eds.), *Redesigning Redistribution*. 101-119. 102.

²⁹ *Ibid.*, 114.

significantly weakened before the introduction of the scheme.³⁰ After all, basic income is not correlated to the amount of care/domestic work one performs, and as Fraser reminds us, the lifeworld free from the “system” – which is enabled by basic income - is not a paradise of autonomy. Ingrid Robeyns, in her comprehensive analysis of the plausible gendered impacts of basic income, adopts both sides of the arguments and concludes that the intra-feminist debate over basic income “boils down to the different underlying concepts of emancipation... regard[ing whether] the gendered division of labor [is] the core of gender injustice” or not.³¹ Employment is both a source of empowerment and unfreedom; Robeyns’ summary elucidates a certain tension within feminisms between equal employment as the source of independent livelihood, status and dignity and the valorization of non-market and/or care work.

Robeyns sensibly proposes that “a basic income should be supplemented with other social policy measures that liberate women (and at the same time men) from gender role expectations”, and proposes policies to encourage dual-earner, dual-carer society such as non-transferable, individual parental leave, effective implementation of rigorous employment equality legislations, and foremost of all, comprehensive child care provisions.³² However, rather than considering these policies as simply compensating the defects of basic income, I suggest that the feminist labor market and social policies can be in themselves integral aspects of the post-productivist, feminist system of political economy. The public, care service-based economy centered around the “social wage”

³⁰ Barbara Bergmann, “a Swedish-Style Welfare State or Basic Income: Which Should Have Priority?,” *Politics & Society* 32:1 (2004), 107-118.

³¹ Ingrid Robeyns, “Hush Money or Emancipation Fee? A Gender Analysis of Basic Income” in Robert van der Veen and Loek Groot (eds.), *Basic Income on the Agenda: Policy Objectives and Political Chances*, Amsterdam: Amsterdam University Press, 2000. 121-136. 135.

³² Robeyns, “Hush Money”, 132-133, Ingrid Robeyns, “Will a Basic Income Do Justice to Women?,” *Analyse & Kritik* 23/2001, 88-105. 103.

concept properly values and compensates for care labor without entrenching the gendered separation into domestic labor, promotes dual-earner, dual-carer society and optimal freedom from waged work at the same time as employment equality, and takes use value of production into account by focusing on socially desirable production of care services, which are also more sustainable since they are much less environmentally damaging and resource intensive. Other forms of socially desirable and emancipatory services, such as free education at all levels and highly subsidized public transportation, should also be considered as part of the public social wage economy. The public production and guaranteed provision of care services does not necessarily mean uniform and unresponsive bureaucratic controls over the character of the services. The role of the state must be to ensure the high levels of resources devoted to social services provisions, while the content of the services could be determined in a more decentralized, democratic and engaging manner.

The social wage economy can be contrary to the capitalist tendencies, and hence the mechanisms of capitalism would function to systematically obstruct such possibilities. The realization of the substantial parts of such platform would have to involve successful political imposition of significant constraints on the power of capital through capital and exchange controls, due to the capital's power to precipitate economic crises by halting investment or fleeing the country. Public control of major financial institutions, pension funds or some variant of the wage-earner fund would enable investment decisions to be decoupled from profitability; the profitability criteria systematically diverges from the prioritized production of socially-beneficial services. However, even without the full transition to socialism, an expansion of public services and public employment can be

achieved to a certain extent through enhanced fiscal capacities of the state. In the “trilemma of the service economy” that Torben Iversen and Anne Wren demonstrated, income equality and full (shared) employment are achievable if “budgetary restraint” – lower levels of taxation – is sacrificed. Since tax-financed public services provide high use value and empower citizens to be free, the welfare of the people would be enhanced through such policies.³³

Second-wave feminism trenchantly criticized the masculinist “family wage” model and envisioned the emancipatory alternatives outlined above. They were not realized, but their demand for the expansion of women’s employment opportunities was; women’s employment certainly has not become equal, but the substantial expansion of female labor force was accomplished alongside the transition to neoliberalism. As women workers formed the basis of often flexible, part-time labor force so characteristic of the neoliberal economy and the expansion of employment force did coincide with capital’s priorities, Nancy Fraser critically notes that “the dream of women’s emancipation [was] harnessed to the engine of capital accumulation.”³⁴ Precarious, peripheral labor did not necessarily free women workers from economic dependency, and for those who could claim economic independence, the “double burden” of waged labor and domestic labor lengthened their working time and intensified their burden of labor as unfreedom. Furthermore, the neoliberal welfare state retrenchment exacerbated women’s unequal opportunities in the labor market due to their unpaid domestic labor.

³³ Torben Iversen and Anne Wren, “Equality, Employment and Budgetary Restraint: the Trilemma of the Service Economy,” *World Politics* 50:4 1998, 507-546.

³⁴ Nancy Fraser, “Feminism, Capitalism and the Cunning of History,” *New Left Review* 56, Mar-Apr 2009. 97-117. 110-111.

The transitional policies outlined above were indeed proposed in a number of left-wing programmes in the 1970s. Besides the Swedish wage-earner fund which was championed by its trade union central, the French Socialist Party's 1981 manifesto "110 Propositions for France" contained similar provisions. In Britain, the Alternative Economic Strategy proposed by the Labour Left contained these platforms. However, as analyzed in detail in the later chapters, not only did the AES and other leftist agendas fail to gain momentum, most variants were heavily productivist and lacked feminist perspectives. The ideas on the aims of the Left politics held by its advocate played the crucial role in shaping their programmes; in the next chapter, the role of ideas in contestations over political economy is examined in detail.

Chapter 2: Ideas and Political Economy

“It is a paradox that scholars, whose entire existence is centered on the production and understanding of ideas, should grant ideas so little significance for explaining political life.” – Kathryn Sikkink, *Ideas and Institutions* (1991)

Structuralism and Its Discontents

“We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour that that option no longer exists” – Prime Minister James Callaghan (in)famously declared the death of Keynesianism to the horrified Labour Party membership at the Party’s Annual Conference in September 1976. Milton Friedman recognized Callaghan’s admission of the neoliberal idea that underlied his remark, describing it as a “courageous talk.”³⁵ Why did the government by the Labour Party, which had seen leftist resurgence in 1970s, adopt a framework of ideas so congruent with the New Right – however haphazardly or reluctantly – so much so that Thatcher’s victory could be called “consolidation of what was already under way throughout much of the 1970s”?³⁶

Numerous thinkers have put forward a structuralist explanation based on the nature of international capitalism. Structuralist Marxists argue that it was simply a functioning of capitalism’s law of motion; capitalism could only give Keynesian concessions to the proletariat if the growth rates are sufficiently high, but in the times of stagnating economy and inflation caused by the inability to solve competing claims in class struggles over the diminishing surplus, capital is bound to win because the profit rate is inviolable. David Harvey argues that the ultimate defeat of labor and the welfare state was an inevitable outcome dictated by the logic of capitalism, no matter how

³⁵ Milton Friedman and Rose Friedman, *Free to Choose: a Personal Statement*, New York: Harcourt Brace Jonanovich, 1980. 266.

³⁶ Harvey, *Condition*, 166.

ethically repugnant such logic is. The retrenchment in social policy commitments and containment of the wage levels were an economic necessity which governments of all stripes needed to follow. “The gradual withdrawal of support for the welfare state... began as an economic necessity in the crisis of 1973-75,” Harvey argues, and that Britain’s acceptance of the IMF loan and dictates of austerity in 1976 was “a simple acknowledgement of external financial power over internal politics.”³⁷ David Coates emphasizes the limitation of options available for the Labour government, which was “trapped between powerful international agencies and institutions... which acted as the mechanism by which the imperatives of capitalist crises were transformed into policy” which could not but be a proto-neoliberal one.³⁸ Thatcherites and orthodox Marxists converge to argue that There Is No Alternative (within capitalism) except for neoliberalism.

Structuralist Marxists argue that the power relations inherent in capitalism significantly constrain the scope of agency that the state can exercise – their conception of the state is best encapsulated by Nicos Poulantzas, who posited that “the *function* of the state in a determinate social formation and the *interests* of the dominant class in this formation *coincide*... by reason of the system itself.”³⁹ Indeed, as Claus Offe reminds us, as long as capitalism exists, the people and the government live in fear of “constant threat of private capital exercising its power not to invest – whose aggregate exercise... is synonymous with economic crisis.”⁴⁰ In particular, the power of internationally mobile

³⁷ *Ibid.*, 168, 165.

³⁸ Coates, *Labour in Power? A Study of Labour Government 1974-1979*. London: Longman, 1980. 198-199.

³⁹ Nicos Poulantzas, “the Problem of the Capitalist State,” *New Left Review* 1/58, Nov-Dec 1969. 67-78. 73. Emphases original.

⁴⁰ Claus Offe, *Contradictions of the Welfare State*, ed. John Keane. Cambridge, MA: MIT Press, 1984. 15.

finance capital was already overpowering the control of sovereign governments, as the fluid Eurodollar and petrodollar market saw an explosive growth since the late 1960s.

Despite the strengths of the structuralist-Marxist explanation, however, it in itself does not explain the precise political mechanisms in which the relevant political actors succumb to the capitalist logic regardless of their ideological affiliations. In a bourgeois-liberal democracy with universal suffrage, the state is at least formally independent; the capitalist constraints are hardly, if ever, based on *direct* coercions that render the state literally *unable* to enact certain measures and legislations contrary to capitalist interests. Capital's structural, coercive power in capitalism is exercised in the form of economic benefits and losses that capitalists are able to inflict because of their exclusive ownership of means of production – indeed, the separation of coercive mechanisms in the economic base from the legitimized exercise of violence is the very feature of capitalism that distinguishes itself from other modes of production, such as ancient slavery, feudalism and authoritarian communism.

The separation of capital from the instruments of direct, brute force of coercion means that the function of capital's coercive power depends, in the final instance, upon the relevant actors' appraisal of the consequences that capital can inflict upon them when they act against capitalist interests. One's material interests and the perception of her interests can be seen as, strictly speaking, always separate; it is one's perception of interests, rather than her "real" interests, that determines her actions.⁴¹ Such a voluntarist formulation can fall into the bourgeois myth of capitalist-liberal freedom, which trumpets the proletariat's formal, negative freedom to refuse to sell labor power even if its

⁴¹ Colin Hay argues that the real "interest" unmediated by subjective perception does not exist at all. Colin Hay, "Ideas and the Construction of Interests," in Daniel Beland and Robert Henry Cox (eds.), *Ideas and Politics in Social Science Research*, Oxford and New York: Oxford University Press, 2011. 65-82.

consequence would be starvation and ultimate death. The existence of objective classes, based on ownership of means of production, can certainly be postulated, and so can objective material interests of each class. Within the confines of capitalist markets, there indeed exists a feedback mechanism in which capitalists with insufficient levels of profits are unlikely to persist, regardless of the subjective perceptions of capitalists. However, it is possible and necessary to scrutinize the nature of consequences that capital can inflict upon the state and the economy, choices the political actors have, and what would (or was perceived by them to) have been the consequences had they chosen an alternative path, without minimizing the structural power inequalities in capitalism that shape and constrain these choices. Such a nuanced analysis is crucial in examining the scope of the relative autonomy of the state and the exact mechanisms in which capital constrain political power, since the evaluation of the capital-induced consequences by political actors, especially workers, constitutes an essential aspect of the process of capital's structural power in politics. Furthermore, clear understanding of the ways in which capital's power is mediated and exercised through ideas enables us to envision a potential alternative, which is precluded by structural Marxism whose unwitting coincidence with neoliberals indicates its shortcomings as a theory of practice. Historical institutionalism offers an analytic paradigm which sheds a spotlight upon development and agency in political economy while recognizing the centrality of structured institutions.

Ideas and Institutionalism

Historical institutionalism is, in its broadest sense, “an attempt to illuminate how political struggles are mediated by the institutional setting in which they take place.”⁴² Institutions, which encompass “formal contractual agreements, organizational routines and conventions [as well as] taken-for-granted normative or cognitive structures,” are considered as core explanatory variables that “influence choices, regulate behavior, and generally order social interaction.”⁴³ An institutionalist analysis shares some similarities with the macro-structural explanations - for example, it considers the capitalist market itself as an institution that imposes constraints upon political actions – but it is also concerned with the intermediate-level explanations rooted in the institutions that differ within the boundaries of capitalism. Historical institutionalism aspires to be a “theoretical bridge between men [sic] who make history and the ‘circumstances’ under which they are able to do so,” rejecting the extremes of structuralist or voluntarist accounts of politics.⁴⁴

Nonetheless, as institutionalism has tended to focus on the ways in which the actors’ behaviors are structured by the existing institutions defined as formal structures, institutionalism’s explanatory power generally lies in continuity and path dependence rather than change. For example, Peter Hall’s notable “Varieties of Capitalism” (VoC) thesis posits that a set of complementary and interlocking institutions, such as financial systems and structures of industrial relations, creates different types of political

⁴² Kathleen Thelen and Sven Steinmo, “Historical Institutionalism in Comparative Politics,” in Sven Steinmo, Kathleen Thelen and Frank Longstreth (eds.), *Structuring Politics: Historical Institutionalism in Comparative Analysis*. Cambridge, England and New York: Cambridge University Press, 1992. 1-32. 2.

⁴³ Peter Kjær and Ove K. Pedersen, “Translating Liberalization: Neoliberalism in the Danish Negotiated Economy,” in John L. Campbell and Ove K. Pedersen (eds.), *the Rise of Neoliberalism and Institutional Analysis*. Princeton, NJ: Princeton University Press, 2001. 219-248. 222.

⁴⁴ Thelen and Steinmo, “Historical Institutionalism,” 10.

economies in different countries that reinforce and reproduce themselves.⁴⁵ However, even though changes in political economy might often happen gradually in advanced capitalist countries, dramatic changes have sometimes occurred; the crisis of the Fordist-Keynesian mode of production in the 1970s throughout the advanced capitalist world precipitated an acute political contestation over the mode of production at a fundamental level. In particular, the triumph of radical Thatcherite neoliberalism in Britain cannot be explained by the mechanisms of path dependence; Hall acknowledged that the shift in Britain was an instance of “third order change”, a paradigm shift of rare occurrence. In order to better explain change and agency, institutionalist scholars in recent years have attempted to broaden their conception of institutions and integrate the analysis of ideas in their paradigm. For example, Hall argues that “we also need a more complete account of the role ideas play in the policy process”, recognizing that discourses used by policymakers are “influential precisely because so much of it is taken for granted and unamenable to scrutiny as a whole.”⁴⁶

Mark Blyth took a step further to construct a systematic framework to account for ideational factors in political economy. Even when the standard structurally-based accounts explain destabilization of an existing order, they don’t explain the particular form of institutional constellations that succeed it; as he puts it, “structural theories of institutional supply are indeterminate as to subsequent institutional form”.⁴⁷ Criticizing the conventional treatment of ideas as a “filler” to explain a gap in structurally-based

⁴⁵ Peter Hall and David Soskice, “an Introduction to Varieties of Capitalism,” in Peter Hall and David Soskice (eds.), *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*, Oxford: Oxford University Press, 2001.

⁴⁶ Peter Hall, “Policy Paradigms, Learning, and the State: the Case of Economic Policymaking in Britain,” *Comparative Politics* 25:3, Apr 1993. 275-296. 279

⁴⁷ Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*. Cambridge, England and New York: Cambridge University Press, 2002. 8.

accounts, he proposes to treat ideas seriously as a causal, transformative factor in its own right that shapes institutional change by constituting the actors' understanding of economic crisis, causes and solutions. Blyth's key observation is to question the conception that interests are more or less structurally derived from institutions, and to recognize that perceptions of interests are mediated through ideational factors.

"Regardless of the structurally given interests one assumes agents to have", he argues, "the large-scale institutional change cannot be understood from class alignments, materially given coalitions or other structural prerequisites".⁴⁸

The ideational turn in institutionalism helps it realize its potentials to examine the complex interactions between structure and agency, and gives an interpretive framework of political action and motivation free from the rational choice theory, in which the actors' goals are *assumed* to be the "maximization of utility". Since the rational choice approach lacks a solid analysis of how actors come to perceive and identify their interests, its practitioners are forced to "deduce preferences from behavior" while claiming that the "rational" preferences determine behavior, thus rendering the argument tautological.⁴⁹ Ideational institutionalism fills the theoretical lacuna left by the rational choice paradigm, by recognizing that preferences and interests cannot be explained without references to ideas held by the actors, because "we want what we want because of how we think about it."⁵⁰ Ideational explanation is not an exclusive one; ideas and institutions influence each other. For example, in the British case, fragmentation of unions and its craft origins shaped their voluntarism, and the economic and political clout of the City financial

⁴⁸ Blyth, *Great Transformations*, 251.

⁴⁹ Sheri Berman, "Ideas, Norms and Culture in Political Analysis," *Comparative Politics* 33:2, Jan 2001. 231-250. 245.

⁵⁰ Alexander Wendt, *Social Theory of International Politics*, Cambridge, England: Cambridge University Press, 1999. 119.

interests augmented the moderate ideology of the Labour Party and played a key role in the Labour government's decision to accept the IMF bailout in 1976.

Many ideational institutionalist scholars have emphasized that causality must be attributed to ideas in order to prove their importance. Sheri Berman stipulates that “we must not only show that ideas are *correlated with* political behavior but also be able to explain how ideas *actually influenced* behavior,” which can be demonstrated if “certain ideas take on a life of their own, influencing political behavior over an extended period of time... *separate from the context within which it arose.*”⁵¹ However, while ideas, institutions and interests can analytically be distinguished and analytic rigor is important, the relationships between them are not neatly separable in unidirectional causalities. Independent causality is deemed by many scholars as *sine qua non* of influence and importance, but the question of whether “ideas affect policy outcomes in ways that are truly independent from the effects of interests” are often difficult to answer.⁵² Indeed, ideas cannot be a truly independent factor since they are shaped by material factors including institutions and interests, as well as *vice versa*. Certain aspects of Fordist ideas can be attributed more directly to the material interests of those who hold it; for example, Labour's privileging of manufacturing is based on the dominant position of manufacturing unions in the labor movement. However, at the same time, ideas like productivism and masculinism are more than a simple reflection of the dominant material interests, even if they end up reinforcing them. Furthermore, entrenched ideas are often in themselves institutions, and interests cannot exist entirely outside of ideas since ideas

⁵¹ Berman, “Ideas, Norms,” 18. Emphases original.

⁵² John L. Campbell, “Institutional Analysis and the Role of Ideas in Political Economy,” in John L. Campbell and Ove K. Pedersen (eds.), *the Rise of Neoliberalism and Institutional Analysis*. Princeton, NJ: Princeton University Press, 2001. 159-190. 159.

constitute interests.⁵³ As Blyth argues, not only should we not be forced to “to choose between ideas and interests as an ‘all or nothing’ proposition”, we cannot “treat ideas and interests as radically different and unrelated concepts” which are mutually exclusive.⁵⁴ Instead, the dialectical approach to the interactive dynamic between ideas, interests and institutions enables us to gain a richer and contextual understanding of continuity and change.

Many theorists have noted that influential ideas need powerful “carriers” in order to achieve political salience, and that ideas exert power only if they are held by influential actors or in accordance with powerful interests.⁵⁵ Indeed, the influence of ideas that are adopted and held by those with power can most easily and clearly be identified. For example, regarding the shift from Fordism to neoliberalism, Hall, Blyth, Campbell and Hay all focus upon the triumphant monetarist ideas. For the British case, Hall argues that as stagflation precipitated by structural changes in the economy undermined the ideational basis of the Keynesian paradigm, a new space of contestation over economic policy paradigms emerged in the media and financial circles.⁵⁶ As the Keynesian-leaning economists lost credibility because its predictions failed to match the empirical reality, monetarism gained prestige; influential actors in financial markets and the Conservative Party became influenced by, and then adopted, the monetarist ideas because they provided “a new rationale for many measures which they had long supported.”⁵⁷ While Hall traces monetarism’s success to political factors, not only to the pure economic logic, he also hints at the merit of monetarist arguments and that “many of the ad hoc

⁵³ Hay, “Ideas and the Construction.”

⁵⁴ Blyth, *Great Transformations*, 18, 17.

⁵⁵ Berman, “Ideas, Norms,” 18, 25, and Kjær and Pedersen, “Translating Liberalization,” 223.

⁵⁶ Hall, “Policy Paradigms,” 285-286.

⁵⁷ *Ibid.*, 286

adjustments towards monetarism made by the 1974-79 Labour government were forced on it by the behavior of the financial markets.”⁵⁸ In contrast, Blyth further pursues the constructivist path, focusing on how the inflationary “crisis” itself was constituted in the 1970s. Not only was monetarism successfully offered as a solution to the “crisis” by attributing inflation and unemployment to the state “intervention” in an “otherwise naturally self-equilibrating economy,” it changed the perception of the nature of the crisis itself; the notion that “inflation is a greater threat to the general welfare than unemployment” is decidedly not an objective fact, but a “mediated social fact”.⁵⁹ Indeed, even though inflation rate had steadily been declining since its peak in 1975, the specter of inflation had continuously been invoked. Indeed, monetarist-neoliberal ideas needed to win the discursive struggles for the inherently political significance of inflation in order to present these anti-inflationary and anti-statist policies to be in interests of many actors.

However, Blyth’s account attributes the change only to the victorious ideas; despite his ardent constructivism, Blyth does not analyze in detail the ideational factors (or lack thereof) that shaped responses of those actors other than neoliberals, compared to his elaborate accounts of neoliberal ideas. In the US case, he does refer to “the ideational failure of the Democrats” to come up with “an alternative set of economic ideas to recapture the terms of debate” against monetarists.⁶⁰ He argues that while some Democratic intellectuals advocated for industrial policy planning based on reindustrialization of the US economy, the plan was predicated upon further loss for workers and the Democratic politicians avoided it because it required a “big

⁵⁸ *Ibid.*, 288.

⁵⁹ Blyth, *Great Transformations*, 147

⁶⁰ *Ibid.*, 190

government.”⁶¹ For Sweden, he mentions the political failure of the wage-earner fund and the Social Democrats’ acceptance of the basic neoliberal tenets for austerity, smaller government and increased private profits in the 1981 “crisis report”.⁶² However, the reasons and mechanisms in which the parties of New Deal and Social Democracy failed to embrace and pursue a non-neoliberal alternative are not deeply examined.

It is not particularly surprising that capitalists and their political representatives favor ideas that promote their material interests in exploitation, and that they have grossly unequal resources to propagate their ideas through the mass media and research institutes. The successful discursive domination of these neoliberal ideas was to a large extent due to the vast resources that only the organized business could mobilize, hence making the explanation more materialist and less ideational. In order to explain the political and ideational victory of the Right, the ideational landscape of the actors other than the neoliberal advocates must also be understood. We need to account for the decline of the old ideas and political failure of alternative ideas, in addition to the rise of new ideologies, in order to depict a better account of the regime change in advanced capitalist political economies. In the context of the rise of neoliberalism in Britain, the Labour Party and the trade unions were crucial institutions that constituted the linchpin of the Fordist-Keynesian regime and possessed the power, organization and resources to develop alternatives. The Labour leadership, including Callaghan and Chancellor Denis Healey, chose the non-Left path; even though they were not full-fledged neoliberal Blairites, it would be far from plausible to argue that the Wilson-Callaghan government even

⁶¹ *Ibid.*, 191-193.

⁶² *Ibid.*, 205, 220.

attempted, let alone struggled till the end, a solution that challenges the capital's power.⁶³ As we will see below, Callaghan and Healey were willing morticians of Keynesianism – because Labour's course of action was more than “a more or less functional response to exogenous shocks,” the political-ideational explanation is required to explain their willingness.⁶⁴ Those who kept the Keynesian-Croslandite belief in the compatibility of social justice with capital-friendly policies failed to quickly realize that radical measures were necessary to counter the Callaghan-Healey line, while both Benn and Healey understood that “there really [wasn't] a middle ground because Keynesianism with its inflationary remedies has failed.”⁶⁵ Therefore, the ideational factors that induced most Labourites to choose certain political and policy paths, among many potentialities underdetermined by economic-structural factors, played a crucial role in the neoliberalism's victory.

The influence of ideas on political economy is not limited to that of the ideas that directly undergird the ascendant paradigm. The notion of “ideas” encompasses multiple levels of concepts, from comprehensive world views to particular policy programmes. Relatively specific, micro-level ideas require channeling through policy-making elites, and since the spread of ideas held by powerful actors can easily and more undisputably be traced, its causality is easier to identify. However, economic ideas are not only “effective weapons” for actors to transform institutions. The ideas, especially macro-level

⁶³ Colin Hay notes that no matter how the actual economic policies of the 1974-79 government were monetarist, Labour's “governing economic paradigm” remained “broadly Keynesian and welfarist”, with commitments to full employment, a mixed economy, and a comprehensive welfare state. However, how reluctant their monetarist turn was, it was their conscious choice accompanied with the rejection of the Alternative Economic Strategy. Colin Hay, “the ‘Crisis’ of Keynesianism and the Rise of Neoliberalism in Britain: an Ideational Institutional Approach,” in John L. Campbell and Ove K. Pedersen (eds.), *the Rise of Neoliberalism and Institutional Analysis*. Princeton, NJ: Princeton University Press, 2001. 193-218. 209.

⁶⁴ Colin Hay, “Ideas and Construction,” 68.

⁶⁵ Tony Benn, *Against the Tide: Diaries 1973-76*, London: Hutchinson, 1989. 641

ideas that are dominant in the entire society, can also function in different ways than simply providing the blueprints for a dominant regime of political economy. They also create normative or cognitive constraints on political actors and policy outcomes. Such operations of hegemonic ideas in a Gramscian sense are often hidden as assumptions or “common sense,” precluding the emergence of ideas outside of the dominant framework; more natural the “idea” seems, more powerful it is.

My contention is that the Fordist ideational features – productivism and masculinism – shaped the political choices that the British trade unions and the Labour Party made in the 1970s, in which the logic of ideational path dependence was at work. Since masculinism and productivism are the fundamental ideational core of Fordism, it is a clear case in which “the very ideas on which institutions are predicated and which inform their design and development... exert constraints on political autonomy”.⁶⁶ These ideas, formed in the heyday of Fordism, persisted to the different context in which the system was crumbling. Ideational path dependent effects made difficult the other possible policy paths they could have taken. In that sense, ideational factors can be used to explain continuity as well as change – or in this case, continuity of the (center-)left which led to the change in the overall system. The influence of the Fordist ideas on the Labour Party and the unions as their “carriers” matters because these actors were indeed powerful – though not as powerful as capital, but nonetheless the primary oppositional forces. Indeed, Fordist ideas held by political actors play a role in explaining why, as Harvey notes (in support of his structuralist arguments), “as soon as the political choices were seen as a trade-off between growth or equity, there was no question which way the wind would

⁶⁶ Blyth, *Great Transformations*, 199

blow for even the most dedicated of reformist governments.”⁶⁷ Their dependence on the Fordist ideas also needs to be situated in the context of the ideas’ hegemony in the entire society; as an electoral mass party, the party’s ideational path was also constrained by the hegemonic values among the voters.

Fordist Values and Labourism

Fordism was an “intensive” form of accumulation, achieved through increased capital investment and productivity rather than conquering of new markets. Growth through increased internal consumption is necessary in a regime of intensive accumulation; capital accumulation requires continued rise in production and consumption of consumer goods.⁶⁸ Fordism’s structural compromise with the workers in terms of wage increases is integral to the Fordist regime of accumulation, since the growth of the wage-earners’ purchasing power is required to stimulate demand, consumption and realization of surplus value.⁶⁹ Indeed, it is an imperative for capitalists to *create* material needs and consumerist values among workers and citizens as consumers, lest they cease to associate more consumption with well-being and stop increasing the levels of consumption. The exponential rise of the advertising industry, promoting conspicuous consumption through the creation of “sign value,” has reflected and reinforced the cultural conditions of acquisitive consumerism as a hegemonic value. While this mechanism has made possible the tremendous rise in the workers’ standard of living, it has accompanied the rise of the idea that identifies workers’ interests

⁶⁷ Harvey, *Condition*, 168

⁶⁸ Robert Boyer, “From Canonical Fordism to Different Modes of Development,” in Robert Boyer (ed.), *Regulation Theory: the State of the Art*, London and New York: Routledge, 2002. 231-237. 232-233.

⁶⁹ Alain Lipietz, “Accumulation, Crises, and Ways Out,” *International Journal of Political Economy*, Summer 1988, 10-43. 23.

primarily, if not solely, with the increased levels of consumption. The spirit of “possessive individualism” has been a spirit of capitalism since its inception, but as the Fordist regime closely integrated the workers into the hegemonic system through their “institutionalised share of productivity gains,” capitalism also ideationally integrated and co-opted the workers.⁷⁰ Increase in consumptive capacity of the mass of workers served dual purposes for capitalism, as an economic requirement for capital accumulation and a principal mechanism of legitimation. As Hilary Wainwright describes the British “Labourism,” its “complaint against capitalism is that labor receives little of the wealth it creates,” rather than degradation of working conditions, lack of freedom in work, or any fundamental critique of capitalism.⁷¹ Offe notes that labor itself ceased to be seen as unfreedom, as “money has gained a worldwide victory over time” and society developed in atomizing ways that prevent fulfillment of life through free time except with financial resources.⁷² The productivist-consumerist values have strong affinity with retreat from socialism, especially in the period of rapid growth; why should capitalism be denounced when it is dutifully delivering the “goods” that matter?⁷³

Another facet of the Fordist ideas concerns the identity of workers and boundaries of the labor movements’ interests. As the Fordist regime was predicated upon the gendered division of male breadwinner workers and their wives performing unpaid domestic labor for reproduction of labor power, the category of the “worker” was associated with the male worker, as the labor movement had “been swept off its feet by

⁷⁰ Boyer, “From Canonical Fordism,” 232.

⁷¹ Hilary Wainwright, *Labour: a Tale of Two Parties*. London: Hogarth Press, 1987. 78. “Labourism” is a term to describe the dominant culture in the Labour Party and trade union politics.

⁷² Offe and Heinze, *Beyond Employment*, 3

⁷³ While capitalism was not delivering the material gains in the 1970s, upon which its claim to legitimacy rests, the Labourist values were consolidated in the years in which it was operating rather successfully.

the magic of masculinity, muscle and machinery”.⁷⁴ In the “Labourist” discourses the workers’ interests were represented and constructed as male breadwinners’ interests, and the working-class solidarity was often framed as brotherly bonds.⁷⁵ The influence and normalization of masculinist and anti-socialist value of Fordism in working-class politics is demonstrated in the comment of an outspoken right-wing Labourite John Golding, who quipped “I’m a class politician. I’d prefer to have a straightforward Labour Party, without these trendy socialists, always bringing up women.”⁷⁶ Women’s lower rate of unionization, gendered power inequality with unions and the discourses of the culture of “workingmen” associated with populist masculinity reinforced each other, leading to exclusion of part-time workers’ interests and the damage to more solidaristic collective bargaining.

The rich analyses of Labourism specific to British Labour confirm and elaborate the Fordist values in the British context. The British Labour Party’s historical, distinctive reformism since its foundation is well-noted, but it was the New Left thinkers such as Ralph Miliband and Tom Nairn who articulated the thesis on Labourism, reflecting the postwar condition. A few months before Harold Wilson’s first electoral victory in 1964, Nairn argued that Labour’s incorrigible ideational tendencies towards Fabian evolutionary reformism, underpinned by conservatism of the dominant trade unions and the weakness of the Labour Left in both theoretical and organizational sense, were obstructing the path towards socialism through the Labour Party. Nairn’s scathing critique of Labourism is also an argument for ideational path dependence for the party; he

⁷⁴ Beatrix Campbell, *Wigan Pier Revisited: Poverty and Politics in the Eighties*, London: Virago Press, 1984. 97

⁷⁵ Wainwright, *Labour*, 14

⁷⁶ qtd. in *Ibid.*, 80

argues that Labour's "fourth-rate socialist traditions" originated in, and had not been able to cleanse itself of, "worthless philistinism of the pious Victorian petty bourgeois."⁷⁷ The early Labour leaders' "servile imitation of the ruling class's corpus of ideas" had survived for a few generations as the dominant ideological force within the party.⁷⁸ Indeed, Labourism as a political culture was particularly congruent with Fordism, and Labour's ideological mapping by the early New Left is largely applicable for the analyses of the events of the 1970s; Callaghan and Healey were ideational heirs to Macdonald and Gaitskell.

While there are ideational backgrounds specific to British Labourism, productivism and masculinism were commonly shared in European social democratic parties of the postwar era. In terms of ideological heritage, the German Social Democrats could not be more different from the British Labour Party; the German SPD stated as a pre-eminent mass Marxist party in the world and influenced other continental social democratic parties, while the Labour Party was reformist since its foundation. However, continental social democratic parties renounced Marxism after the war, such as in the Bad Godesberg Program of the German SPD in 1959; reformist social democracy, not so unlike British Labourism, dominated Western European working-class politics except in France and Italy that had a stronger Communist presence. Analysis of Labourism cannot directly be applied in the case of other social democratic parties, but could serve as one prototype in which the working-class leftist politics failed to create an emancipatory post-Fordist alternative.

⁷⁷ Tom Nairn, "the Nature of the Labour Party – I," *New Left Review* 1/27, Sept-Oct 1964. 38-65. 44.

⁷⁸ *Ibid.*, 52

The critical New Left analysis of Labourism was connected to critical practices to transcend Labourism, and a sense of optimism pervaded when it began in the early sixties; Miliband concluded that “as the Labour Party’s impulse, Labourism has now all but spent itself. But the battle for socialism has barely begun” in the very first issue of *New Left Review* in 1960.⁷⁹ Nairn was also cautiously optimistic on the prospect of potential changes to the Labourist ideology, in the midst of Wilson-mania in 1964. While acknowledging Wilson’s technocratism, he believed that the party leadership would be “much more open to left-wing ideas and pressures than his predecessors” if trade unions would grow into a leftist influence based on the stronger and more militant working-class consciousness.⁸⁰ While the Labour Left noticeably grew stronger since the late sixties along the lines of radicalization of trade unionism that Nairn and Miliband had envisioned, it was simply not strong enough to overcome the undemocratic party structure – another legacy of Labourism – to win the “battle for socialism” within Labour.

Productivism and masculinism were part of “Labourism”, along with moderatism based on the Labour Right’s dominance, in a sense that these ideologies constituted the party’s long-standing ideational heritage. The major consequence of the institutionalized entrenchment of the Fordist-Labourist values in the mainstream British labor was the lack of integration between their class politics and the emancipatory politics of the New Social Movements –feminism and ecology- that emerged and flourished in the late Fordist era to advocate for alternative visions by radically questioning hegemonic values. Labour failed to establish what Ernesto Laclau and Chantal Mouffe called “the logic of equivalence” with themselves and the New Left. An equivalence is a combination of positions in

⁷⁹ Ralph Miliband, “the Sickness of Labourism,” *New Left Review* 1/1, Jan-Feb 1960. 5-9. 9.

⁸⁰ Tom Nairn, “the Nature of the Labour Party – II,” *New Left Review* 1/28, Nov-Dec 1964. 33-62. 56.

different antagonisms woven into one coherent ideology, upon which collective political identities and agendas are constructed; political, ideological contestations over different equivalences are crucial, because every struggle can take on multiple meanings or formulations and hence starkly different equivalences can be established.⁸¹

The New Left critique of capitalism was based upon yearning for autonomy and freedom in a broad sense, whether it be freedom from patriarchal constrictions or Taylorist factory regimes. As masculinist labor was reluctant to fully absorb these emancipatory agendas, the struggles for autonomy were co-opted by the capitalists of the neoliberal Right. Labour and their established allies did attempt to make a common cause with the emancipatory movements, and they had certainly made progress in regards to feminism and qualitative labor struggles. However, the relationships between Labour and the New Left had always remained an unstable coalitional politics, in which antagonisms between them were as visible as commonalities and solidarities.⁸² As the Fordist-Labourist values locked society into the valorization of possessiveness, the rise of emancipatory individualism was absorbed into “the matrix of possessive individualism,” without overcoming of which the politics of liberation, cries of autonomy and freedom from the system would simply degenerate into petit-bourgeois liberalism.⁸³ In contrast with Labour, the new Right successfully translated “a series of democratic resistances to the transformation of social relations” into neoliberal discourses of “resistances to the bureaucratic character of the new forms of state organization,” which have absorbed the

⁸¹ Laclau and Mouffe’s normative advocacy for “renunciation of the category of subject as a unitary, transparent and sutured entity” could have an adverse consequence for the Left politics in so far as it promotes an excessive fragmentation of emancipatory agents. However, in a purely descriptive sense, their insight into the processes of equivalence formation is a valuable one.

⁸² Laclau and Mouffe, *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*, London and New York: Verso, 1985. 183-184.

⁸³ *Ibid.*, 184.

support of skilled manual workers due to their masculinist economic individualism.⁸⁴ Luc Boltanski and Eve Chiapello identify the mechanisms of capitalism's evolution through periods of crisis as co-opting of the elements of critique and their modification into a capitalist form.⁸⁵ The post-Fordist "new spirit of capitalism" absorbed the values of autonomy – including feminist criticism of family wage and welfare-state paternalism - which were savvily co-opted as an integral part of the neoliberal settlement.⁸⁶ As Laclau and Mouffe postulate, a logic of equivalence is "always hegemonic insofar as it does not simply establish an 'alliance' between given interests, but modifies the very identity of the forces engaging in that alliance."⁸⁷ The neoliberal discourses attained the position of hegemony, as they reformulated people's political identity or at least their conception of their interests; freedom came to mean freedom to consume and narrow negative liberty from the state, rather than freedom from capitalist constraints and freedom of self-actualization.

Laclau and Mouffe emphasize the importance of having a strategy of construction of a new order in establishing hegemony. "If the demands of a subordinated group are presented purely as negative demands... without being linked to any viable project for the reconstruction of specific areas of society, their capacity to act hegemonically will be excluded from the outset," they argue; the British productivist labor could not establish a hegemony since they were bereft of new ideas in the times when the golden years of

⁸⁴ *Ibid.*, 169-170, Campbell, *Wigan Pier*, 229.

⁸⁵ Luc Boltanski and Eve Chiapello, *the New Spirit of Capitalism*, London and New York: Verso 2005.

⁸⁶ Nancy Fraser, "Feminism, Capitalism and Cunning of History," *New Left Review* 56:Mar-Apr 2009, 97-117. 109-111. Popular, masculinist authoritarianism was an essential aspect of Thatcherism's social, cultural condition, combined with "freedom" in a purely economic sense.

⁸⁷ Laclau and Mouffe, *Hegemony*, 183-184

growth were ending.⁸⁸ The seventies saw a situation where “workers’ trade union power had gone as far as it could in terms of the redistribution of profits; but Labourism, being a political reflection of this power, could not take it any further.”⁸⁹ An observation of Frances Morrell, Tony Benn’s senior advisor, is very telling as an indication of the lost possibilities; “for a brief moment [in 1974 after the success of the miners’ strike], the establishment was crushed... we could have carried our most radical policies through, with the political will and trade-union support.”⁹⁰ Labourism was the cause of the failure to create distributional coalitions willing to share and fight for the consensus of the social wage. Envisioning an alternative mode of production after Fordism would have required a radical re-examination of purposes of political economy, which most of Labour Party members – and even many socialists - did not imagine. As integral aspects of Labourism, productivism and masculinism functioned in concert with moderatism – the original meaning of Labourism – and predisposed the party towards proto-neoliberalism, the natural path for any party without clear leftist commitments.

⁸⁸ *Ibid.*, 189

⁸⁹ Wainwright, *Labour*, 79

⁹⁰ qtd. in *Ibid.*

Chapter 3: Welfare State and the Social Wage

“The dying welfare state brought its own Newspeak: government’s failure to link child benefit, unemployment pay and so on to the cost of living was the fight against inflation... and a new political movement that saw remedies to the whole predicament, if only the nation’s women would buckle down to their traditional role and biological destiny, was known quite simply as FAMILY.” – Zoë Fairbairns, Benefits (1979)

Origins of the Welfare State Retrenchment

The crisis of Fordism exposed the contradictions of the welfare state in advanced capitalist societies. The post-1945 era of organized capitalism saw a dramatic expansion of the welfare state. The continual rapid growth in the Fordist years enabled a compromise between social expenditure and capitalist profits by satisfying both, which was rendered impossible as the economy stagnated - the welfare state faced a fiscal crisis, which could only be resolved either through the increase in revenue through taxation or reduction in social policy expenditure. Both sides of the class-political struggle gained strength as the crisis deepened. The moderate establishment grew stale and hollow, as the tension between the dual characters of the welfare state came to the surface. The Left became resurgent, as workers were empowered by the full employment, wage gains, and access to health care and education, for all of which the welfare state played an indispensable role. Fordist rigidity and conformism spurred the dramatic, global surge of New Left social movements. On the other hand, the crisis of Fordism also gave rise to the *laissez-faire* ideologies of the New Right in the 1970s, who blamed the economic crisis to the gains made by the working-class. Reflecting its contradictory character vis-à-vis capitalism, the welfare state became the focus of the grand contestations of the 1970s, along with the interrelated struggles between labor and capital.

The subsequent retrenchment of the welfare state is a reflection and an integral part of the rise of the Right in the post-Fordist period. It should be noted that the reality of the reductions in social policy commitments since the 1980s is more ambiguous than the triumphant rhetoric of neoliberalism suggests, as Paul Pierson demonstrated.⁹¹ As the welfare state institutions from the Fordist-Keynesian era created large groups of beneficiaries of the established social policies, the political cost of drastic destruction or outright abolition of the welfare state has become too prohibitive to the legitimacy of the ruling parties or the state. Nonetheless, regardless of the extent of its shrinkage and the path dependence effects that many social policies institutionally enjoy, the dominance of the rhetoric of retrenchment is a testament to the hegemonic victory of the Right against the Left since the decline of Fordism. The Rightist conception of the welfare state as an extraneous burden to the economy had become “common sense”, while the Leftist vision of the welfare state as a tool of liberation from capitalism has been relegated to the fringe. After the tumultuous late-Fordist years of contestation, the capitalist logic of the welfare state largely prevailed over the liberatory visions through the welfare state.

Considering the centrality of the welfare state in advanced capitalist political economy, the trajectory of social policy commitments in the late Fordist period illustrates a mechanism behind the loss of post-Fordist visions alternative to neoliberalism. In Britain, while the scope of retrenchment initiated by the Labour Government of 1974-79 was hardly comparable to the Thatcherite ambitions and assaults, they largely accepted the vision of the welfare state whose primary purpose was to serve the capitalist needs rather than to liberate people. The conception of the welfare as a burden rather than an

⁹¹ Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher and the Politics of Retrenchment*. Cambridge: Cambridge University Press, 1994.

aim in itself presaged Thatcherism. By obviating the alternative visions at a pivotal moment in history, Labour paved the welfare state's long descending path, which, as of now, has not yet been halted. The analysis of politics in the years of paradigm shift in modes of production reveals the mechanisms behind the world-historical defeat of social democracy since the 1970s.

Gendered Reproduction of Labor Power and the Contradictions of the Welfare State

The welfare state is an essentially contradictory phenomenon, because it simultaneously serves and undermines capitalism – as Claus Offe puts it, “while capitalism cannot coexist with, neither can it exist without, the welfare state.”⁹² The self-regulating market cannot sustain itself, as there is bound to be a significant proportion of the population who cannot support themselves through the labor market; Polanyi observed that “leaving the fate of ... people to the market would be tantamount to annihilating them.”⁹³ The collapse of a functional social formation and the failure of reproduction of labor power would render the market economy itself inoperable over time. As Polanyi documented, the purest *laissez-faire* at the earliest stage of industrialization in the mid-nineteenth century was promptly remedied by rudimentary social policies, which were instituted by bourgeois governments of different ideological stripes throughout Western Europe.⁹⁴ The limitation of working hours, basic social insurance, old-age pension and other ameliorative measures served to buttress legitimacy of the capitalist

⁹² Offe, *Contradictions*, 153.

⁹³ Karl Polanyi, *the Great Transformation: the Political and Economic Origins of Our Time*. Boston: Beacon Press, 1957 (originally published 1944). 131.

⁹⁴ *Ibid.*, 145-149.

system and to protect labor power from over-exploitation and destruction by short-sighted capital.

As the capitalist economy grew complex, the welfare state, “as the use of state power to modify the reproduction of labour power and to maintain the non-working population,” became more significant.⁹⁵ The capacity of women and men to perform labor is produced through market consumption with wages and domestically-produced services (housework); the state contributes to facilitate its continual reproduction through income transfer (benefits and social security systems), and service provisions or subsidies.⁹⁶ Certain social policies have become indispensable for reproduction of productive labor power in a modern economy; as Offe puts it, “in the absence of large-scale state-subsidized housing, public education and health services, as well as extensive compulsory social security schemes, the working of an industrial economy would simply be inconceivable.”⁹⁷ Childcare and education are particularly pertinent, due to their indispensable functions in inter-generational reproduction of labor power. Income transfer and service provisions are also utilized to maintain livelihood of those who cannot be employed, as their insecurity is exacerbated by the complete proletarianization.⁹⁸ While theoretically distinct, the two major functions of the welfare state cannot be sharply differentiated, since the large portion of the current non-working population (such as the unemployed and children) provide labor power in the future.⁹⁹

⁹⁵ Ian Gough, *the Political Economy of the Welfare State*. London: Macmillan, 1979. 44-45.

⁹⁶ While it is out of scope for this paper, the social policies also have important, wide-ranging Foucauldian disciplinary functions to ensure the population is willing and able to engage in wage labor, such as socialization process through schooling and food safety regulations.

⁹⁷ Offe, *Contradictions*, 15.

⁹⁸ Only the reproduction of labor power is strictly necessary for capitalist accumulation. Maintenance of the non-working population is “necessary” for capitalism for the sake of legitimation of the system.

⁹⁹ Gough, *Political Economy*, 47-48.

Despite its instrumental utility for capitalism, the welfare state undermines the basis of capitalist rule at the same time. As Esping-Andersen posits, the expansion of the welfare state has a de-commodifying tendency; de-commodification of labor power occurs “when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market.”¹⁰⁰ Reproduction of labor power through the state, as opposed to the market or the family, de-commodifies numerous economic activities related to reproduction. The logical conclusion of the idea of the welfare state is the recognition of the social rights to economic security based on citizenship (or status as a human being). Such rights ensure that capacities to labor are sustainably renewed, but at the same time removes the principal mechanism that enables exploitation of workers and capitalist accumulation itself - implicit coercion based on the threat of starvation. As the de-commodifying welfare state destabilizes the structurally coercive capitalist class relations, labor can organize to gain substantial power against capital. As such, the high levels of de-commodification have been difficult to achieve in capitalist societies, and universalistic provisions of social services and income transfers have only been won after protracted struggles by the working-class forces and the Left parties. Non-capitalist “relatively autonomous subsystems of life oriented to the production and distribution of use-values” that is not guided by market rationality have taken hold in certain sectors in certain countries, constituting a crowning achievement of social democracy.¹⁰¹

Capital always has an interest in the extension of proletarianization, functioning as a tendency to promote labor force participation for women. However, the imperatives of capital accumulation also require constant reproduction of labor power. Since

¹⁰⁰ Gøsta Esping-Andersen, *the Three Worlds of Welfare Capitalism*. Princeton, NJ: Princeton University Press, 1990. 22.

¹⁰¹ Offe, *Contradictions*, 264.

reproducing labor power through the universalist, de-commodifying welfare state is antagonistic to capitalist accumulation, non-public processes of reproduction of labor power are preferable and necessary for the interests of capital. Capitalist interests are somewhat contradictory, since capitalist development itself destroyed the pre-capitalist forms of economic collectivities such as extended family as a unit of production and risk-sharing, necessitating the Polanyian double movement. Beyond the liberal-minimalist welfare state, however, fixing the failure of self-regulating market through private families is more conducive to capitalist exploitation, by precluding the rise of the de-commodifying welfare state as an alternative means to reproduce labor power and maintain the non-working population. Hence, Esping-Andersen illuminates that “the liberal dogma is forced to seek recourse in pre-capitalist formations of social aid, such as the family.”¹⁰² Indeed, the minimalist welfare state implies that most of the care-related work is performed within the private sphere - predominantly in the family, since only a small number of workers can afford comprehensive welfare services through the market without radical redistribution. The hegemonic gender system dictates that it is overwhelmingly performed by women in the family.

A distinguishing aspect of domestic care labor based on family ties is the lack of remuneration for the laborer, even though it is indispensable for capitalist accumulation. Because the commodities that can be purchased in the market with the wage are not consumable in themselves without additional labor that processes them into a form that can regenerate labor power, unpaid domestic laborers partly subsidize the cost of reproduction of labor power that capitalists exploit, hence enabling capital to increase the

¹⁰² Esping-Andersen, *Three Worlds*, 42.

rate of exploitation.¹⁰³ As Jean Gardiner puts it, “the contribution which domestic labour makes to surplus value is one of keeping down necessary labour to a level that is lower than the actual subsistence level of the working class... it is cheaper for capital to pay a male worker a wage sufficient to maintain, at least partially, a wife who prepares meals for him, than to pay him a wage on which he could afford to eat regularly at restaurants.”¹⁰⁴

However, the reliance on uncommodified domestic labor performed overwhelmingly by women is not necessarily accompanied by the increased rate of exploitation by capital. The wages for male breadwinner workers with housewives cannot be as low as that of subsistence level for single-person households, even though the capitalists could avoid paying the full costs of labor power. In the most despotic form of capitalism where all proletarian men, women and children work long hours for wages, few workers are paid enough to enable their family members to perform unpaid labor within households. Indeed, the domestic work was haphazardly commercialized to a large degree in the early-nineteenth century Britain, inadequately performed for meagre wages.¹⁰⁵

In contrast, in the Fordist “family wage” model, capitalists pay the larger portion of the cost to reproduce the labor power of their (male) workers as a compromise in the class struggle against sufficiently-organized labor. While the proletariat as a class gains in the family wage system, the benefits are accrued in a gendered manner, since the wage

¹⁰³ Jean Gardiner, “Women’s Domestic Labour,” *New Left Review*, 1/89, Jan-Feb 1975, 47-58. Whether housework creates “value” in a Marxist sense is fiercely debated. For the affirmative argument, see Wally Seccombe, “the Housewife and Her Labour under Capitalism,” *New Left Review*, 1/83, Jan-Feb 1974, 3-24. Margaret Coulson, Branka Magaš and Hilary Wainwright argue against Seccombe’s position in “the Housewife and Her Labour under Capitalism’ – a Critique,” *New Left Review*, 1/89, Jan-Feb 1975, 59-71.

¹⁰⁴ Gardiner, “Women’s Domestic Labour,” 54.

¹⁰⁵ Coulson et al, “the Housewife and Her Labour,” 66.

for the entire family is paid to the male worker. Women in unpaid domestic work are dependent on their wage-earning husbands for their livelihood, and therefore the husband “is the bourgeois, the woman represents the proletariat,” as Engels wrote of the male-breadwinner family.¹⁰⁶ The decisively unequal power relationship in the distributional struggles within the households would most likely result in disproportionate benefits (in forms of consumption, free time or decision-making power within the household) for proletarian men than women. Even though the basis of intra-household power relationship has material aspects, the mechanisms of the domestic mode of production are also rooted in socially-constructed discursive and ideological system of gender, which in itself is distinct from, and arguably predates, capitalism.¹⁰⁷

The Fordist male breadwinner model of welfare was facilitated by the postwar welfare states through a number of measures, whose ideal is encapsulated in William Beveridge’s claim that the “ideal [social] unit is the household of man, wife and children maintained by the earnings of the first alone.”¹⁰⁸ The patriarchal welfare state was politically constructed through social policies, such as the notorious “cohabitation rule” which explicitly prohibited women who were sharing a household with a man (whether married or not) from claiming unemployment and sickness benefits, and treatment of a married couple as a taxable unit which lowered the income tax rate for the male breadwinner. The contributory National Insurance system was based on employment, hence many unpaid working women were classified as “dependents” with inferior

¹⁰⁶ Friedrich Engels, *the Origin of the Family, Private Property and the State*, trans. Ernest Untermann. Chicago: Charles K. Kerr & Company Co-Operative, 1902. (Original work published 1884.) 89.

¹⁰⁷ The particular formation of male-breadwinner bourgeois family in which women are economically dependent upon men is a patriarchal manifestation of the certain stages of capitalist development.

¹⁰⁸ qtd. in Carole Pateman, “the Patriarchal Welfare State,” in *the Welfare State: a Reader*, ed. Christopher Pierson and Francis G. Castles. Cambridge: Polity Press, 2000. 133-153. 139.

benefits; the very inequality in labor market participation perpetuated by the social policies led to gendered bifurcation into employment-based, male-dominant National Insurance and means-tested, meagre, stigmatized and feminized Income Support. The severe lack of public child care provision, which had a paltry capacity of 26,000 in 1974 after three decades of welfare state expansion, exacerbated the gendered segmentation of labor market.¹⁰⁹

The alternative to the male breadwinner model is the system in which the cost of reproduction of labor power is borne by the state, rather than by those who perform unremunerated care labor. The ways in which the state pays for them include income transfer to domestic laborers and direct provision of services. The limited forms of income transfer exist in many highly-developed welfare states, especially as an allowance for child care; in Britain, universal Family Allowances represents one of the cornerstones of the postwar British welfare state. Family Allowances are directly paid to mothers, enabling them to have an independent source of income, however meagre. In the planning of the Family Allowances implemented in 1945, feminist politician Eleanor Rathbone successfully argued for the payments to women for the sake of financially empowering them within households.¹¹⁰ Yet, its implications for gender politics are highly ambivalent, since the program is based on maternalistic ideas and assumptions which could perpetuate the inequality in housework and lack of women's empowerment through labor market participation. The "wages for housework" platform adopted by the feminist movements in the '70s is a more radical claim along the same lines with similar,

¹⁰⁹ Anna Coote and Beatrix Campbell, *Sweet Freedom: the Struggle for Women's Liberation*. Oxford: Blackwell, 1982. 87.

¹¹⁰ Mary McIntosh, "the Patriarchal Welfare State," in *the Welfare State: a Reader*, ed. Christopher Pierson and Francis G. Castles. Cambridge: Polity Press, 2000. 119-132. 126.

more exacerbated dilemmas. While it could be argued that that state-centric welfare system is nothing but replacement of “private patriarchy with public patriarchy,”¹¹¹ the crucial difference between them is the public provisions are based on recognition of social rights rather than the husband’s benevolence and can be claimed through collective political struggles.¹¹²

In contrast with cash provisions, service provision by the state is far more clearly emancipatory as it lessens the burden of unpaid care labor, facilitates women’s employment on equal conditions outside the households, and ensures that the welfare production is paid for by the public at the same time.¹¹³ Furthermore, the expansion of the public sector in social services has provided a crucial source of employment opportunities for women.¹¹⁴ As such, there is a structural affinity between de-commodification and de-familiarization; de-familiarization requires de-commodification of welfare. Despite the ostensible claims of liberals that market provision of welfare also leads to de-familiarization, the liberal-minimalist welfare states are in fact as familiarist as the conservative welfare regime, since welfare provided through the market only represents de-familiarization for the rich (unless it involves adequate levels of state subsidies, which

¹¹¹ qtd. in Fraser, “What’s Critical about Critical Theory?,” 123.

¹¹² Pateman, “Patriarchal Welfare State,” 145.

¹¹³ Qualitative, regulatory aspects of public social services are often undemocratic, alienating or oppressive. However, public provision of welfare services needs not entail bureaucratic forms of control and does not specify particular service practices over others, though high-quality services need to be well-funded. The expansion of the welfare state requires initial and periodic exercise of power by the central sovereign state to ensure its viability, but the everyday operations of services could be decentralized and democratized.

¹¹⁴ Concentration of the female labor force in certain sectors is, of course, due to the dominant gender system; nonetheless, the emancipatory impact of employment opportunities in public social services is real.

defeat the liberal principle).¹¹⁵ It is not coincidence that the social democratic, universalist welfare state model represents the most advanced form in both aspects.

Welfare Production, Productivity and Capitalism

Capitalist markets cannot produce adequate welfare activities and reproduce functioning society and the market economy on its own without interventions by the extra-market institutions such as the family or the state. However, even though capitalism needs extra-market production of welfare, it does not recognize welfare activities as a part of capital accumulation. Welfare production, either through the state or the family, does not yield profits for the capitalist sector; the state services only produce use value, and not surplus value. The welfare state expenditure (whether it be through service provision or income transfer) does increase the aggregate demand and output in the economy, but only if it results in expansionary fiscal policy (i.e. taxes do not rise as much as the expenditure).¹¹⁶ The constant production of surplus value and its re-investment is a precondition for capitalist economic growth, which is hindered by higher public expenditure and revenue - even though non-market welfare production is necessary for capital accumulation to a certain extent, the universalistic welfare state is more expansive than the minimally necessary level of welfare activities. Since the highly-developed welfare state can hinder accumulation of profits and economic growth, the welfare state is seen as superfluous luxury which is “unaffordable” and whose retrenchment is objectively necessary in the times of economic crisis and/or slow growth. The dominant

¹¹⁵ Gøsta Esping-Andersen, *the Social Foundations of Postindustrial Economies*. New York: Oxford University Press, 1999. Ch. 4.

¹¹⁶ It has been estimated that in the real British economy, “tax revenue needs to exceed expenditure by about 8 percent for the budget to have a neutral impact on national income,” due to the positive multiplier effects of public spending. (Gough, *Political Economy*, 103.)

perception of the welfare state spending as “unproductive” has dual origins – capitalist-structural and ideational.

The “necessity” to reduce the scope of social policy is, to a certain extent, rooted in the structure of capitalism and can only be overcome through the limiting or abolishing capitalism. An economic condition that is hostile to capital accumulation (or rather, capital’s perception as such, manifested in “business confidence”) would lead to capital flight or an investment strike. As Offe notes, capital’s power to obstruct democratic politics, including extensive social policies, is based upon their institutional capability to inflict the “ultimate political sanction [which] is non-investment or the threat of it,” aggregate exercise of which is economic crisis and depletion of revenue for the welfare state.¹¹⁷ As long as the vast majority of productive resources are owned by the capitalist sector and “investment decisions obey the rule of maximum expected productivity,” the Keynesian welfare state is self-limiting and “must ‘positively subordinate’ itself to the capitalist economy.”¹¹⁸ Therefore, overcoming such anti-democratic constraints upon the welfare state requires “the logic of vetoing capital’s use of veto power which forecloses exactly that one option upon which the class power of capital resides: the option not to invest and thereby to withdraw society’s resources from societal use”, through the capital and exchange control to prevent capital flight combined with the shift towards public ownership of productive resources substantial enough to withstand capital’s investment strike, as envisioned in the Swedish wage-earner fund model.¹¹⁹

Productivist ideologies and assumptions facilitate welfare state retrenchment, and constitute an integral aspect of the politics whose only vision after the Fordist “golden

¹¹⁷ Offe, *Contradictions*, 244.

¹¹⁸ *Ibid*, 244, 15.

¹¹⁹ *Ibid*, 245.

years” has become, unwittingly or not, *de facto* neoliberalism. Productivism directs the government towards the policy paths that require maximum capital investment even at the expense of social policy aspirations, subordinating democratic politics to the capitalist power. Holding maximum production for the sake of maximum consumption to be a definition of good life is distinct from aiming for the minimal level of productivity necessary to attain other socially desirable ends, such as the universalist welfare state with secure social services and maximum freedom from wage labor (shorter working hours). Left-productivist politics regards higher growth rate as an essential precondition for redistributive policies, and it has been a cornerstone of social democratic politics at least since Bernstein; however, there is no *a priori* reason for Left politics to privilege private consumption of goods and services over other liberatory goals.

In terms of concrete policies, non-productivist politics would imply increased levels of taxation to finance public welfare services as well as robust, de-commodifying guarantee of income security, as outlined in the earlier chapter.¹²⁰ Redistributive principles would indicate the preference for tax increase in a heavily progressive, graduated manner, with an emphasis on taxation upon corporate profits and capital gains. However, in addition to redistribution, the tax-financed expansion of the welfare state would entail the greater levels of production and consumption of welfare services (and consequent freedom), at the expense of forgone private consumption. As the welfare state expands to a social democratic level, the burden of taxation for the so-called “middle class” could proportionally rise, creating a condition in which a political coalition for the

¹²⁰ If the substantial portion of the means of production are owned by the state, the state can yield surplus value from publicly-owned industries that could be used to finance social services; however, profit-making imperatives in the public system of production are likely to conflict with democratic and social character of the publicly-owned means of production.

further social policy expansion is rendered difficult. Whether this outcome is desirable or not is inherently a normative and political question, contrary to the oft-made arguments for retrenchment as the only objectively viable option.¹²¹ The tax increases would not represent an objective decline in the standard of living, when it would accompany the rise in the social wage.

The anti-welfare state ideology privileges private consumption over the realm of freedom as free time in the distributional conflicts. The potential increase in private consumption that follows lower income tax rate would disproportionately benefit men due to the gendered disparities in employment and income. Furthermore, productivist goals are accomplished with longer working-hours for unpaid welfare providers, most of whom are women. As Anna Coote and Beatrix Campbell argue, the burden of welfare production would be shifted from the tax-paying public to the unpaid carers, rather than simply disappear; “when it ceases to be convenient to spend money on public services, responsibility is handed back to those two euphemisms for unpaid female labour, ‘the community’ and ‘the family’.”¹²²

There is an iron triangle among productivism, masculinism and capitalism in which each facilitates the other two. Productivism is a cultural condition of capitalism that affirms and legitimizes its fundamental law of motion that never ceases to exhort “accumulate, accumulate!” by prioritizing what capitalism deems as productive;

¹²¹ Baumol’s law is often invoked as an objective mechanism for the tendency of labor-intensive welfare state services to become less affordable over time. However, the Baumol’s law only concerns the relative productivity growth of services and manufactured goods; services become relatively more costly compared to manufactured goods, but the absolute productivity of services does not decline. Due to the Baumol’s law, the expansion of public social services limits the extent of private material consumption to a greater extent than it would otherwise be the case, which poses an additional political challenge to the supporters of the welfare state; nonetheless, it essentially remains a political question.

¹²² Coote and Campbell, *Sweet Freedom*, 81.

capitalism structurally functions to realize productivist goals.¹²³ Masculinism aids capitalism and productivism by providing an ideology that glorifies the system of reproduction of labor power and socially-necessary care labor that incurs the cheapest cost and least threat to capital (women's unpaid labor in families), and capitalism buttresses masculinism by preventing the rise of de-familiarizing welfare state.¹²⁴ Productivism is connected to masculinism, not only in a discursive, cultural sense suggested by quasi-essentialist versions of ecofeminism; productivism serves to lengthen women's working hours and disregards the politics of working time, and masculinism devalues the economic activities considered unproductive by productivists.

These connections between productivism, masculinism and capitalism illuminate the ideational path dependence at the crisis of Fordism, in addition to the institutional path dependence; *the persistence of Fordist ideas on the Left obscured the emancipatory post-Fordist visions of political economy.*¹²⁵ From a purely class perspective, the male breadwinner model of welfare production is not necessarily inferior for workers compared to extensive public welfare provision. However, ideational aspects of Fordism induced the interpretation of the welfare state expenditure as a burden to the economy, an obstacle to the priorities such as capital accumulation and lower tax rate, and replaceable due to the expectation of unpaid, private welfare provisions. The failure to normatively assert and prioritize the liberatory aspects of the welfare state at the crisis of Fordism,

¹²³ The presented argument does not imply that capitalism is superior to socialism in achieving productivist goals. For the mechanism of capitalist accumulation, see David Harvey, *the Limits to Capital*. London, Verso: 1982. Ch. 6.

¹²⁴ The example of the Nordic welfare state model suggests that the de-familiarizing, de-commodifying tendencies can be accommodated with capitalism to a certain extent. However, the trend towards retrenchment in Scandinavian states in recent years indicates the limit of such compatibility.

¹²⁵ To an extent that the "base determines superstructure" – masculinism and productivism are simply reflections of the Fordist economic regime of accumulation without a life of their own – ideational analysis becomes difficult to sustain. Nonetheless, it is analytically fruitful to examine the role of ideas and values as part of the general analysis of interactions between base and superstructure.

especially by the historic champions of the welfare state on the center-left, enabled the neoliberal discourse of retrenchment to be presented as the only alternative.

Even considering capital's structural power to withdraw investment and halt production, masculinism and productivism were pivotal in facilitating Labour's often reluctant acquiescence to the capitalist imperatives. Furthermore, in so far as the beginning of retrenchment was conditioned by the constraints of capitalism itself and the alternative course of action would have required a shift to socialism, productivism and masculinism also thwarted the possibility of politics to transcend capitalism. Adam Przeworski explains the institutional reproduction of capitalism with the "valley of transition thesis", which disputes the workers' propensity to rally for socialism due to the short-term damage to the material interests of workers in the course of an attempt to realize socialism.¹²⁶ A certain level of disinvestment and capital flight is inevitable in a transition to socialism, however swift the political action is.¹²⁷ Therefore, even if the long-term material interests of the workers in socialism are (perceived to be) superior to that of capitalism, it would be "irrational" for workers and their political representatives to embark on a socialist project which results in immediate decline of their consumption levels, which is especially acute in the times of capitalist crisis, rather than minimize the damage through class compromise. Since Przeworski assumes workers to be "rational actors" and he explicitly assumes "improving the material welfare" to be the workers' sole aim,¹²⁸ his analysis posits a pessimistic conclusion regarding the socialist potential in

¹²⁶ Adam Przeworski, *Capitalism and Social Democracy*. Cambridge: Cambridge University Press, 1985. Ch. 5.

¹²⁷ *Ibid.*, 199.

¹²⁸ Przeworski does not argue that the rational choice assumption is empirically accurate, *Ibid.*, 162. In "Postscript", he writes that "socialism may perhaps become possible... only on the condition that this movement ceases to make the socialist project conditional upon the continual improvement of material

advanced capitalism. However, what he also demonstrates is the importance of the productivist ideas and aims, which close off the path to socialism and leave acquiescence to the capitalist imperative (proto-neoliberalism in the 1970s) as the only palatable political option.

In the sections below, I examine and demonstrate the Fordist ideational path dependence in the case of the British Labour Party. Productivism and masculinism reigned as dominant values in the Labour Party, whose Attlee government established a comprehensive and often universalistic, yet Fordist-patriarchal, welfare state in the immediate postwar years. The Labour Party was in government in the crucial years of 1974-79, in which the foundations of the Fordist-Keynesian settlement crumbled down; the governments of Harold Wilson and James Callaghan took a reluctant, small yet unmistakable step towards neoliberalism. The British case is not necessarily representative of all forms of Fordism, productivism or masculinism in Western advanced capitalist societies; the validity of the general theory on Fordist ideational path dependence in the rise of neoliberalism as dominant post-Fordism needs to be further examined comparatively.¹²⁹ In particular, the unique acuteness of the economic crisis in Britain, as evidenced in the emergency IMF loan with austerity directives, does lend stronger credence to an argument based on capitalist-structural constraints.¹³⁰ However,

conditions of the working class” as part of the “utopian analyses”, the possibility of which can only be known “by practice.” (*Ibid.*, 247-248)

¹²⁹ The Mitterrand government in France and the Swedish Social Democrats represent the cases in which the center-left parties in government leaned more strongly towards Left alternatives. The post-Fordist Dutch welfare state, which some scholars characterize “post-productivist,” could also provide a relevant comparative case. (Robert E. Goodin, “Work and Welfare: Towards a Post-Productivist Welfare Regime,” *British Journal of Political Science*, 31.1, Jan 2001. 13-39.)

¹³⁰ Coates, *Labour in Power?*

through an examination of the historical development of ideas in a particular society and party, the empirical foundations of the ideational path dependence can be elucidated.

Productivism in the Labour Party

Productivism, the idea that espouses the primacy of economic growth as the fundamental basis and prerequisite for improving workers' lives, has always been central to the philosophy and the spirit of social democracy and modern trade union movements, and particularly so in the British Labour Party. The party's campaign in 1964 put the belief in progress through ever-increasing industrial production to the very forefront of its platform, message and identity. After 13 years in the wilderness of the opposition, they vigorously campaigned for the vision of the "New Britain" which was "going to be forged in the white heat of technology" as expressed in Harold Wilson's defining phrase; Labour's 1964 manifesto was committed to "mobilising the resources of technology under a national plan" as its priority.¹³¹ Labour stood for modern rational planning for the sake of growth that would benefit the entire nation, pitting themselves against the antiquated, obsolete Tories and linking them with the perceived British decline. The rationale for socialism came to be defined by Fabian technocratism than class politics, let alone emancipatory values. Once in office, they drafted the *National Plan* through the Department of Economic Affairs as "Labour's blueprint for action," in which they unequivocally argued for the supremacy of private manufacturing-driven economic growth as foremost priority and aimed to grow the GDP by 25% in five years; their emphasis on manufacturing was so extreme that it was even disliked by the

¹³¹ David Coates, *the Labour Party and the Struggle for Socialism*. London and New York, Cambridge University Press, 1975. 99.

Confederation of British Industry (CBI) as too biased.¹³² The *National Plan* “contained no teeth at all” to properly ensure its success except “by exhortation”, and ended up in failure to achieve its own goals.¹³³ However, the *National Plan* did direct considerable investment grants and subsidies to private firms to build capital facilities and Research and Development, which amounted to more than £1.1 billion in the 1969-70 fiscal year.¹³⁴ The government assistance to capitalist industry more than tripled since Wilson took office in 1964; the rate of increase of public expenditure for “trade and industry” was also nearly three times higher than that of social policy expenditure during the six years of Labour Government.¹³⁵ The government’s deflationary turn, due to the adverse economic circumstances, further strengthened resolve to improve “competitiveness” through continued spending on private industry, while simultaneously squeezing the fiscal resources for other policy agendas including social policy. Such an extensive use of the state’s fiscal resources to promote private capital accumulation was hardly accompanied with any platform to socially determine the character of the production or substantial redistribution of capitalist profits. The introduction of capital gains tax in 1965 did accompany the extensive state promotion of businesses, but it was primarily designed to encourage “retention of profits rather than their distribution as dividends” and hence investment in production.¹³⁶ Despite the continued presence of the Clause 4 (the Gaitskellite motion to eliminate it was defeated at the Party Conference a few years

¹³² Jim Tomlinson, “the Labour Party and the Capitalist Firm, c. 1950-1970,” *the Historical Journal*, 47:3, Sep. 2004. 685-708. 698.

¹³³ Coates, *Labour Party*, 116.

¹³⁴ Tomlinson, “the Labour Party,” 700.

¹³⁵ *Ibid.*, 700-701.

¹³⁶ Clive Ponting, *Breach of Promise: Labour in Power 1964-1970*. London: Hamish Hamilton, 1989. 279.

before), the expansion of public ownership of means of production was limited to the steel industry, again with the foremost aim of directly increasing productivity.¹³⁷

Labour's particular conception of productivity based on the primacy of private manufacturing is most explicitly manifested in the Selective Employment Tax (SET), introduced in July 1966 as part of the crisis budget. SET was designed in order to promote the manufacturing sector while punishing the service sector, based on the belief that the service sector was absorbing too much labor power and stifling the growth of manufacturing. SET was charged on all employers (£ 1.25 per employee), but manufacturing industry would receive a refund of the entire amount plus a premium of 37.5p per employee, while services would receive no refund at all. (Agriculture would get refund but no premium.)¹³⁸ As the net effect of SET on budget was an increase in state revenue, James Callaghan, then Chancellor of the Exchequer, saw SET as a less explicit and less politically damaging form of tax increase.¹³⁹ However, short-term political expediency aside, the SET as the brainchild of Nicky Kaldor, the Keynesian economist and advisor to the government, demonstrates the productivist idea that guided and constrained Labour. Kaldor promoted manufacturing-oriented productivism through his "growth laws"; that "the fast rates of economic growth are almost invariably associated with the fast rate of growth of... manufacturing" since the level and rates of growth of productivity is higher in manufacturing than in other sectors, particularly services.¹⁴⁰ Furthermore, he argued that "productivity [would] increase in response to increases in

¹³⁷ Coates, *the Labour Party*, 100. Dissatisfaction with the public contribution to private capital accumulation also led to a rising call for industrial democracy.

¹³⁸ Ponting, *Breach*, 185.

¹³⁹ *Ibid.*

¹⁴⁰ Nicholas Kaldor, *Strategic Factors in Economic Development*. Ithaca, NY: Cornell University School of Industrial and Labor Relations, 1967. 7, 11-12.

total output” of manufacturing, due to the economies of scale; hence, “a greater concentration of labor in manufacturing tends to bring about a higher average rate of productivity growth.”¹⁴¹ He posited the virtuous cycle of growth arising out of increase in manufacturing production and investment that feed on each other, which greatly influenced the government’s belief in the necessity of investment in private manufacturing sectors for eventual recovery of high growth rate.

Productivism and the Political Economy of Social Policy

Productivism lay at the heart of contestations over political economy of the welfare state. Despite the attachment to the British welfare state as the Attlee government’s legacy, the idea of expansion of the welfare state did not have consensus in the Labour Party even in the early Wilson years. The Labour Government of 1964-70 started to be beleaguered with economic troubles soon after the victorious election of March 1966; the crisis of July 1966 was a precursor to recurring crises of increasing magnitude in a decade and more to come, and the crucial turning point for the government. In July 1966, the Labour government’s decision was to “implement the standard Treasury deflationary package,” even though they were faced with “a range of options from import controls and defense cuts through devaluation to deflation.”¹⁴² The wage freeze constituted a major part of the crisis package, as well as spending cuts.¹⁴³ Since then, the Labour government often faced an unenviable choice of expenditure reduction, import control or devaluation in the face of increasing international market

¹⁴¹ *Ibid.*

¹⁴² Ponting, *Breach*, 200.

¹⁴³ Martin Rhodes, “Desperately Seeking a Solution: Social Democracy, Thatcherism and the ‘Third Way’ in British Welfare,” *West European Politics*, 23:2, 2000. 161-186. 167.

pressures in currency and balance of payments and dealt with them in a mixed manner, combining contractionary fiscal policy, devaluation (in November 1967) and insignificant use of direct controls.¹⁴⁴ Import and exchange controls were discussed as a theoretical possibility, but never seriously considered for implementation.¹⁴⁵ Due to the predominance of deflationary packages over other options, there have been discussions on “the end of the Keynesian era” as early as in 1967.¹⁴⁶ In January 1968, sweeping expenditure cuts put an end to a variety of the government’s signature commitments in social policy, such as the expansion of public education (i.e. raising of the school-leaving age), public housing and the abolition of NHS prescription charges. Though the deflationary budget also contained a substantial reduction of military expenditure through withdrawal of imperial “East of Suez” operations and tax increases, there was no discussion of alternatives to spending cuts in the face of a blow to Labour’s social justice commitments.¹⁴⁷ The lower-than-desired growth rate in itself does not explain the reasons behind their course of action; the ideas and political dynamics determined how the Labour government responded to the economic situations. As Coates puts it, “the aspirations... to use State power to redress the uneven distribution of social privileges and rights had been abandoned” in the Wilson era because “the search for the conditions under which sustained economic growth could be achieved had been allowed to drown completely any vestigial interest in social reform”; the retreat from the socialist purpose was “part of its overriding commitment to the creation of those conditions under which a

¹⁴⁴ Coates, *Labour Party*, 105.

¹⁴⁵ Ponting, *Breach*, 191.

¹⁴⁶ qtd. in Kenneth O. Morgan, *Britain Since 1945: the People’s Peace*, Oxford: Oxford University Press, 2001. 273.

¹⁴⁷ Ponting, *Breach*, 308.

predominantly private economy could achieve economic growth.”¹⁴⁸ The connections between Labour government’s lack of commitment to the welfare state and the productivist priorities were also expressed by exasperated Barbara Castle, who commented that “we were once again proving that we had no policy for redistributing wealth. We couldn’t even find a way of enabling ordinary people to share in the industrial increment. Everything had to be subordinated to the management of the economy, and in a capitalist one, that meant the continuation of inequality was essential.”¹⁴⁹

The first Wilson government did implement some quantitative increase in National Insurance benefits and provision of personal social services, and introduced earnings-related benefits for unemployment, sickness, widows and industrial injuries in 1966 (which was further extended in 1975); indeed, the quantitative expansion of the welfare state in the sixties was significant.¹⁵⁰ These changes were positive and more than trivial, despite numerous setbacks that ambitious social policy agendas suffered. However, what was of the negative, long-term significance was the failure to make qualitative changes to the welfare state towards a more social democratic model, which would have institutionally entrenched itself over time. The ideas underlining the 1964-70 Labour Government were an immediate precursor to those that shaped Labour’s performance in the critical 1970s, and therefore had important path-dependence implications. In particular, the politics over unsuccessful attempts to establish the incomes guarantee and public supplementary pension clarifies the starting point of path

¹⁴⁸ Coates, *Labour Party*, 115-116. The extreme hesitancy to devalue the pound also had an enormous impact. The power of the City’s financial capital over other forms of capital, as well as the obsession with British glory, contributed to the prolonged maintenance of the high pound despite its damages.

¹⁴⁹ qtd. in Shaw, *the Labour Party*, 91.

¹⁵⁰ Stephen Thornton, *Richard Crossman and the Welfare State: Pioneer of Welfare Provision and Labour Politics in Post-War Britain*. London and New York: Tauris Academic Studies, 2009. 112. Eric Shaw, *the Labour Party since 1945: Old Labour: New Labour*. Oxford: Blackwell Publishers, 1996. 92.

divergence from the potential development towards the social democratic model, the truly universalistic public welfare system with a broad political base that is high-quality and relevant for the majority of the people, not only for the most dispossessed.

The incomes guarantee, originally proposed as a measure to alleviate the inadequacy of the pension system, was also designed to solidify the idea of social rights as a major step towards de-commodification. It was modelled after the non-means-tested Swedish housing benefits, which constitutes a part of the distinct social democratic model of social policy.¹⁵¹ Labour's 1964 election manifesto made an explicit commitment that "for those already retired and for widows, an incomes guarantee will be introduced. Those whose incomes fall below the new minimum will receive as of right, and without recourse to National Assistance, an income supplement"; the novel idea gained widespread attention in the 1964 campaign.¹⁵² However, disorganization and the general lack of commitment to such a transformative change soon took the incomes guarantee off the government's agenda and prevented its implementation; and so did the consideration that the guaranteed minimum income "would not contribute towards faster economic growth", as succinctly and unequivocally expressed in the *National Plan*.¹⁵³

The most consequential of the failure of potential qualitative changes can be found in their pension politics. In 1957, the Labour Party conference adopted the substantial reform agendas for National Superannuation. Developed by Richard Crossman in consultation with the eminent social policy scholar Richard Titmuss, the reform would have created an expansive, redistribute public pension system which would be the basis of the "middle-class welfare state." The basic Beveridge-style pension

¹⁵¹ Thornton, *Richard Crossman*, 103-104.

¹⁵² *Ibid.*, 107.

¹⁵³ Coates, *Labour Party*, 115.

scheme, established in 1946, was so inadequate that many seniors had to seek further means-tested assistance, and led to the bifurcation between grossly inadequate flat-rate public pension and the additional private pension for the middle-class, which Crossman called the “apartheid in the old age” and had robbed the public pension system of the original universalist principles.¹⁵⁴ Not only the comprehensive public pension scheme would obviate the large-scale private pension funds and consolidate the political base of the universalist welfare state, the public pension fund would function as a massive public investment fund, enabling the government to make investment decisions based on social and public priorities.¹⁵⁵ The Crossman plan was equivalent of the Swedish supplementary pension scheme (*Allmän Tilläggs pension*, ATP), the crowning achievement of Swedish social democracy. ATP was instrumental in institutionalizing the political base of support for the welfare state among the newly-emerging middle class, and also amassed massive investment funds which could be used to democratically make the investment decisions for these capital. The Swedish Social Democrats recognized its crucial importance, and vigorously pursued it against strong bourgeois oppositions in the fifties, going so far as to dissolve the Parliament for it and hold a successful national referendum in 1958.

As with the incomes guarantee proposal, the Labour Government hesitated in inaction on pension reform for more than three years since 1964, even after they had won the comfortable majority in the 1966 election. Furthermore, pension programs’ fiscal impact is of enormous importance since it comprised two-thirds of the entire social policy

¹⁵⁴ Barbara Castle, *Fighting All the Way*. London: Macmillan, 1993. 463.

¹⁵⁵ Robin Blackburn, *Banking on Death: or, Investing in Life: the History and Future of Pensions*. London and New York: Verso, 2002. 283.

expenditure.¹⁵⁶ The issue finally came to surface again when Richard Crossman was appointed Secretary for Social Services in 1968, but the original plan for public supplementary pension was diluted so as to protect the considerable presence of the private occupational schemes through contracting-out provisions. The compromised reform plan was finally introduced in January 1970, but ultimately failed to pass before Wilson dissolved the Parliament for an election, again demonstrating their utter lack of commitment to reform.¹⁵⁷ After the years of stagnation in pension politics, Labour was able to pass the State Earnings Related Pension Scheme (SERPS) in 1975, spearheaded by Castle who was serving as Secretary for Social Services. SERPS created a public, redistributive supplementary pension in addition to the existing flat-rate pension, and tied the levels of basic public pension to price or wage levels, whichever was higher, to end the pensioners' reliance on means-tested assistance.¹⁵⁸ While SERPS did mark a high point of Labour's postwar social policy achievements, it could not become substantial enough to institutionally entrench itself or create the socio-political foundation of the expansive welfare state (unlike the Swedish ATP) due to the public spending cuts.

As the sixties came to an end, even more systemic and deeper crisis of the entire Fordist-Keynesian mode of production started to surface. Unemployment rose by nearly 60% from 1964 to 1970, and corporate profitability declined markedly throughout the sixties, indicating the lack of success of their productivist vision outlined in the *National Plan*; the structural economic crisis in Britain mirrored that of the global economy, in

¹⁵⁶ Susan Pedersen, *Family, Dependence, and the Origins of the Welfare State*. Cambridge and New York: Cambridge University Press, 1995. 414.

¹⁵⁷ Hugh Hecllo, *Modern Social Politics in Britain and Sweden: from Relief to Income Maintenance*. New Haven, CT: Yale University Press, 1974. 278.

¹⁵⁸ Nicholas Barr and Fiona Coulter, "Social Security: Solution or Problem?" in *the State of Welfare: the Welfare State in Britain since 1974*, ed. John Hills, Oxford and New York: Oxford University Press, 1990. 279.

which the crisis of overproduction started to surface since the late sixties.¹⁵⁹ The failure of the first Wilson government to accomplish its own goals, let alone liberatory political causes, energized the Labour Left to an extent unseen since the 1930s. Labour's defeat in 1970 discredited the "unbridled pursuit of economic growth under private control" of the early Wilson years, and altered the rhetoric and terms of debate in the party.¹⁶⁰ The surge of trade unions' power and labor militancy, which was facilitated by the two decades of Keynesian full employment and the consequent strengthening of its structural power, proved to be a crucial factor that enabled the leftist resurgence; trade unions were no longer the reliable bulwark of conservatism in the party. The powerful mobilization of the Labour Left led to their major victory at the 1973 Party Conference that adopted the *Labour's Programme for Britain*, a radically socialist program unthinkable a decade before. The *Programme* pledged to create "no less than a new social order" that "put[s] the principles of democracy and Socialism above considerations of privilege and market economics," by "bring[ing] about a fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families."¹⁶¹ In addition to extensive nationalization, the *Programme* pledged "a substantial shift in the emphasis now put on job creation, housing, education and social benefits" in order to "increase social equality," and to "improve the environment" as well.¹⁶² Labour's 1974 election manifestoes were more moderate than the *Programme*, but promised the "fundamental and irreversible shift" in both election campaigns that year.

¹⁵⁹ Ponting, *Breach*, 393, Andrew Glyn and John Harrison, *the British Economic Disaster*, London: Pluto Press, 1980. 52.

¹⁶⁰ Coates, *Labour Party*, 209.

¹⁶¹ qtd. in Coates, *Labour in Power?*, 1-2.

¹⁶² *Ibid.*, 2.

However, the *Programme*'s goal was soon frustrated with the intensifying fiscal crisis and inflation. Despite the constant setbacks in social policy and the fact that Britain recorded the lowest growth rate of welfare spending among the major OECD countries, the public expenditure did indeed increase throughout the 1960s.¹⁶³ In 1971, state expenditure comprised 50.3% of Britain's GDP and roughly half of the state expenditure (23.8% of the GDP) was spent on social services, compared to 42.1% and 17.6% respectively a decade before.¹⁶⁴ The causes of the rising proportion of state expenditure can be attributed to the rise of relative costs of welfare services such as health and education due to the so-called "Baumol's disease," growing needs for income maintenance because of increasing unemployment, successful struggles of public sector unions and improved services or coverage to a certain extent.¹⁶⁵ As the "Labour Government of 1974-79 faced the toughest set of public expenditure decisions that had been confronted by any government since 1922," public welfare spending was faulted as the cause of inflation, budget deficit and an obstacle to more "productive" investment by the dominant, establishment Right of the Labour Party, which was particularly strong in the Parliamentary Party and occupying the key posts including Prime Minister and Chancellor of the Exchequer.¹⁶⁶ Hence, even though the high-quality and expansive social services were pledged in the manifesto, public sector spending started to be cut as early as in November 1974, and the pattern continued and accelerated throughout the life of the Wilson-Callaghan government; in November 1975, expenditure cap was set upon

¹⁶³ Shaw, *Labour Party*, 92.

¹⁶⁴ Gough, *Political Economy*, 77.

¹⁶⁵ *Ibid.*, 84-94.

¹⁶⁶ James Callaghan defeated Michael Foot and Tony Benn in the Labour Party's 1976 leadership election following Wilson's resignation, demonstrating the strength of the Right within the party.

all programmes for cost control.¹⁶⁷ The Labour government did accomplish significant, progressive reforms in social policy such as Child Benefits Act and State Earnings Related Pension Scheme (SERPS) in 1975. However, these were too little and too late to accomplish any macro-level alternative to the trend towards welfare state retrenchment.

Faced with the severe concerns over inflationary and fiscal impact of public welfare spending, the Labour Right combined productivism with the belief in accommodation with the forces of private capital and open market, which is emblematically reflected in Healey's statement that "the Government must live with the judgments of the [international] market, whether they like them or not."¹⁶⁸ The imperative to seek investor confidence in the market demanded that they subordinate social agendas to creating conditions most conducive to capitalist investment, and it was clearly manifested in the debate over the Cabinet decision to accept IMF bailout in December 1976. The IMF bailout was the most dramatic and fateful, "a political decision as grave as any in our history" as described by Tony Benn.¹⁶⁹ The debate was about the starkly different paths for British political economy after the collapse of the Keynesian consensus. As the economic growth slowed and the Keynesian solution to satisfy both social and market imperatives became increasingly unavailable, productivism with reformist faith in capitalism led them towards proto-monetarist radical retrenchment, as exemplified in Healey's remark during a tense Cabinet debate; "we must fortify confidence and we could do that by reshaping PSBR [budget deficit]; for example, cuts in public expenditure would be very welcome and the supplementary benefit and

¹⁶⁷ Coates, *Labour in Power?*, 30; Rodney Lowe, *The Welfare State in Britain since 1945*. New York: St. Martin's Press, 1999. 305.

¹⁶⁸ Coates, *Labour in Power?*, 39.

¹⁶⁹ Benn, *Against the Tide*, 662.

unemployment pay are factors here... if we are going to cut those or reduce them we could reduce the rates of tax on higher incomes. We must have more incentives for our managers.”¹⁷⁰

The IMF-imposed stringent conditions due to the acceptance of the bailout in 1976, as well as the spending cuts initiated on its own by the government, further drastically limited the government’s fiscal autonomy undermined their social policy commitment in the Social Contract, including increased public expenditure for the welfare state and extension of public ownership. The conditions for accepting IMF loans included substantial reduction of subsidies for food, expenditure for education and public purchase of housing; the Wilson-Callaghan government ended up presiding over the “largest cuts in real public expenditure that have occurred in the last fifty years.”¹⁷¹ The 1978 Supplementary Benefit Review explicitly put a renewed emphasis upon means-tested benefits, reversing the progress made only three years before. The effect was “like rack-renting a house” as one commentator put it.¹⁷² Labour’s proto-neoliberal social policy intended to maintain capitalist profit and manufacturing investment at the expense of reproduction of labor power, whose effect would be to sacrifice social development, leaving the people less educated and less healthier; the retrenchment led to long, growing NHS waiting lists, deficiency in educational quality, and gross poverty and inequality for low-paid workers and the increasing number of unemployed.¹⁷³ At the same time, retrenchment also meant the pursuit of more capitalist accumulation at the expense of lower remunerations and longer hours for domestic labor and consequent restrictions on

¹⁷⁰ *Ibid.*, 637

¹⁷¹ Peter M. Jackson, “Public Expenditure,” *Labour’s Economic Policies 1974-1979*, eds. Michael Artis and David Cobham. Manchester, Manchester University Press, 1991. 73-87. 73.

¹⁷² Hilary Rose, “Socialism and Public Expenditure,” *New Statesman*, 13 February 1976.

¹⁷³ Rhodes, “Desperately Seeking,” 171.

women's equal opportunities in labor market, since more care labor was transferred to the unpaid, domestic realm. As discussed below, the masculinist ideology of the family served as an ideological basis upon which reductions of the welfare state was justified.

Productivism itself was hardly a belief held only by the Right. The alternative, Left solutions proposed by Tony Benn were as productivist as it could get, as he was a firm believer in achieving faster productivity growth through nationalization of industries. The Alternative Economic Policy (AES) on the Left advocated for demand stimulation through reflation, protection of domestic industries through import control, and planned, efficient investment in the nationalized manufacturing industries, all of which would culminate in a faster economic growth.¹⁷⁴ While the AES advocated for the expansion of the social services as well, the proponents still tended to see them as additional to the core industrial program. As feminist theorist Anne Phillips puts it, AES-supporting “socialists argue that they can do what capitalism used to do, only better.”¹⁷⁵ Therefore, productivism enjoyed a hegemonic status in the Labour Party and the Cabinet, since there was no major group contesting its tenet. Both the Labour Left and the Right saw the untenability of the continuation of the Keynesian consensus, and agreed upon the imperative to revive and accelerate GDP growth through manufacturing. The Left believed that achievement of efficiency through nationalization, import substitution and reflation of domestic demand for manufactured goods; the Right believed that growth was best achieved through courting private investments through the international market and increasing exports. Labour was locked in the path of ideational path dependence,

¹⁷⁴ Bob Rowthorn, “the Politics of the Alternative Economic Strategy,” *Marxism Today*, January 1981, 4-10, 4; Anne Phillips, *Hidden Hands: Women and Economic Policies*. London: Pluto Press, 1983. 26-37

¹⁷⁵ Phillips, *Hidden Hands*, 33

which ran through the Party's history but particularly so since the call for solutions based upon the "white heat of technology."

Considering that the Labour Left that vehemently opposed the IMF settlement and the proto-neoliberal path since 1976 was also productivist, the immediate cause of the victory of the proto-neoliberal course should be attributed to the Labour leadership's faith in capitalism and antipathy to alternative, socialistic solutions. Furthermore, the Labour membership was deeply opposed to the leadership's direct rejection of social democracy, and the Right majority in the Cabinet wasn't even confident of winning the support of the Parliamentary Labour Party.¹⁷⁶ The lack of the Labour government and party leaders' accountability to the membership, which was to be a point of heated contention in the intra-party politics in the years to come, rendered it impossible for the party activists to stop their own party's betrayal of their cause.¹⁷⁷ Also, the strong capitalist bias of the Treasury and its unparalleled research resources gave a considerable advantage to the proto-monetarist side of the debate. Benn had to admit the relative incompleteness of the alternative strategy because he "ha[s]n't got the resources of an economic Ministry behind [him]."¹⁷⁸ The Treasury had the power to create perceptions of the state of the economy through the information and statistics they give to the government. Even Healey admits that he reduced the public spending more than necessary because the Treasury was "misleading the Government... about the true state of public spending in Britain"

¹⁷⁶ Benn, *Against the Tide*, 676.

¹⁷⁷ For details of the politics over Labour Party's internal democracy, representation and power structure, see Leo Panitch and Colin Leys, *the End of Parliamentary Socialism: From New Left to New Labour*, London and New York: Verso, 1997. Chs. 7 and 8.

¹⁷⁸ Benn, *Against the Tide*, 621.

and suspects that “the Treasury officials were content to overstate public spending in order to put pressure on governments which were reluctant to cut it.”¹⁷⁹

However, hegemonic productivism induced and predisposed them towards the proto-neoliberal retrenchment agenda. Firstly, desire for productivist growth furnished a powerful, convincing reason to accommodate to the dictates of private capital and the market. While Benn and his supporters argued that nationalization and import control were more conducive to economic growth over the long or medium term, it would be far more difficult to argue against the negative short-term implications of the left-productivist strategy, which is what Przeworskian “valley of transition” illustrates. As demonstrated above, the immediate imperative to satisfy the market was frequently and successfully deployed by the Right of the party. Healey was able to justify his course of action as that of “an eclectic pragmatist” who simply did what was best and necessary for the economy, because of the assumption that “most people would agree that the first responsibility of any chancellor is to manage the economy so as to produce the best possible combination of high growth and low inflation.”¹⁸⁰ Despite his claim to have had “deep scepticism about all systematic economic theories,” the idea of productivist growth, as well as capitalism, was so hegemonic that he did not even consider it as an ideology or part of a “systematic economic theory.”¹⁸¹ What David Harvey describes as “the Fordist political consensus that redistributions should be funded out of growth,” and the resulting notion that “slackening growth inevitably meant trouble for the welfare state and the

¹⁷⁹ Denis Healey, *the Time of My Life*, New York: W.W. Norton, 1990. 402.

¹⁸⁰ *Ibid.*, 383, 391-392.

¹⁸¹ *Ibid.*, 382.

social wage” are based on nothing but a particular value system which holds ever-increasing private material consumption to be a foremost goal.¹⁸²

Furthermore, productivism undergirded the discourses that consider public welfare services to be unproductive, and entrenched “declinist” discourses that denigrate the performance of the postwar British welfare state. As the productivist ideology defined the aim of political economy to be faster GDP increase in itself rather than the accomplishment of social goals, it came to pursue the former even at the expense of the latter. It privileged manufacturing and undervalued social services, based on the Kaldor’s growth laws that stipulate that manufacturing would contribute to GDP growth more than services. Therefore, productivist ideology ensures that expenditure concerning reproduction of labor power and social relations – social services – is cut first. The priority accorded to GDP growth is based upon certain values, since it cannot properly measure the well-being created through public services. As Howard Glennerster wrote in a widely-discussed *New Statesman* article on public expenditure, “the larger the share of public expenditure that is accounted for by public services, the less relevant GDP growth has to any measure of individuals’ welfare.”¹⁸³ “Baumol’s disease” indicates that services tend to be more expensive over time in relation to goods, but neither does it measure the *use value* of each. It is true, as productivists on the Labour Left and the Right argue, that the significance of manufacturing lay in the need for adequate exports in order to finance imports. However, beyond the minimal level of import which could proceed even under import control, the trade-off between private consumption of imports and social services is a political question without any objective economic answer. The dominant ideology

¹⁸² Harvey, *Condition*, 167.

¹⁸³ Howard Glennerster, “In Praise of Public Expenditure,” *New Statesman*, 27 February 1976.

dictated that more consumption was worth sacrificing the public services, which is starkly demonstrated by Callaghan who argued that “we must reduce tax levels at the top and bottom” at the very moment he was proposing the drastic spending cuts by £1 billion.¹⁸⁴

Because of these ideas, the possibility to conceptualize the welfare state as a resource for the economy and a source of investment and job creation was precluded. The welfare state was seen as no more than the channel for income transfer and immediate consumption (as opposed to investment), which was too superfluous and profligate in the times of economic crisis and misguided allocation of resources, even though the welfare state also includes *production* of services, albeit at a presumably slower growth rate than manufacturing. The perception of the need to concentrate resources upon private manufacturing was expressed in numerous remarks by the leaders of the Labour Government. Denis Healey, the Chancellor of the Exchequer, declared his intention to make “the shift in resources into exports and investment [his] first priority in economic management” over public expenditure in the November 1974 budget speech, and bluntly stated that “what we have to do is to shift more people from the public to the private sector.”¹⁸⁵ While Healey claims that he did not agree with the “right-wing economists [who argued that] Britain’s poor record was... due to excessive public spending, high taxation, the trade unions, or the welfare state”, his counterpoint that “it was due to inadequate investment, leading to low productivity” indicates the welfare state should be sacrificed for the sake of investment when fiscal resources are limited.¹⁸⁶ Callaghan also made repeated remarks to offer his ideological justification of welfare cuts. In April 1976,

¹⁸⁴ Benn, *Against the Tide*, 672

¹⁸⁵ Mark Wickham-Jones, *Economic Strategy and the Labour Party*. New York, St. Martin’s Press, 1996. 99.

¹⁸⁶ Healey, *the Time of My Life*, 404-405.

soon after his inauguration as Prime Minister, he argued that “investments on which a sensible rate of return can be expected... is the way we shall get full employment – not by transferring more and more jobs to the public sector.”¹⁸⁷ He commented during the Cabinet debate on the day of IMF bailout decision that “we must deal with social security benefits” by reducing it because he perceived the only available choices to be “between hitting the construction industry with the high unemployment that would follow or reducing the upgrading of the benefits.”¹⁸⁸ Echoing these hegemonic ideas, the official government White Paper explained the rationale for drastic cuts in 1976 as “to make possible a shift of resources into industrial investment and exports.”¹⁸⁹ The 1974-79 government’s actions demonstrate its belief; it was the capital investment in public welfare services which were hit the hardest in the Wilson-Callaghan years. Capital spending on social services declined even in the 1973-75 period, and in the 1975-77 period it declined by astonishing 22% while current spending slightly increased; by the 1977-78 fiscal year, capital spending in education and the personal social services were less than half of the figure recorded in the year 1973-74.¹⁹⁰ After all, the political costs of reducing the immediately visible current spending were higher than targeting investment in social services that would matter in the long-term, as long as they regarded the welfare state as cash drain and not the basis of future economy. This hegemonic dichotomy of productive manufacturing and less productive social services reigned throughout the party as a consequence of path dependence on Labour’s ideational heritage, even though many on the Left deemed social policy expenditure as more important than did the Right.

¹⁸⁷ Benn, *Against the Tide*, 672.

¹⁸⁸ *Ibid.*, 675.

¹⁸⁹ Jackson, “Public Expenditure,” 74.

¹⁹⁰ Gough, *Political Economy*, 130

Labour Party, Masculinism and the Welfare State

Productivism and masculinism concur in their aim to fund more capital accumulation or private consumption by shifting the burden of care labor from the paid public realm to the unpaid, domestic realm. Masculinism values the production of what is culturally considered to be “man’s job” more than those seen as “woman’s job”, thus it functioned as an ideological framework that promotes and lends solid credence to the productivist narrative that devalues care services and the process of reproduction of labor power, and contributed to the perception that social expenditure was unproductive. By doing so, productivist-masculinism not only puts women in an unfair labor market position by increasing their care burden, but it also reduces resources for the direct job creation for women through the welfare state itself, since the public care services employed large numbers of female professionals while in manufacturing sectors a small proportion of women workers tend to be relegated to marginal positions.¹⁹¹ Path dependence of the hegemonic masculinism of the Labour Party based on the exaltation of

¹⁹¹ Veronica Beechey and Tessa Parkins, *A Matter of Hours: Women, Part-Time Work and the Labour Market*. Cambridge: Polity Press, 1987. There is no *inherent* reason why creation of more jobs in the public sector is more women-friendly than those in the private manufacturing sector. That manufacturing is “men’s work” and care is “women’s work” are nothing but social construction (except for childcare immediately after childbirth), and gender equality in manufacturing jobs should also be promoted as a policy goal. Also, meanings of the public-private dimension and care-manufacturing dimension should not be confused; differences in available jobs are probably correlated more to the types of production rather than ownership structures. However, even though state-owned industries were hardly more conducive to women’s career than the private manufacturing sector, the political project to equalize gendered labor pattern in both manufacturing and services is far more plausible in publicly-owned factories or services than the privately-owned ones, considering that the public regulations of private industries (i.e. Equal Pay Act) are incomplete and difficult to universally implement. Explosive increase in private sector service jobs due to deindustrialization was beneficial for women’s job opportunities, but pay and conditions for most of these jobs were worse compared to those with public services. Furthermore, the expansive welfare state would enable the rise of trade unions with strong women’s representations and leadership, such as the National Union of Public Employees (NUPE), which can institutionalize the labor feminist representation.

“men’s job” systematically obstructed the development of the Fordist familiarist welfare state towards the social democratic model.

The postwar Fordist welfare state, which the Labour’s Attlee Government played a predominant role in its creation in Britain, thoroughly institutionalized the male breadwinner model. Beveridge summarized its assumption as that “the great majority of married women must be regarded as occupied on work which is vital though unpaid, without which their husbands could not do their paid work and without which the nation could not continue”; Labour proceeded to realize the idea promoted by the architect of the postwar welfare state.¹⁹² Despite Beveridge’s recognition of domestic labor as “vital”, however, it was responsibility without power for the women engaged in it. The primary responsibility of care labor – reproduction of labor power as well as maintenance of non-working population – was assigned to women in the family through familiarist social policy, such as the “cohabitation rule” that highly restricted access to means-tested benefits, designation of married couple as a taxable unit, and “dependents” category in the National Insurance. Furthermore, as the labor market and collective bargaining regimes conspired to limit women’s capacities to obtain equal, full employment opportunities, the distinctions between full-time workers and their dependents in National Insurance functioned in a gender-discriminatory manner. Put simply, the postwar British social policy was to guarantee “reasonable security of employment for the *breadwinner*,” and to consolidate women’s structural dependence upon their husbands on the assumption that all husbands are somehow benevolent and there is no distributional conflict within the families.¹⁹³ The Family Allowances directly paid by the state to

¹⁹² qtd. In Pateman, “Patriarchal Welfare State,” 140.

¹⁹³ *Ibid.*, 139, 145, emphasis original.

mothers constitute a major exception in a sense that it promotes women's financial independence, despite being deeply maternalistic. However, it has been comparatively meagre, and hardly adequate as the basis of livelihood for the mother and her children; therefore it remains "a subordinated and contested part of a welfare system organized largely around the wage."¹⁹⁴

These masculinist norms were pervasive throughout the postwar British society, and the Labour Party thoroughly absorbed the spirit of the male breadwinner model, even though it was always more of a myth than a reality for all women. The working-class was regularly discursively constructed as a class of working men and the party culture strongly reflected and replicated the male breadwinner model, as "the socialist movement in Britain has been swept off its feet by the magic of masculinity."¹⁹⁵ The popular identification of the Labour Party with masculinity was so strong that the Conservatives were able to retain the lead in support among female voters, albeit in a maternalistic manner, until the Thatcherite era.¹⁹⁶ Gender roles and hierarchy also pervaded within the party; the menial tasks of catering, cleaning and envelope-stuffing were assigned to the party's women volunteers while the powerful and public roles of conducting meetings, holding positions of power and campaigning on the streets were reserved for men, and women were even issued a differently-colored membership card.¹⁹⁷ Women's sections of the party also tended to accept the male breadwinner model and conceive "women's issues" as domestic duties in a conservative-maternalist rather than feminist way;

¹⁹⁴ Pedersen, *Family*, 415.

¹⁹⁵ Campbell, *Wigan Pier*, 97.

¹⁹⁶ Amy Black and Stephen Brooke. "The Labour Party, Women, and the Problem of Gender, 1951-66." *The Journal of British Studies*, 36:4 1997, 419-452. 420.

¹⁹⁷ Steven Fielding, *the Labour Governments 1964-70: Labour and Cultural Change*. Manchester, England: Manchester University Press, 2003. 114-116.

feminist party activists later criticized that they were only serving as a place for “pleasant, rather aimless social occasions” and perpetuating the notion that women were not serious political activists.¹⁹⁸ In 1967, a long-term woman activist described the Labour Party to be “the most male-dominated and masculine-oriented movement” that she had ever encountered.¹⁹⁹

The vigorous second-wave feminist movement swept through Britain since the late 1960s, pulling the Labour Party out of the “nadir of women’s rights” in the 1950s and 60s. Despite the decades steeped in masculinist ideology and culture, feminist agendas were able to make inroads within the party to a certain extent. Because of the espoused emancipatory ideals and the rise of the Left within the party, Labour was a natural choice and target for feminist activists attempting to influence mainstream politics. Labour spearheaded great social reforms such as legalization of abortion (1967), liberalization of divorce laws (1969) and basic, legal equal pay provisions (1970, 1975) as well as SERPS and Child Benefits, and most of the demands pressed by the 1970 women’s liberation conference at least started to be discussed within the party by the end of the 1970s.²⁰⁰ The most active years of British feminism coincided with the Labour’s fateful years amid the collapse of Keynesian consensus, but the feminist mobilization was too marginal to transform the ideology of political economy among the party leadership. Indeed, Maureen Colquhoun, a new Labour MP elected in 1974, noted that she could not find any Labour MPs who were “feminist” and wanted to dismantle the patriarchal

¹⁹⁸ Black and Brooke, “Labour Party,” 430.

¹⁹⁹ *Ibid.*

²⁰⁰ *Ibid.*, 424.

society, and Callaghan often deployed the discourse of familiarism as the retrenchment began.²⁰¹

The trajectory of Labour's social policy agendas reflects the party's masculinism, which functioned to strengthen productivist anti-welfarism. Women's equal employment opportunities and just remuneration for domestic labor require de-familiarization of care work, and hence the extensive welfare state to make public care labor for reproduction of labor power and maintenance of non-working population, which is de-commodification.²⁰² However, where women's domestic dependence continues to constrain their freedom and perpetuates the system of unpaid domestic labor, commodification of women's labor needs to take place before it can be de-commodified again. As analyzed above, in Labour Britain, productivist priorities for investment in private manufacturing for the sake of maximum GDP growth diverted funds from an extensive public provision of welfare, constituting the process of path divergence from the development of social democratic model. However, the policy development can also be re-examined through the lens of masculinist causes, which are especially relevant on the politics and policies on supplementary pension and child care. Indeed, had they been enacted, these programmes would have paved the path from the Beveridgean, solidaristic yet minimal welfare model to the Social Democratic, de-commodifying, de-familiarizing welfare state which could be built upon the Beveridgean foundations.²⁰³

²⁰¹ Fielding, *the Labour Governments*, 122, Coote and Campbell, *Sweet Freedom*, 85-86.

²⁰² Esping-Andersen, *the Three Worlds*, 61, Trudie Knijn and Ilona Ostner, "Commodification and De-Commodification," in *Contested Concepts in Gender and Social Politics*, eds. Barbara Hobson, Jane Lewis and Birte Siim. Cheltenham, England: Edward Elgar Publishing, 2002. 141-169. 146-147. De-commodification doesn't necessarily lead to de-familiarization, as the conservative welfare regime demonstrates. The equation of de-commodification with liberation presupposes that labor power is already fully commodified, which contains a male bias.

²⁰³ Esping-Andersen, *Three Worlds*, 22-23.

The failure of the Crossman pension plan was influenced by masculinism. Scepticism among male-dominant trade unions for the scheme played an important role in dampening support for the transformative reform. Due to the tax deductions for private pension as well as the inadequate level of public flat-rate pension, many better-off (male) workers had generous, private pension schemes based on the family wage system and wives' dependence on their husbands' entitlement; they condemned the Crossman plan as an infringement upon already-existing entitlements.²⁰⁴ Staunch union opposition to the original plan that “express[ed] hostility to employers' supplementary schemes”, in the words of the chair of TUC's Social Insurance Committee, led to introduction of a private contracting-out provision as a compromise, robbing it of any transformative potentials.²⁰⁵ Trade union workers' attachment to the private, occupational pension schemes promoted by the previous Conservative governments is a classic case of path dependence; the private system created and reproduced powerful stakeholders with an interest in perpetuating it. However, it was also a gendered interest; due to the predominance of part-time work among women and exclusion of part-time workers from most occupational pension plans, less than 10 percent of women were estimated to have been enrolled in them.²⁰⁶ Within the Labour Party, there were very few figures paying attention to the dependent status of the majority of women, Barbara Castle notwithstanding.²⁰⁷ The masculinist conception encouraged them to uphold the existing private supplementary pension, which mirrored and magnified the gross gender inequality in employment.

²⁰⁴ Heclo, *Modern Social Politics*, 278.

²⁰⁵ Thornton, *Richard Crossman*, 146.

²⁰⁶ Beechey and Parkins, *A Matter of Hours*, 154.

²⁰⁷ Castle, *Fighting*, 465.

The root of gendered income disparities in old age and consequent intra-family power inequality is in the labor market – both women’s lower level of labor market participation itself and the high proportion of part-time employment among women that don’t qualify them for occupational pension -, and the public supplementary pension wouldn’t necessarily ameliorate it, especially if the scheme is strictly earnings-related. However, while the public supplementary pension can simply entrench the gender divisions, the public, universal, citizenship based system is structurally able to account for years spent outside of the labor market due to engagement in care labor (Swedish ATP recognizes four qualifying years for each child), and indeed most state pension schemes in Western Europe make some allowances for the period of caring for children.²⁰⁸ It is far more difficult, if not impossible, for private, employment-based schemes to account for care labor not performed for the employer. Therefore, the more extensive and redistributive the public pension scheme is, the better chance there is for it to be conducive to gender equality.

SERPS established supplementary public pension for those who were unable to contribute to occupational pension schemes and protected those with caring responsibilities by basing the entitlement upon the highest-earning 20 years of working life, which was called the Home Responsibilities Protection Provisions.²⁰⁹ In SERPS, the category of the spouse with reduced individual contributions were abolished for new entrants. These provisions rectified the gender gap, and Castle had a clear, resolute agenda that “the married women’s option had to go” in order to “get rid of Beveridge’s

²⁰⁸ Jay Ginn, “European Pension Privatisation: Taking Account of Gender,” *Social Policy & Society* 3:2 2004, 123-134. 126.

²⁰⁹ Barr and Coulter, “Social Security,” 279.

concept of women's dependency."²¹⁰ In contrast with the masculinist failure of the Crossman plan, the movement away from masculinism spurred one of the most positive accomplishments of the Labour's social policy.

Along with pension, the Family Allowances were the most significant for gender politics of income transfer programs. While the ambivalences of the Family Allowances due to its institutionalization of women's domesticity and maternity are well-documented, it is undeniable that it provided women – including women as single parents and women with a full-time job - the independent source of compensation for their domestic labor, albeit only for parenting.²¹¹ The first Wilson government successfully implemented a major 50p increase in the allowances, which was to be partially funded through increase tax rates for the rich in order to make it redistributive. However, the reform proposed and advocated for by Peggy Herbison, Minister of Social Security, to qualitatively expand the allowances faced stiff internal opposition. As the proposal opened up a space for debate on family allowances, Callaghan led a vehement attack against the Herbison plan and even proposed to end the concept of universal family allowances itself by introducing means-testing.²¹² Callaghan's radical anti-universalism, which was not even implemented during the Thatcher years, was supported by the strong minority in the Cabinet including Healey.²¹³ Even as the universalist principle was preserved by the smaller-than-expected majority, Callaghan then insisted upon reducing the size of increase by half or funding it through cuts in other social services, reflecting the widespread concerns over "productive"

²¹⁰ Castle, *Fighting*, 465.

²¹¹ The heated debate over "Wages for Housework" proposal within the British feminist movement in the 1970s was exchanged over the contradiction of the same nature.

²¹² Ponting, *Breach*, 137-138.

²¹³ The current Cameron government has announced a plan to abolish the universal child benefits.

use of resources. Labour's emblematic attachment to the welfare state did prevail in this case, but it took a prolonged battle which saw Herbison's resignation in protest.

Labour's 1974-79 government accomplished the enactment of Child Benefits Act 1975. The major reform legislation implemented a simple system of a flat-rate benefit, indexed to the price levels, to a carer of each child; it replaced the dual system of Family Allowance and Child Tax Allowances. The abolition of Child Tax Allowances and the consequent increase in Child Benefits was successful in redistributing the payment for care from the breadwinner in the labor market to the actual carer of the children (even though the Allowances were made to be phased out three years later, in order to appease masculinists), and the active women's liberation movement was instrumental in defeating Callaghan's attempt to direct the new Child Benefits to the breadwinner.²¹⁴ Due to the universality of the program and its compatibility with dominant maternalist discourses, the political support for child benefit has been comparatively well-established, making the 1975 reform one of the few significant, positive social policy accomplishments made by the government in continuous crisis. However, on the other hand, the Labour government also instituted in the same year the blatant denial of the Invalid Care Allowances to married or cohabiting women, who "might be home at any event" in the words of a White Paper, since caring for disabled relatives was seen to be a "natural" job for female relatives that does not warrant compensation. The government was successful in ensuring that 99.5% of the 1.25 million carers in Britain did not receive the allowances.²¹⁵

²¹⁴ Barr and Coulter, "Social Security," 279-280; Zoë Fairbairns, *Saying What We Want: Women's Demands in the Feminist Seventies and Now*. York, England: Raw Nerve Books, 2002. 13-14.

²¹⁵ Gillian Pascall, *Social Policy: a Feminist Analysis*. London and New York: Tavistock Publications, 1986. 223-224.

Compared to the compensation for those who perform domestic care labor for children, the development of public provision of child care services – de-familiarization of child care – lagged behind in the extreme. The lack of non-domestic child care provisions constitutes the single biggest obstacle for women’s independence from domesticity; more than 85% of women with a child below school age gave up full employment in the early 1980s.²¹⁶ The universal provision of child care is *sine qua non* for gender justice in political economy; simply put, “without comprehensive child care facilities, women’s right to work remain a farce.”²¹⁷ Gender inequality in employment is the root cause of many kinds of oppressions structured by the welfare state, such as women’s dependence upon their husbands or cohabiting “partners” and inequality in social security entitlements. De-familiarization of child care received far less attention from the party compared to other social policy issues, and social services’ importance was far less acknowledged than that of income security measures. Provision of other social services to relieve the burden of women’s domestic labor, which expanded until the early seventies, also became the first target of spending cuts.²¹⁸ It would have been easier to be repelled by absolute poverty than by what many feminist activists called “prostitutional dependence,” but it signifies the lack of commitment to utilize the welfare state to restructure social relations.

²¹⁶ Phillips, *Hidden Hands*, 38.

²¹⁷ *Ibid.*, 39. Provisions for care for relatives other than children are also important, but child care is by far the most important for the largest number of women, and it is also significant in terms of reproduction of labor power. Care provision ceases to be a gendered issue if a social revolution in gender role of care work puts an end to the gendered identifications and expectations. However, no social change approaching such a revolutionary scale has occurred in any advanced capitalist country, including Sweden where social policy actively encourages the “dual-carer” model.

²¹⁸ Lowe, *the Welfare State*, 320.

The only public provision of child care as a social right was made through day nurseries, which provided all-day care and are heavily subsidized. However, it was intended for children whose family environment was regarded as problematic, to whom the prioritized access was given; hence, it was almost impossible for “normal” working mothers and their children to obtain a spot.²¹⁹ Therefore, the capacity was minimal; it declined from 62,784 in 1945 to 21,396 in 1965, and then barely rose to 28,400 in 1980, in the country with more than 3 *million* children under the age five.²²⁰ There is not even reliable data on labor market participation among mothers who used day nurseries. More widely accessible was nursery schools, which were available only for children over three; it is not so useful for full-time working mothers since it follows normal school hours and holidays, and the majority of children only attended half-day. More children (291,579 in 1974) attend nursery classes at primary school, most of whom are four-year-olds starting primary school a year early, which can hardly be considered as childcare provision.²²¹ Child minders were estimated to be the most widely used childcare services, but its coverage is sporadic and quality is uncertain.²²² Private coverage was scarce and not made tax deductible, and few local authorities compiled an usable list of private services.²²³

The Labour Party’s approach to the issue was characterized by lack of concern and inaction, which followed the pattern of the entire society. The Seebohm Report by the Royal Commission in 1968 recommended an extension of day nurseries, to ensure

²¹⁹ Mary Ruggie, *the State and Working Women: a Comparative Study of Britain and Sweden*. Princeton, NJ: Princeton University Press, 1984. 189.

²²⁰ *Ibid.*, 222

²²¹ *Ibid.*

²²² *Ibid.*, 198

²²³ *Ibid.*, 206

accessibility for mothers who “had to” work; the Department of Health and Social Services (DHSS) refused to consider the matter without any active ministerial involvement.²²⁴ Pressed by the emerging women’s liberation movements, Labour’s October 1974 manifesto included “exten[sion of] nursery education and day care facilities” for the first time under “a Charter for Women,” along with Equal Pay Act, maternity leave, child cash allowance and free family planning service.²²⁵ However, soon after the election the DHSS cut capital expenditure on already-scarce day nurseries by 20%, as the target of the very first round of spending cuts initiated by the government.²²⁶ As the parliament as a whole never even considered the issue of child care as legislation and the ministerial inaction continued, meeting child care needs of the growing group of working mothers was haphazardly left to underfunded local authorities, to an extent they were willing.²²⁷ Nursery schools, as opposed to nursery care, were slightly more often discussed and promoted as part of education policy, rather than gender politics. Joan Lester, Under-Secretary of State for Education and Science, took up the cause of nursery education, and resigned in protest against the lowest priority accorded to the capital expenditure on nurseries which stopped dozens of local authorities from expanding nursery school systems. In her resignation speech, she appealed; “the White Paper says that, in spite of the reduced capital expenditure on provision for the under-5s, it is still possible to ensure that acceptable standards of accommodation will be provided in areas of greatest need. How on earth do we know that?... All the evidence available to me

²²⁴ *Ibid.*, 221-225.

²²⁵ Labour Party, “Britain Will Win With Labour: General Election Manifesto October 1974,” in *Labour Party General Election Manifestos 1900-1997*, ed. Iain Dale. London: Routledge, 2000. 210.

²²⁶ Ruggie, *the State and Working Women*, 224.

²²⁷ *Ibid.*, 234-237.

suggests that... they will cut back regardless of need.”²²⁸ Her call went unheeded, and the capacity of full-day nursery schools continued to contract during the tenure of the government.²²⁹

After Labour’s defeat in 1979, continued mobilization of feminist movements and the rising strength of the left in the party, Lestor stood up for the cause of nurseries once again. Having witnessed drastic Thatcherite cuts, as well as the continued rise of female labor force, she approached it from a decidedly feminist perspective in her parliamentary speech in November 1982;

“When a Government cut social services, they cut the social wage of the country. It is not sufficient to look at how wages have risen or fallen. When the social wage and services are cut, that represents a cut in people’s wages, because the services are taken away and the burden falls on certain sections of the community. The current lack of services results in a dramatic increase in the burden on women. Many women are being forced to give up jobs so that they can provide for members of the family the care that the Welfare State is no longer able to provide. It is interesting that although there is a growing demand on women to provide services, as the Government force local authorities to restrict spending, the invalid care allowance is not payable to married or cohabiting women. Yet the Government expect those women—indeed, they rely upon them—to provide those services. The Government rely on those women to supply the provision that is no longer available. Yet the same women are denied or robbed of the financial assistance that would enable them to make that provision properly. This is a matter that the Government must consider when they talk of any further restrictions on services. Women are losing their jobs and therefore the income that that they need to make adequate provision. They are denied the financial compensation that they need...

²²⁸ HC Deb 09 March 1976 vol 907 cc 331-332

²²⁹ Ruggie, *the State and Working Women*, 222.

Two-thirds of women in the 35 to 54 year age group—those most likely to have to care for relatives because of lack of provision—are at work. They will be increasingly called upon to give up their jobs so that they can look after relatives and others for whom local authorities can no longer make provision.... Only 24 per cent. of day care for young children of pre-school age is provided by local authorities. The rest is provided by child minders, relatives and a variety of forms of private care. In some local authority areas, there are 500 pre-school children on the waiting list for day nurseries.... the Government are taking away the provision for the care of the pre-school child.... Women will continue to be discriminated against because they will be forced back into the home to do the job that the Government and the local authorities should be doing.”²³⁰

Lestor sketched an alternative vision of Labour politics, which could have changed their path at a crucial moment in history. However, few realized the need for such an alternative before Thatcher, and by the time she made the speech Thatcher was on her way to establishing a long reign. The non-productivist, non-masculinist conception of social democracy, let alone socialism, never took hold in the Labour Party, before they completed the Thatcherite hegemony by subscribing to it.

²³⁰ HC Deb 08 November 1982 vol 31 cc 382

Chapter 4: Trade Unions and the Social Contract

“Apart from [trade unions’] original purposes, they must now learn to act deliberately as organising centres of the working class in the broad interest of its complete emancipation. They must aid every social and political movement tending in that direction.” – Karl Marx, Address to the First International (1866)

Introduction

Jack Jones, a legendary trade unionist and General Secretary of the Transport and General Workers’ Union (TGWU), was perceived to be the “most powerful man in Britain” by the majority of people in 1977.²³¹ His power was certainly exaggerated, fed off by the right-wing discourse of unaccountable, domineering union boss; in a capitalist society, a union leader can never be stronger than the power of capital. However, the influence and prominence of trade unions was very real in the British seventies; industrial relations occupied a dominant place in politics. Class conflict between capital and labor is a fundamental feature of any capitalist society, but the strength of trade unions in Britain in the seventies opened a prospect for a profound contestation over, and transformation of, British political economy. As union actions came to dominate the political scene, trade union leaders became household names, and the stakes and relevance of industrial conflicts were evident to any citizen. Unions had the power to break the government, as Ted Heath called an election in 1974 with the slogan “Who Governs Britain?” aimed against the unions; the answer was not what Heath was seeking.

However, unions’ power was to be short-lived. 1970s did not prove to be a stepping-stone towards a more egalitarian future – their strength was at its zenith, only to wane in the wake of radical Thatcherite assaults. As was the case with social policies, the conditions for Thatcherism’s success in devastating the unions were created by the failure

²³¹ Ian Jack, “Downhill from Here,” *London Review of Books* 31:16, 27 August 2009. 7-10.

of the Labour visions of political economy and industrial relations. The Wilson-Callaghan government's incomes policy was mostly based on extracting sacrifices from labor rather than capital, curtailing labor's power for the sake of stability; the Labour government's course in incomes policy was founded upon the acceptance of basic capitalist assumptions in which capital's rate of profit is a primary, inviolable concern. Unions were robust enough to wage strikes and bring the existing system to a halt, but unable to construct a new regime based on a "fundamental and irreversible" power shift towards workers; the seventies ended in stalemate, which opened a way for Thatcherism.

In this chapter, I demonstrate how unions' organizational structures, collective bargaining processes and the ideas held by them influenced the direction of British politics and the regime of its political economy. Firstly, I describe the trajectory of British industrial relations in the 1960s and 70s, with an emphasis on union actions and the Labour governments' policies. In particular incomes policy, in whose rise and fall trade unions played an decisive role, was at the heart of politics of employment and inflation that consumed the British seventies. In the critical years of 1974-79, both the government policy and the trade union (re)actions were inadequate in constructing a durable system of industrial relations, which was "in a fundamental sense... a failure."²³² After I describe the events of the seventies, I analyze the mechanism of the failure of an alternative, more coordinated form of political economy. While the direct cause of the breakdown is the Labour government's proto-monetarist economic policies which betrayed their "contract" with unions, the antipathy among unions against any form of governmental intervention and their attachment to decentralized collective bargaining structures precluded a

²³² Chris Howell, *Trade Unions and the State: the Construction of Industrial Relations Institution in Britain, 1890-2000*. Princeton, NJ: Princeton University Press, 2005. 88.

possibility of a labor-friendly form of the Social Contract. I also analyze the productivist and masculinist ideas in trade unionism, which rendered it difficult to envision and pursue a comprehensive alternative beyond resistance to the wage restraint.

The Politics of Corporatism and Decentralization

The traditional system of industrial relations in Britain, which was most stable in the 1950s, could be characterized as “collective *laissez-faire*,” based on the absence of elaborate state mechanism beyond judicial immunity for trade unions. The relative calm of “industrial Butskellism”²³³ in the 1950s gave way to a more contested industrial relations in the 1960s, following the mounting crisis narratives based on productivist concerns with the growth rate slower than other industrialized countries. The Conservative government began wage control in 1961, and launched an experiment towards corporatism the next year by establishing the National Economic Development Council (NEDC), which sought to build a comprehensive economic strategy including the incomes policy. After Labour’s assumption of power in 1964, they continued the broadly corporatist approach of their predecessors. The Labour government was able to successfully persuade the TUC to sign the “Joint Statement” with the CBI as a framework for voluntary incomes policy, and the government established the National Board for Prices and Incomes (NBPI) in 1965 to issue recommendations for voluntary incomes policy.²³⁴ However, the “indicative norm” for wage growth in line with productivity growth proved to be hardly effective, and the government took measures in 1966 to

²³³ “Butskellism” referred to a consensus around Keynesian and moderate economic policy and the welfare state in the fifties, referring to Conservative Chancellor Rab Butler and Labour Chancellor and leader Hugh Gaitskell.

²³⁴ Ponting, *Breach*, 74.

strengthen the NBPI by giving them statutory powers to gather information, summon witness and compel advance notification of pay increases.²³⁵ While James Callaghan's insistence on fully mandatory incomes policy was rejected by the Cabinet, the Labour government was moving towards an enhanced role of the state in industrial relations in order to stimulate productivity. The austerity measures in July 1966 were successful in curbing wage growth for one year, but they led to the intensified industrial conflicts and their effects were canceled by the growing wage explosions in the following years.²³⁶

Frustrated by the lack of success in incomes policy, the Labour government became increasingly concerned with structural reform of industrial relations. One of the primary causes of the failure of income restraint was a decentralized structure of industrial relations which enabled local wage drift that escaped the control of the TUC at the national level.²³⁷ Decentralization of collective bargaining was accelerating, due to the increased strength of shop stewards based on favorable labor market conditions. Furthermore, a wave of corporate mergers created capital-intensive firms with concentrated ownership structures that wished to restructure the production processes to increase productivity through bargaining at the firm-level; most of them were the foreign-owned firms outside of the industry bargaining agreement.²³⁸ Concerned with disintegration of the old system of industry-level bargaining with a new coherent regime yet to emerge, the Labour Government convened the Royal Commission on Trade Unions and Employers' Associations in 1965, chaired by Lord Donovan. The Donovan

²³⁵ *Ibid.*, 82.

²³⁶ David Coates. *The Crisis of Labour: Industrial Relations and the State in Contemporary Britain*. Oxford, England: Philip Allan Publishers, 1989. 51.

²³⁷ Price, Richard. *Labour in British Society: an Interpretive History*. London and Doner, NH: Croom Helm, 1986. 223.

²³⁸ Howell, *Trade Unions*, 103.

Commission's report, published in 1968, described the "two systems of industrial relations" in Britain, in which the formal, industry-level bargaining became increasingly minimalistic and irrelevant in the face of "largely informal, largely fragmented and largely autonomous" workplace bargaining that caused wage drift.²³⁹ The Donovan report did not attempt to halt and reverse the decentralizing trend. It was particularly influenced by the "Oxford School" of industrial relations represented by Hugh Clegg in the Commission, who located the causes of wage drift, "restrictive practices" and industrial instabilities in the inadequacy of collective bargaining structures rather than unions' excessive legal immunities.²⁴⁰ As such, they advocated for the creation of firm-level bargaining institutions in order to achieve "a reconstruction of voluntary collective bargaining."²⁴¹ As the Donovan Report proposed few substantial legislative agendas, both TUC and CBI, still committed to the basic notions of collective *laissez-faire*, welcomed the Report.²⁴²

Nonetheless, for many in the Labour government seeking more far-reaching measures and a greater role of the state in industrial relations, the Donovan Report was far from adequate. As the strike wave intensified, the sense of urgency to take governmental measures pervaded; the Cabinet Committee chaired by Employment Secretary Barbara Castle concluded that "we would never get anything positive out of the TUC and the Government would have to risk giving a lead."²⁴³ A passionate believer in the state's role in industrial relations, Castle took a lead and submitted the intensely controversial White Paper in January 1969, titled "In Place of Strife." Asserting that "the

²³⁹ *Ibid.*, 102.

²⁴⁰ Coates, *the Crisis*, 47.

²⁴¹ qtd. in Howell, *Trade Unions*, 104.

²⁴² *Ibid.*, 109.

²⁴³ Ponting, *Breach*, 353.

need for State intervention and involvement, in association with both sides of industry, is now admitted by almost everyone,” *In Place of Strife* proposed to establish legal rights, obligations and formal procedures for trade unions. It included the legal right to join a trade union, procedure of union recognition in cases of employer refusal, and legal protection from unfair dismissal.²⁴⁴ However, it also contained restrictions on unions’ exercise of power, in particular unofficial strikes which were on rise; the government would be able to order a compulsory ballot for official strikes, impose a twenty-eight day “cooling off” period for unofficial strikes during which workers would not be allowed to strike, and have the power to intervene in inter-union disputes.²⁴⁵ These proposals could be considered as fairly modest, considering that they preserved legal immunities for unofficial strikes for the most part and rejected legal enforcement of collective bargaining. Wilson solidly backed the Castle’s proposals and proposed a bill based upon *In Place of Strife*, but it met strident opposition from trade unions as well as many Labour ministers and MPs; as the bill failed to pass, it had no direct impact on the British industrial relations.

Despite its eventual outcome, however, the heated debate over *In Place of Strife* that deeply divided the Labour Party illuminates the dynamics of the contestations of principles within labor politics between a more coordinated economy and traditional collective *laissez-faire*. The debates surrounding the White Paper were fundamentally about the relationship between trade unionism and the state, and represented “one of those rare moments of historical fluidity, in which an alternative direction was

²⁴⁴ First Secretary of State and Secretary of State for Employment and Productivity. *In Place of Strife: a Policy for Industrial Relations*. January 1969. Cmnd. 3888. 7.

²⁴⁵ Howell, *Trade Unions*, 112, Ponting, *Breach*, 353-354, Coates, *the Crisis*, 54.

possible.”²⁴⁶ Castle was motivated by “the principle of a genuine prices and incomes policy”, because she thought it was not “possible to plan the economy without controlling demand, of which wage demands form a key part.”²⁴⁷ For Castle, incomes policy was a necessary step towards socialism or even a social democracy, and *In Place of Strife* was conceived in the same logic. “I was convinced that Nye [Bevan] would have been on my side,” she recalls, following Bevan’s criticism of the “consequences of [trade unions’] anarchy.”²⁴⁸ Castle argued that it was “first and foremost a charter of trade union rights,” and indeed it contained new statutory rights for them.²⁴⁹

The intensity of opposition to the Castle’s White Paper from most trade unionists was strongly and directly motivated by their voluntarist ideology. For them, any attempt for corporatist macroeconomic management was an anathema to their principles and identity. Overwhelming and ferocious union oppositions were carried into the party by rightist figures such as Callaghan as well as the left-leaning *Tribune* group, which vowed to fight against the “declaration of war on trade unions.”²⁵⁰

It is not entirely clear that *In Place of Strife* was a losing proposition for union interests. Indeed, the lack of the legal rights contributed to the particularly extensive and deep damage that Thatcher was able to inflict on the unions, against which the “charter of trade union rights” could arguably have provided some protections. Their determined and inflexible approach to the Castle-style policies was primarily shaped by their beliefs on

²⁴⁶ Howell, *Trade Unions*, 127.

²⁴⁷ Castle, *Fighting*, 407.

²⁴⁸ *Ibid.*, 418, Steven Tolliday, “Government, Employers and Shop Floor Organisation in the British Motor Industry, 1939-69,” in Steven Tolliday and Jonathan Zeitlin (eds.), *Shop Floor Bargaining and the State: Historical and Comparative Perspectives*, Cambridge: Cambridge University Press, 1985. 108-147. 138

²⁴⁹ Barbara Castle, *the Castle Diaries, 1964-70*. London: Weidenfeld and Nicolson, 1984. 561.

²⁵⁰ Leo Panitch and Colin Leys, *the End of Parliamentary Socialism: from New Left to New Labour*. London and New York: Verso, 1997. 52., Castle, *Fighting*, 420.

their interests and ideals, rather than by an “objective” set of interests. Class identity was implicated in the voluntarist ideas, defined as working-class autonomy from encroachment of the (predominantly middle-class) politicians in the government, which are clearly indicated in Jack Jones’ comment on Castle; “I found her anxious to do things *for* the workers but not *with* them. Her outlook was not all that unusual in politicians of the Left.”²⁵¹ However, any project to shift class power towards workers requires initiative of the state, as it cannot be done solely through reactive actions such as militant strikes.

However, on the other hand, the unions’ scepticism of the state initiatives were understandably fueled by the Labour government’s lack of priorities given to interests and power of the workers vis-à-vis capital. The logic of *In Place of Strife* was attribution of low productivity and inflationary tendencies to unions’ confrontational stances and frequent strikes, which had capital-friendly bias that also permeated their incomes policy. Indeed, she was explicit about her intent to control and limit strikes, to ensure the government be made “effectively their [unions’] prisoner.”²⁵² Even though she thought that “we ought to strengthen unions not weaken them” and rejected the CBI call for legally enforceable collective bargaining, unions had reasons to be concerned. Furthermore, not only the were restrictions on union activities in the Castle paper real, she lacked the vision of an alternative leftist political economy beyond the management of productivity through prevention of wildcat strikes and price stability through incomes policy. She argued that unions “disliked wage restraint, but could not think of an alternative”; but neither could she, as the Labour government’s incomes policy and economic planning as a whole were characterized by continuity from the preceding

²⁵¹ Jack Jones, *Union Man: the Autobiography of Jack Jones*. London: Collins, 1986. 193, emphasis original.

²⁵² Castle, *Fighting*, 417, 421.

Conservative government rather than rupture.²⁵³ Even though Labour ministers emphasized that growth would benefit living standards of workers, the liberatory causes were unambiguously secondary to the conventional macroeconomic management that had to prioritize capitalist interests. The unions rightly took notice of the “growing evidence from the political sphere that any legislation was likely to have a large punitive component.”²⁵⁴ Labour subscribed to the productivist narrative of decline to an even greater extent than the Tories did, as they defined themselves as the champion of growth with the modernist “white heat of technology”; their moderate stances were due to the utmost priority given to productivist ideas. While they were able to secure unions’ cooperation for most aspects of their agenda due to the unions’ desire to aid them in government, their support was often weak and grudging. The government’s moderatism discredited the entire logic of coordinated economy through the state as part of worker-friendly policies.

Attempts to expand the role of state and coordinations could not attract workers’ support because they were not primarily designed to enhance the workers’ power, and gave justifications for unions’ voluntarism, which in turn rendered difficult the pro-labor restructuring of industrial relations in a corporatist or a statist manner. This toxic dynamic of moderatism and voluntarism between the Labour Party in government and the unions closed the spaces for developing an alternative, co-ordinated and worker-friendly regime of industrial relations and political economy, with important implications for the following decade. In other words, both *In Place of Strife* and its reactions presaged the failure of alternatives in the seventies.

²⁵³ *Ibid.*, 413

²⁵⁴ Howell, *Trade Unions*, 129

Rise and Fall of the Social Contract

After the lackluster six years in government, Labour unexpectedly lost an election in June 1970. But as the Labour Party lost power, trade unions were gaining more. They continued to mount strikes, more of which involved official strikes from 1970; union leaders were more often leading strikes rather than attempting to tame the wildcat actions.²⁵⁵ Workers in diverse sectors that had not been striking for a long period, in particular public workers including teachers and nurses, began to take industrial actions; the enhanced power of the unions attracted a large number of new members, which further strengthened them. Labor militancy was fueled by the Industrial Relations Act (IRA) enacted by the Conservative government in 1971; IRA entirely repealed the union immunity guaranteed in the Trade Disputes Act of 1906, imposed constraints upon a range of types of strikes and instituted the strike-prohibiting “cooling-off” period of sixty days. IRA included the basic logic of the *In Place of Strife*, namely the restrictions on strikes in return for statutory recognition and rights for unions, but the Tory legislation was expectedly far more antagonistic towards unions. TUC’s extensive campaign effectively mobilized workers. They organized one-day national strikes and instructed its member unions to refuse cooperation by not registering themselves under the legislation; most unions followed the TUC leadership and the systemic union refusal to comply with the act rendered it nonoperational.²⁵⁶ Even employers were not committed enough to utilize the provisions of the act for fear of risking intensified industrial conflict. The

²⁵⁵ Coates, *the Crisis*, 64.

²⁵⁶ *Ibid.*

emergency powers the IRA gave the state did not withstand the miners' strike in 1972, which shattered its intention to pacify the industrial relations.

The vibrant unionism infused positive energy to the disappointment and discontent brewing in the Labour Party with the failure of the first Wilson government, and created a force for change in the party. Labour Left was ascendent in the party's policy-making bodies and the Annual Conference, driven both by a new generation of radical union leaders as well as the New Left-influenced party activists in the constituency parties, enabling the leftward shift in the party on a scale unseen since 1931.²⁵⁷ Even though the party's parliamentary leadership and the Shadow Cabinet scarcely changed, they were compelled to forge a closer relationship with the unions, which was badly damaged during the *In Place of Strife* controversy. TUC and the party formed a Liaison Committee to coordinate economic policies, which produced a joint statement in February 1973 ("Statement on Economic Policy and the Cost of Living") that was the beginning of the "Social Contract." The statement included price controls (particularly on food), steeply progressive taxation, rise in pensions at a rate tied with the level of wage increases, expansion of investment through public ownership and control of private capital flight, and the extension of industrial democracy.²⁵⁸ *Labour Programme for Britain*, which was adopted at the 1973 Annual Conference and became the basis of the manifesto for the 1974 elections, followed the Liaison Committee statement and emphasized the extension of public ownership even to a greater degree; even the public ownership of twenty-five largest private companies in Britain came very close to

²⁵⁷ Coates, *Labour in Power?*, 2.

²⁵⁸ Panitch and Leys, *the End of Parliamentary Socialism*, 80.

adoption at the Conference.²⁵⁹ The party manifestoes famously and proudly called for “a fundamental and irreversible shift in the balance of power and wealth in favour of working people”; Jones appealed to idealistic imaginations by speaking of the “new Jerusalem” that Labour would create.²⁶⁰ Harold Wilson promoted the Social Contract as indispensable for economic recovery, and pledged the party that the agreement would not “deal with inflation and unemployment except on the basis of social justice.”²⁶¹

Labour won the February 1974 election, but with a minority government. In the beginning of their term, their policies reflected the spirit of the manifesto’s commitment to a certain extent, with a budget that included steeper progressive tax and increase in social spending and public sector wages.²⁶² Labor-friendly industrial relations policy was the core of the government’s promise to the unions in the Social Contract. The IRA was entirely repealed soon after Labour took the government back, and major legislation on workplace safety and equal pay followed. The government also took a step towards legal protection of unions by enacting Employment Protection Act (EPA) in 1975, which established a statutory right to union recognition.²⁶³ EPA further sought to empower unions inside the workplaces by granting shop stewards rights at the firm level, such as the days off to engage in union activities and resources for training; Jack Jones described it as a “shop stewards’ charter.”²⁶⁴ However, while these legislations undoubtedly had important positive aspects for unions, they were also inadequate; the scope of new statutory rights was very limited, and no positive right to strike was legislated since it was

²⁵⁹ *Ibid.*, 80-84

²⁶⁰ Jones, *Union Man*, 286.

²⁶¹ Coates, *Labour in Power?*, 5.

²⁶² Peter Hall, *Governing the Economy: the Politics of State Intervention in Britain and France*. New York: Oxford University Press, 1986. 94.

²⁶³ Howell, *Trade Unions*, 112-113.

²⁶⁴ Jones, *Union Man*, 285.

not even contemplated by the unions or by the government.²⁶⁵ The authority given to the newly-created agency to enforce statutory recognition of unions was often too weak to force employers to recognize unions, as demonstrated in the Grunwick case where workers failed to win union recognition after high-profile and protracted struggles.²⁶⁶

These pro-labor policies, however imperfect, were the key to securing unions' cooperation in wage restraint, which "had been the 'unmentionable' of the original Social Contract" in the heady idealistic days as an opposition.²⁶⁷ The issue of wage demands became prominent in the continuously slow-growing economy and high inflation, but the Labour government was determined to avoid statutory incomes policy, and sought to win a commitment to voluntary wage control from the unions; indeed, they emphasized that their special relationship with the unions made them uniquely capable of providing industrial peace. In June 1974, the government and the TUC agreed on an informal guideline in which unions were asked to refrain from wage demands that would result in real income increase, meaning that the wages were not to rise faster than the increase in cost of living. While the agreement was contentious in the TUC, it was approved at their Congress in September 1974, as they found it important to support the government that was at that time fulfilling its commitments to them. Jack Jones, as a leader of the largest union as well as a figure with leftist credentials, was a crucial advocate of the wage agreements as part of the Social Contract. The TUC officially stated its official opposition to the wage settlements outside the guideline, but many constituent unions

²⁶⁵ Howell, *Trade Unions*, 114.

²⁶⁶ *Ibid.*, 117

²⁶⁷ Stephen Bornstein and Peter Gourevitch, "Unions in a Declining Economy: the Case of the British TUC," in Peter Gourevitch, Andrew Martin, George Ross, Christopher Allen, Stephen Bornstein and Andrei Markovits (eds.), *Unions and Economic Crisis: Britain, West Germany and Sweden*. London: George Allen & Unwin, 1984. 13-88. 53.

refused to comply. By December 1974, the wages increased by 25.3% in the past twelve month while price levels rose by 19% in the same period; the rapid wage increases continued in early 1975, when many large unions, including civil servants, miners and gas workers, negotiated around 30% increases.²⁶⁸

Inflation created the (perception of) deepening crisis that boosted the discourses of government incompetence as well as unions' greed and irresponsibility; the government was rapidly becoming anxious to take more effective and direct measures to restrain wage increases. Hence, the leading ministers became publicly hostile to union militancy by the late 1974; as Prime Minister Wilson put it, unions were "trying to seize more than their share of what is available."²⁶⁹ The government started to take tougher positions against public-sector unions, and urged the TUC to agree to a voluntary yet formal incomes policy in July 1975, which restricted the pay increases to £6 per week for twelve months regardless of the inflation rate. Fearful of the threat of statutory incomes policy and the potential collapse of the still-fragile Labour government (they only gained the parliamentary majority of three after the October 1974 election), the TUC fully backed the new wage restraint with a massive margin in the September 1975 Congress.²⁷⁰ Their vigilant monitoring of the member unions' compliance reduced the wage increases to 13.9% in the July 1975-76 period, which was lower than the inflation rate.²⁷¹

As the incomes policy became more demanding of the workers, the government also retreated from its commitments to shift the balance of power to working people, let alone in a "fundamental and irreversible" way. As early as in November 1974, merely a

²⁶⁸ Coates, *Labour in Power?*, 63.

²⁶⁹ *Ibid.*

²⁷⁰ Bornstein and Gourevitch, "Unions", 53.

²⁷¹ Coates, *Labour in Power?*, 65-66.

month after they secured a parliamentary majority, they retreated from controls on private firms and prices and started to reduce public expenditure by sacrificing scale and quality of social services; the social wage was sacrificed due to the priority they gave to bolstering the profit levels of private manufacturing firms. The shift was slight yet sufficiently distinct to constitute a U-turn from the earlier budgets in March and July 1974.²⁷² The government departure from the spirit, if not the letter, of the transformative manifesto undermined the core principle of the Social Contract, in which “wage restraint was the quid pro quo for genuine social reform and not, as it had been in the past, merely a device to fight inflation.”²⁷³ The Left was strong in the Labour Party’s constituency committees composed of grassroots activists and increasingly in major unions. While they often had the majority in the Annual Conferences, where they were able to pass the 1973 program, the Parliamentary Labour Party and the Cabinet were not accountable to the Conference decisions or the party base.

It was the self-sacrifice of the TUC that sustained the incomes policy despite the government’s lack of comparable commitment to them; even Healey recognized their extraordinary contributions by remarking that “I do not think there has been any previous occasion in history... in which the trade union movement of its own will... has agreed [to] it in very great detail.”²⁷⁴ However, the unions gradually lost patience with the ever-increasing demand for the decrease in real wages without anything in return. The stage two of the incomes policy starting in the summer of 1976 was also, quite remarkably, accepted by the TUC and implemented without the official challenges – the pay increases were limited to 5% in the nominal rate, even as the inflation rate continued to

²⁷² *Ibid.*, 29-30.

²⁷³ Price, *Labour*, 237.

²⁷⁴ Coates, *Labour in Power?*, 66.

soar above 15%.²⁷⁵ The grassroots discontent mounted, amidst further drastic cuts in public expenditure following the government acceptance of the IMF bailout in December 1976. The government's argument that the wage restraints were an alternative to high unemployment lost persuasive power as the unemployment rate failed to decline, and TUC members overwhelmingly backed the motion to return to free collective bargaining by the following year at the September 1976 Congress.²⁷⁶ TUC leaders warned the government against renewal of pay policy in the 1977-78 period, and they began to publicly condemn the government by early 1977. Anticipating the union reaction, the government was prepared to unilaterally attempt to hold pay rises below 10% in 1977-78, through the negotiations with the public-sector unions and sanctions on private firms that signed an agreement exceeding the target. The TUC Congress in 1977 again called for "an orderly return to free collective bargaining" based on the "reject[ion of] the theory that wage rises are a major contributing factor towards inflation."²⁷⁷ Union leaders nonetheless agreed to apply the 5% limit to the agreements signed before July 1977 even where they would apply after the expiration of the stage two, and urged members against "self-defeating" large demands to compensate for the lost portion over the past three years; the wage increase was limited to 14.2% as inflation rate began to decline.²⁷⁸

Frustrated by the unstable annual negotiations of pay restraints and boosted by the reduction in inflation achieved in 1977-78, the Labour government sought to establish a permanent rule for the wage limits and to further tighten the limit to annual nominal increase of 5%. Understandably, all TUC leaders instantly rejected the new stage and

²⁷⁵ *Ibid.*, 67.

²⁷⁶ *Ibid.*, 73.

²⁷⁷ Bornstein and Gourevitch, "Unions", 59.

²⁷⁸ Coates, *Labour in Power?*, 76-77.

again called for the restoration of free collective bargaining at the September 1978 Congress, and they were even successful in rejecting the government plan at the Labour Party conference in October with the weight of their bloc votes.²⁷⁹ Ultimately, it was the grassroots disaffection and militancy that brought down the entire edifice of the incomes policy, culminating in the (in)famous “Winter of Discontent” in early 1979. Ford workers succeeded in winning the 17% raise after nine weeks of strikes in late 1978, which set a standard for other firms; 1.5 million public workers participated in the strategically-coordinated strikes that brought a great disruption in the economy in the winter of 1979. The Winter of Discontent put an end to Britain’s corporatist experiment, and the Labour government was defeated by the Thatcher-led Conservatives in May 1979.

It was after the collapse of the Callaghan government in 1979, having witnessed the reality of Thatcherism, that the Labour Left again gained ascendancy. Outraged by the party’s parliamentary leadership’s disregard of the party’s opinions, the campaign for intra-party democracy was successful in passing accountability measures such as mandatory reselection of MPs at each election. The exploration of an alternative strategy on the Left also gained momentum, coalescing around the Alternative Economic Strategy (AES). The election of left-leaning Michael Foot to the party leadership as a “compromise” candidate in 1980 paved a way to the 1983 manifesto, which incorporated many leftist proposals including public control of investment capital and reflation of the economy through public expenditure. However, the renewed leftist momentum never saw the party in government again; Labour faced an electoral disaster in 1983, due to many factors including the formation of the Social Democratic Party (SDP) by the defecting Labour Right in 1981, improvements in the world economy that bolstered Thatcher’s

²⁷⁹ *Ibid.*, 78.

credentials and the successful Falklands War; the Liberal-SDP Alliance gained almost the same proportion of votes as Labour, squarely splitting the anti-Thatcher votes.²⁸⁰ The left-wing manifesto was widely seen as the cause of Labour's defeat; therefore, their electoral failure in the 1983 profoundly discredited the Labour Left projects, whose wounds have not been healed even today.

Contradictions of the Social Contract

A multitude of reasons have been offered for the eventual failure of the 1974-79 Labour government. The definition or even the assessment of "failure" itself is contested; indeed, some scholars note that the government was not a failure in terms of the economic indicators it achieved at the end, especially considering the difficult global economic environment.²⁸¹ Nonetheless, the common perception of the government as a failure caused their loss of the position in government in 1979. In the hegemonic interpretation, their fate was triggered by the unions that were "irresponsibly" exercising their "excessive" power that needed to be curtailed by Thatcher; undoubtedly, the dominant media's descriptions of the events of Winter 1979 contributed to the outcome of the 1979 election. If the electoral defeat can in itself be seen as a sign of failure, Callaghan's strategic miscalculations not to call an election in the autumn of 1978 could also be blamed - as Labour was a few points ahead in the opinion polls, they could have won an election in 1978. Had they won, the new Labour government would have

²⁸⁰ The Liberal-SDP gained only gained 3.5% of the seats with 25.4% of the votes, due to the distorting effects of the First Past the Post electoral system.

²⁸¹ Colin Hay, "Chronicles of a Death Foretold: the Winter of Discontent and Construction of the Crisis of British Keynesianism," *Parliamentary Affairs* 63:3, 2010, 446-470. 461-462.

benefitted from the North Sea Oil revenue worth tens of billions of pounds, which were wasted to finance Thatcher's tax cuts.

The historical significance of the 1979 election was that it caused the victory of the rightist responses to the turnoils of the seventies. However, such structural change cannot be, in the final instance, attributed to a few particular events such as the non-election in 1978 or even the industrial actions in the winter of 1979, which were a manifestation and culmination of the failure of the Social Contract. To an extent that the 1974-79 government can be seen as having failed, it is due to the eventual collapse of the institution and the idea of the Social Contract, a vision of a coordinated economy led by the Labour Government and unions based on their institutional and ideological connections. Ideological aversion to coordination especially among unions and the lack of institutional mechanisms for coordination deprived them of the tool to construct an alternative. Pervasive moderatism on both sides, attributable to the lack of egalitarian idealism, deprived them of the motivations to use the Social Contract for anything beyond temporary damage control.

The acceptance of the hegemonic capitalist assumptions – rejection of the public ownership of means of production as a solution - by the Cabinet majority including Wilson, Callaghan and Healey was *directly and primarily* responsible for the proto-monetarist course that eventually destroyed the Social Contract. The party leaders' decidedly pro-capitalist view rendered it impossible for them to introduce any policy that actually shifts the balance of power to working people, which is, almost by definition, bound to reduce the rate of profit; Healey's claim that "the Government must live with the judgments of the market, whether they like them or not" is indicative of the ideational

constraints on their options.²⁸² The lack of emancipatory idealism was the basic reason why they could not offer the unions *quid pro quo* for wage restraint, which by itself undermined the notion of real Social Contract in which both sides would benefit. The responsibility of the collapse of the Social Contract rests squarely with the government and not the unions, since the government breached a commitment on their part that social services would not be cut if the unions adhered to the incomes policy.²⁸³ The moderate ideational tendency of the Labour government leaders directly made them let go of the “possibility, in designing industrial and social strategy, of harnessing this industrial militancy for radical political ends.”²⁸⁴

The collapse of the Social Contract was of a path-determining significance, because the structural flaws of Keynesianism is that it contains no mechanism to deal with inflation and balance-of-payments issues on its own. To maintain full employment without causing high levels of inflation or unsustainable currency depreciation, some kinds of corporatist coordinations are necessary. In the “stop-go” cycle of British postwar economic policy, the periods of expansion led to higher inflation rate and/or worsening of balance-of-payments, precipitating the “stop” cycle; it is “the British experience during the crisis-free postwar decades [that] illustrates this fundamental weakness of a purely statist Keynesianism,” which “collapsed in Britain as much for political and economic reasons.”²⁸⁵ The rationale of the incomes policy, which began in a limited sense in 1961,

²⁸² Coates, *Labour in Power?*, 39.

²⁸³ Steve Ludlam, “Too Much Pluralism, Not Enough Socialism: Interpreting the Unions-Party Link,” in John Callaghan, Steven Fielding and Steve Ludlam (eds.), *Interpreting the Labour Party: Approaches to Labour Politics and History*, Manchester, UK: Manchester University Press, 2003. 158-160.

²⁸⁴ Coates, *Crisis*, 67.

²⁸⁵ Fritz Scharpf, *Crisis and Choice in European Social Democracy*. Trans: Ruth Crowley and Fred Thompson. Ithaca, NY: Cornell University Press, 1991. 166, Hall, *Governing*, 99. The “Stop” cycle was frequent in Britain also due to the strength of financial capital with a vested interest in the strong pound, and the ideology of the strong pound as a cornerstone of British prestige.

was to maintain full employment without causing problems of high inflation or balance of payments.²⁸⁶ In a low-growth economy without the benefit of sustained long-term growth, the imperatives for coordination are even starker. The eventual failure of the coordinated incomes policy was the cause and the consequence of the failure of the durable system of industrial relations in the 1970s, which discredited the Keynesian or any non-neoliberal, egalitarian settlements.

The social democratic model that requires coordination is a precondition for post-productivist or the social wage economy. Dissociation of wage-work with income or the egalitarian distribution of work and livelihood, especially those that don't require fast growth, cannot be achieved without extensive coordination of strengthened labor with capital and the state, at least before the commanding heights of the economy are in the public hand. As Andrew Glyn notes, "greater hours reductions and increases in state employment [as]... the response to slower growth" only occurred in a corporatist system, Sweden being the most archetypal example.²⁸⁷ While incomes policy in most cases (and certainly so in Britain) emphasizes the sacrifices for workers in the form of wage restraint, a coordinated political economy is not more prone to a higher rate of exploitation, which depends on the balance of class forces. If the level of immediate consumption vis-à-vis investment is not to be too high, it is necessary to further institute a coordinated system in which savings can be made without increasing the share accrued to capital, such as the wage-earner fund.

²⁸⁶ Hall, *Governing*, 81.

²⁸⁷ Andrew Glyn, "Corporatism, Patterns of Employment, and Access to Consumption," in Jukka Pekkarinen, Matti Pohjola and Bob Rowthorn (eds.), *Social Corporatism: a Superior Economic System?*. Oxford: Clarendon Press, 1992. 132-177. 134.

Beyond the moderate, fundamentally capitalist assumptions held by the party and unions, ideational influences of voluntarism, productivism and masculinism functioned negatively for the prospect of such a transformative project. The masculinist and productivist values dominant in trade unionism, tied together with voluntarism, offer one important explanation for the reasons why “trade unions had failed to respond to the economic crisis of the 1970s with any strategic reassessment, relying instead on a schizophrenic oscillation between strike action and political incorporation.”²⁸⁸ The preoccupation with independence from the state and relative lack of robust central organization hindered their capacity to utilize the crisis as an opportunity in a strategic and political manner, and obstructed the effective and timely development of a comprehensive alternative for wide-scale transformations, only with which they could escape the default capitalist solution of Callaghanian proto-neoliberalism and incomes policy that relied more on sacrifices from labor. Contrary to the popular perception of excessively powerful unions in the seventies, their power was primarily reactive; they were “veto players” able to resist new policies through industrial actions, but not to initiate new policy regimes.

The Ideology and Institution of Free Collective Bargaining

The ideology of state non-interference coupled with the values associated with decentralization made it difficult, if not impossible, to construct an organized system of managing the economy. Peter Hall notes that even though “the British trade union movement [was] powerful enough to create strong inflationary pressures, it was also *organizationally fragmented* enough to render neocorporatist solutions to the problems of

²⁸⁸ Howell, *Trade Unions*, 133

unemployment and inflation, of the sort associated with incomes policies, especially difficult to attain.”²⁸⁹ Fritz Scharpf concurs and emphasizes that “in Great Britain the unions were *ultimately* unable to restrain wages for *institutional* reasons.”²⁹⁰ Desmond King and Stuart Wood argue that neoliberalism was a result of the “alliance or natural affinity between the functional requirements and organization of Anglo-American market economies and the political goals of right-of-center parties in power”, referring to the lack of corporatist coordination even before 1979.²⁹¹ Even though Britain before 1979 was not a liberal market economy *per se*, collective bargaining structures’ lack of coordination with macroeconomic policies contained the seed of affinity with neoliberalism.

To note such structural affinities needs not be an affirmation of a deterministic account of the rise of Thatcherism, which could be interpreted as “a *post hoc* justification of the neo-liberal experiment after 1979.”²⁹² The reason of the failure of “a path toward a more coordinated, even planned economy” that looked plausible cannot be solely attributed to institutional path dependence, considering the intense political conflicts of the 1970s.²⁹³ It was rather also a case of *ideational* path dependence; the entrenchment of these institutional patterns was deeply entangled with the ideas associated with these institutions. The lack of coordinating mechanisms due to organizational fragmentation and the ideology of voluntaristic “free” collective bargaining deeply rooted in the British

²⁸⁹ Peter Hall, “The Movement from Keynesianism to Monetarism: Institutional Analysis and British Economic Policy in the 1970s” in Sven Steinmo, Kathleen Thelen and Frank Longstreth (eds.), *Structuring Politics: Historical Institutionalism in Comparative Analysis*. Cambridge and New York: Cambridge University Press, 1992. 90-113. 107, emphasis mine.

²⁹⁰ Scharpf *Crisis and Choice*, 238, emphases mine.

²⁹¹ qtd. in Chris Howell, “the British Variety of Capitalism: Institutional Change, Industrial Relations and British Politics,” *British Politics* 2007:2, 239-263. 249

²⁹² *Ibid.*, 250.

²⁹³ *Ibid.*, 251.

union movements dialectically reinforced each other. The origin of the traditional British collective *laissez-faire* can be traced back to Trade Disputes Act of 1906 which guaranteed blanket immunity for union actions in furtherance of a trade dispute, and prevented the use of labor injunctions by employers to stop strikes. The 1906 Act was prompted in response to the *Taff Vale* decision by the High Court in 1901, which deemed that unions could be liable in tort for financial damages caused by strike actions, effectively eliminating their right to strike. While collective *laissez-faire* allowed the unions to exercise the maximum power they could muster, they would lose legal recourse to force employer recognition of the unions and the labor contracts through the state. The 1906 legislation precluded an alternative system of industrial relations based on compulsory arbitration, the right to union recognition and restrictions on strike; this model was pioneered in the New Zealand legislation in 1894, and soon adopted in Australia and Canada. In Britain, the 1894 report of the Royal Commission on Labour had already articulated the principles of voluntarism along the lines of collective *laissez-faire*, and its institutional stability over the decades could be attributed to the broad political consensus among capital, labor and the state which originated in the 1894 report. The strong distrust of the state engendered by *Taff Vale* was an important ideational factor that induced the majority of the labor movement to support collective *laissez-faire* and reject the stronger role of the state and the positive rights, whose guarantee by the courts they did not trust; the Trade Disputes Act (enacted by the Liberal government as an agreement with the newly-established Labour Party) was crucial in entrenching the anti-statist ideational path of the labor movement.

Collective *laissez-faire* was entrenched as a fundamental principle in British industrial relations until it began to be seriously contested in the 1960s, in which the rise of new industrial relations regime accelerated decentralization. Following the Donovan Report, the Labour government sought to strengthen collective bargaining frameworks at the firm level through the Employment Protection Act. However, the logic of industrial relations policy promoting decentralized union structures posed an internal contradiction in the Social Contract by weakening the capacity of the state, unions and corporations to control wages, contributing to the demise of the incomes policy in 1978.²⁹⁴

Unions' historically-derived conviction for state non-interference developed a life of its own and into a "myth of bootstrap voluntarism," the idea that "unions have lifted themselves into their present position of power and influence by their own unaided efforts in overcoming employer resistance and hostile social forces."²⁹⁵ The TUC submission to the Donovan Commission demonstrates their voluntarist positions, which are an explanation of British union history and a normative position at the same time; they argued that "trade unions have not been given privileges; they have fought for what they have achieved" and that it is "one of the most important factors sustaining their strength and independence", and "trade union strength has been developed without the help of any external agency" especially "the assistance of Government through legislation."²⁹⁶ Such a formulation certainly exaggerated their own strength; the employers' recognition of unions was often motivated by their own interest to secure managerial control and labor peace, rather than a direct consequence of the strength of

²⁹⁴ Howell, *Trade Unions*, 117, 124.

²⁹⁵ Allan Flanders, "the Tradition of Voluntarism," *British Journal of Industrial Relations* 12:3 (1974), 352-370. 355.

²⁹⁶ qtd. in Howell, *Trade Unions*, 128.

the unions.²⁹⁷ Furthermore, the state had created conditions conducive to collective bargaining through labor laws that “assigned primacy to collective bargaining” by insulating them from the judge-made common law, such as the establishment of the Joint Industrial Council to facilitate continuously collective bargaining at an industry-level, and the 1959 legislation that eased extension procedure of collective bargaining contracts.²⁹⁸

These institutional conditions fostered an ideational foundation of “a decided preference” for voluntary collective *laissez-faire* among all concerned parties, which was entrenched enough to be “part of a general *British* cultural heritage in industrial relations” until the 1960s and starkly manifested in opposition to *In Place of Strife*.²⁹⁹ The unions’ commitment to the voluntaristic regime was continuously self-entrenched through their practice. For example, the successes of the voluntarist industrial relations in mobilization for the World War II gave a new impetus to the union’s support for collective *laissez-faire*, originally ignited by their antagonism towards the judiciary in the Edwardian era. Most importantly, as the unions gained unprecedented structural power in the postwar Keynesian economy with full employment, “bootstrap voluntarism” gained certain validation. As such, a devotion to the voluntary system became the strongest common ideology shared by the trade unions by the 1970s. Their ideational attachment to “free” collective bargaining was so strong that the TUC requested no positive legislation to the Donovan Commission, as nearly 90% of the TUC unions in 1965 were even reluctant to support a legislation against wrongful dismissal.³⁰⁰

²⁹⁷ Flanders, “the Tradition of Voluntarism,” 355.

²⁹⁸ Howell, *Trade Unions*, 86, 71, 91.

²⁹⁹ Flanders, “the Tradition of Voluntarism,” 362, 355.

³⁰⁰ *Ibid.*,

While the regime of collective *laissez-faire* in industrial relations is hardly equivalent to the mid-nineteenth century market society, it shared certain basic characteristics with *laissez-faire* in a original sense. In collective *laissez-faire* as in simple *laissez-faire*, the structural power of each actor in the market is the sole determinant of the extent of their freedom. In collective *laissez-faire*, the unions must solely rely on their own economic strength through organization, whose deployment is only enabled by legal immunities, as they do not provide positive rights to protect them from the economic power of capitalists. The ideology of voluntarism created a “false sense of security” and the “fail[ure] to recognize the dangers posed by a withdrawral of state support for trade unionism and collective bargaining” led to their significant vulnerablity in the face of Thatcherite attacks, as favorable economic conditions for unions, created by political Keynesianism, began to dissipate.³⁰¹ Voluntarism did not only weaken their capacity for resistance in the face of weakening their market-based power; combined with other ideologies, it served to preclude a transition towards emancipatory alternatives. Also, the *laissez-faire* aspect of voluntarism means that it does not work for the most powerless; by upholding the differentials among workers, the claim for *free* collective bargaining perpetuated the existing power differentials and promoted the preference of the powerful within the labor movements.

The values of shop-floor culture based on the historical strength of shop steward organizations in British unions were also influential. Institutionally speaking, the structure of voluntarist collective *laissez-faire* necessarily left a wider scope for the firm-level negotiations and conflicts even in the era of industry-level bargaining, since industry-level collective agreements were legally unenforceable; just as union federations

³⁰¹ Howell, *Trade Unions*, 136, 84.

were free from the legislations, workers in workplaces were free from industry-level bargaining in Britain, which was significantly different from bargaining in most of the continental Europe. Fiercely independent and concerned with autonomy in work, the cultural discourses commonly practiced by shop stewards were also crucial for generating workers' solidarity and oppositional consciousness against employers and managers. As self-control of the workplace free from managerial control comprised a crucial aspect of the values of independence, the shop-floor tradition was instrumental in protecting British workers from Taylorist production processes comparatively successfully well into the 1960s, creating the "Britain's flawed version of Fordism."³⁰² As the management attempted to fully introduce Fordism in the era of Keynesian full employment, unions were determined to deploy industrial action to protect their prerogatives; the number of strikes dramatically rose between 1950 and 1964, and so did the proportion of strikes over "working arrangements, rules and disciplines" rather than simple wage issues throughout the manufacturing sector.³⁰³

However, these emancipatory aspects of shop steward voluntarism was combined with the "daunting sense of individualism deep in commonsense of trade unionism" which resulted in an instrumental form of collectivism.³⁰⁴ Not only are such decentralizing, anti-statist tendencies antipathetic to the functioning of a coordinated political economy, the voluntarist ethos undermined the unions' and their members' commitment to struggle for comprehensive political solutions. Transformative projects of political economy require a massive and united agent committed to its pursuit; for strong

³⁰² *Ibid.*, 96.

³⁰³ *Ibid.*

³⁰⁴ Campbell, *Wigan Pier*, 150-151. David Collinson, *Managing the Shopfloor: Subjectivity, Masculinity, and Workplace Culture*. Berlin and New York: W. de Gruyter, 1992. 99.

trade unions with capacities of industrial action to fulfill the role, actions need to be coordinated around a united set of political demands rather than using their strength mainly to demand wage increases for a particular segment of the working class.

Industrial Democracy or Economism?

As the voluntarist ethos entailed the defense of workers' autonomy, British unions' shop steward tradition also spawned the call for industrial democracy. As labor gained strength, the call for a qualitative advance of labor rights became more vocal. Since collective regulations began spreading in its scope and vertically to the workplaces, industrial democracy also "fit the economic logic of the [emerging] system of industrial relations."³⁰⁵ For the workers, the increased scope of bargaining beyond pay into workplace issues opened a path towards industrial democracy within the firms; the previous system of industry-level bargaining usually ignored qualitative work issues, leaving them up to unilateral determination by the employer or informal negotiations without structural support for workers.³⁰⁶ In particular, Jack Jones was a passionate and influential advocate for industrial democracy as an agenda integral to the labor movement; he had been pressing for it in the party since the early days of the Wilson government, and his rise helped the agenda gain prominence.³⁰⁷ He had chaired the Labour Party working group on industrial democracy from 1967, and the TUC adopted a policy to call for 50% worker representation in boards of directors, modeled after the German co-determination system.³⁰⁸ Industrial democracy questioned a fundamental

³⁰⁵ Howell, *Trade Unions*, 119.

³⁰⁶ *Ibid.*, 88.

³⁰⁷ Jones, *Union Man*, 174-175.

³⁰⁸ *Ibid.*, 313.

capitalist power of managerial control, and could be a step towards a radical enlargement of democratic rights into the sphere of economy that is as significant as the expansion of political franchise achieved in the early 20th century.

The party's 1974 manifesto included a commitment to "increase the control of industry by the people" and it was one of the major agenda items.³⁰⁹ The newly elected Labour government established a Royal Commission to explore the possibilities of industrial democracy, chaired by Alan Bullock; however, they stalled an action on the private members' bill on Industrial Democracy introduced by a Labour backbencher.³¹⁰ In 1977, the Bullock Commission released a report with a proposal to establish employee representation in companies employing 2,000 or more employees in Britain.³¹¹ Approximately a quarter of employees (6-7 million out of 24-25 million) would gain employee representation through their unions under the Bullock Report, and though the employees would gain as many seats in the board as shareholders, they wouldn't necessarily comprise half of the board since other members can be appointed to the board.³¹² The authority of the board against the management was to be decided by each company, and no new structure of participation below the level of board would be established unlike in the German model, on the basis that strong shop steward networks had sufficiently been established.³¹³ The minority in the Bullock Commission opposed to industrial democracy filed their own report, advocating for a "supervisory" board of employees that are consulted by, but separate from, the actual board.

³⁰⁹ *Ibid.*, 312.

³¹⁰ Price, *Labour*, 239, Jones, *Union Man*, 313.

³¹¹ Otto Kahn-Freund, "Industrial Democracy," *Industrial Law Journal* 6:1 (1977), 65-84. 65.

³¹² *Ibid.*, 66-67.

³¹³ *Ibid.*, 67-69.

The movement for industrial democracy was not limited to a simple participation of union representatives in corporate boards, as stipulated in the Bullock Report. The Lucas Plan, drafted by shop stewards of the Lucas Aerospace in a highly participatory process, made a case for far more radical restructuring of industry by taking the social implications of production into account. As workers at Lucas faced the company's plan for redundancy, they produced their own alternative plan for the firm. While Lucas was primarily producing military equipment, the workers' plan called for utilizing the machinery and skills at Lucas for producing socially useful products such as medical supplies, green technologies like solar cells, windmills, and more energy-efficient engines.³¹⁴ As military production was capital intensive, moving away from it would preserve jobs while reducing the profit margin. Mike Cooley, one of the leading shop stewards at Lucas, argued that the Lucas plan would address some of the central contradictions of capitalism, such high unemployment despite the persistence of unmet human needs and alienation in production processes.³¹⁵ The Lucas' process of worker-led "human-centered production" was a plan with radical potential.

The Alternative Economic Strategy (AES), a set of Left proposals on macroeconomic policy, absorbed the values of the Lucas Plan and incorporated "Planning Agreements tied to an extensive network of industrial democracy."³¹⁶ AES was developed by the Labour Left and sympathetic unionists, and offers the most concrete

³¹⁴ Mike Cooley, Architect or Bee? *The Human/Technology Relationship*. Slough, England: Hand and Brain Publications, 1980. Ch. 4.

³¹⁵ *Ibid.*, 82-83.

³¹⁶ London Conference of Socialist Economists (CSE), *the Alternative Economic Strategy: a Response by the Labour Movement to the Economic Crisis*. London: CSE Books, 1980. 6

vision of a possible leftist solution to the seventies' stalemate, "an economic alternative to bring a resolution to the crisis in the interest of the working class."³¹⁷

AES incorporates the Lucas-style workers' control because it "lies at the heart of... our ideas about the *life* of socialist society," which is "social liberation... [as] the autonomous activity of working people."³¹⁸ As a comprehensive policy paradigm, AES builds a framework in which the ideas of the Lucas Plan could be adopted throughout the economy; it must be based on extensive public ownership of production and finances which enable "a national economic plan coordinating macroeconomic policies with industrial planning." They require trade and capital control as preconditions to protect the balance of payments and prevent capital flight, and price control to manage inflation.³¹⁹ Indeed, socially-useful and human-centered production cannot be prioritized as long as investment and production decisions are made to maximize profitability, and any social economy in which investment decisions are decoupled from profitability would require public ownership and/or control of capital. AES emphasizes that the Lucas-style change cannot be sustainably enacted at the micro-level in an isolated manner; it needs to be backed by corresponding macroeconomic policies and strengthened organized labor.

Neither the AES nor the Lucas Plan was actually implemented. After the five years of conservative Labour government and a brief Left ascendancy in the party, AES' chance was over when the 1983 manifesto was hegemonically seen as the "longest suicide note" for Labour, the main culprit for its dramatic loss. The Lucas Plan found an enthusiastic supporter in Tony Benn, but met hostile or indifferent responses from other

³¹⁷ London Conference of Socialist Economists (CSE), *the Alternative Economic Strategy: a Response by the Labour Movement to the Economic Crisis*. London: CSE Books, 1980. 5-6,

³¹⁸ *Ibid.*, 80.

³¹⁹ *Ibid.*

Labour ministers and many TUC officials. Even the proposals of the Bullock Report, which were relatively mild and hardly entailed a transition to socialism, went nowhere; it predictably encountered an intense capital opposition in the climate of heightened class conflict, and it did not inspire sufficiently enthusiastic support base among labor movements to overcome the employer oppositions. Industrial democracy was also controversial within unions, as the opposition was mounted by “an unholy alliance between advocates of a narrow, economist definition of trade unionism... and fractions of the extreme left who feared the class collaborationist overtones of industrial democracy.”³²⁰ While the TUC continued to advocate for the Bullock report, many influential unions were opposed.³²¹ As the unions did not deploy their organizational might to pursue industrial democracy, Labour government’s inaction and apathy due to their moderate conservatism kept the status quo. Industrial democracy could potentially have been a key offering to labor in the Social Contract, which did not function in the end because adequate compensations for their acceptance of wage restraints could not be offered.

Unions’ economism was certainly a dominant force against industrial democracy. As their significant bargaining strength was expended mostly to demand higher wages, “there was very little plant bargaining on anything other than pay.”³²² Unions’ decentralizing tradition, which was their own “interpretation of democracy,” was not deployed to demand democracy at work, but to demand wage increases in an un-coordinated way.³²³ Economism was contradictory to qualitative labor causes, and it was

³²⁰ Price, *Labour*, 239.

³²¹ Coates, *Labour in Power?*, 139.

³²² Campbell, *Wigan Pier*, 147.

³²³ Flanders, “the Tradition of Voluntarism,” 362.

more than a matter of trade unionists reluctant to be directors. The unions' opposition to the alienating process of productivity enhancement and their defense of autonomy conflicted with their priorities for rapid wage increases. Indeed, the shop stewards' resistance to Taylorism in the sixties were eroded through productivity agreements, in which wage increases were bought at the expense of "removal of restrictive practices." They typically required reduction of overtime, removal of restrictions on production, reduction of employed labor power and flexibility in patterns of work.³²⁴ By 1969, productivity bargaining agreements covered six millions workers, comprising more than half of the unionized workforce. However, productivity agreements gradually morphed into a losing proposition for workers, as the wage gains proved elusive while restrictive practices remained in place.

Industrial democracy does not necessarily conflict with the notion of productivity; indeed, it was sometimes proposed as a measure to increase productivity through less conflictual working environment. The core aim of the AES was faster economic growth through planned reflation. However, the notion of human-centered production can often conflict with economic growth since it is not its priority, and it is especially contradictory with capital accumulation. The real industrial democracy, in which workers not only have immediate control over production but also in which it is protected enough from the market forces, would not promote growth if workers choose not to prioritize it. The case of Volvo's Uddevalla plant in Sweden illustrates the dilemma. The Uddevalla plant was established in 1989 with an explicit aim to improve quality of working experience; not only did the Swedish metal workers' union actively promote it, the strength of Swedish labor created a situation in which the firm needed to actively recruit productive workers

³²⁴ Coates, *Crisis*, 52.

through such human-centered production.³²⁵ Even though the Uddevalla plant proved to be at least as profitable as the company's other plants in Sweden, it could not be as competitive as the dominant "Toyotist" lean production, a new variant of Taylorism, and the plant was closed only after a few years of operation.

Productivism also hindered another socially useful form of production, public services and especially care services, as demonstrated in the previous chapter. Not only did the Labour Right in charge believe that public service spending should be cut in order to increase investment in private manufacturing sectors, many AESes had a similar orientation. The Left advocates of the AES or similar measures were not the staunchest advocates of public services and the social wage economy; the ideational paradigm in which public expenditure is seen as "unproductive" and "a residual in the arithmetic of capitalism" echoed the Labour government's expenditure cuts.³²⁶ The most prominent leftist voice in the Cabinet, Tony Benn, was fervently manufacturing-oriented, while the ardent advocates for social wage such as Joan Lester did not gain a voice in the government at all. The dissonance between the AES visions of an alternative shared by many labor-leftist activists and the potential liberatory turn of the Social Contract created an impossibility to overcome the actually-practiced anti-worker version of the Social Contract except to return to free collective bargaining.

Working time reduction is another alternative agenda that is directly contradictory to productivism. In the 1970s, British unions generally did include working time reduction as one of their platforms as a way to decrease unemployment and the TUC coordinated the Working Time Campaign, but it was neither their priority nor integrated

³²⁵ Åke Sandberg, *Enriching Production: Perspectives on Volvo's Uddevalla Plant as an Alternative to Lean Production*. Stockholm: Swesidh Institute for Working Life, 1995. 5.

³²⁶ Ludlam, "Too Much Pluralism," 157.

into a wider framework of political economy. General support for the idea of working time reduction hardly translated into serious, prioritized campaigns, and there were few discussions of incorporating it in the Social Contract as an anti-unemployment measure. Working time reduction was also often used as a means for covert wage increases when they intended to seek overtime pay.³²⁷ The demand for 35 hours workweek was officially withdrawn by union leaders at the height of the Winter of Discontent in a meeting with Callaghan.³²⁸ The AES also did not give it a strong support because “‘work sharing’ means wage sharing,” and the undesirability of such trade-off was seen as self-evident.³²⁹ The exception was the engineering union’s (AUEW) strike in Summer 1979, in which the left-wing union leadership sought working time reduction to 35 hours without wage reduction, backed by solid rank-and-file support; they won a reduction to 39 hours, which is indeed significant in itself but did not prove to be a catalyst for a wider change.³³⁰ As was the case with AES, the union offensive on working time reduction did not gain the biggest momentum when labor was most powerful in the seventies, and withered away in the midst of profound offensive against labor in the eighties. In 1994, Britain had the highest proportion of workers working over 45 hours a week in wage labor, including more than 40% of male workers.³³¹

³²⁷ Karl Hinrichs, William K. Roche and Helmut Wiesenthal, “Working Time Policy as Class-Oriented Strategy: Unions and Shorter Working Hours in Great Britain and West Germany.” *European Sociological Review*, 1:3 (1985), 211-229. 223

³²⁸ Anna Coote and Beatrix Campbell, *Sweet Freedom: the Struggle for Women’s Liberation*. Oxford: Basil Blackwell, 1982. 161

³²⁹ London CSE, *the Alternative Economic Strategy*, 57

³³⁰ Hinrichs et al., “Working Time Policy, 223-224

³³¹ Jill Rubery, Mark Smith and Colette Fagan, “National Working-Time Regimes and Equal Opportunities,” *Feminist Economics* 4:1 (1998), 71-101. 76

Masculinism

The politics of gender was implicated in numerous ways in ideologies of union voluntarism, productivism and the absence of profound transformation of political economy. Masculinist values in the Labour Party and the movement vitiated the general emancipatory impulses which are necessary for any transformative project on the Left, provided the discourses championing economic priorities and free collective bargaining, and served to subordinate the social wage, the politics of working time and industrial democracy as relevant agendas. The masculinist conception of working-class interests and of the very identity of “workers” influenced the labor movements’ conceptions of their interests and trajectories of their policies; gendered biases in labor force and movements had widespread implications on the entire labor politics.

The gender-restrictive workforce, which was built through the application of long-standing patriarchal values to the particular mode of production of the postwar period, created the hegemonic and often-subconscious conception in which workingmen’s interests are represented as the interests of the entire labor movements. The masculine conception was a consequence of, and reinforced, the institutional underrepresentation of women in the labor market and labor movements. Even after the years of the expansion of public sector unions which contributed to the rise in union representation of female workers, women comprised only 30% of the union membership and 11% of the executive members at the end of the 1970s; union density among women workers was 39.5%, while the comparable figure for male workers was 63.4%.³³²

Proportion of women in skilled, higher-paid manual work was only 13.5% in 1971, and

³³² Robert Price and George Sayers Bain, “Union Growth in Britain: Retrospect and Prospect,” *British Journal of Industrial Relations*, 21:1 (1983) 46-68. 49. Joyce Gelb, *Feminism and Politics: a Comparative Perspective*. Berkeley, CA: University of California Press, 1989. 71

less than 25% of female workers were in manufacturing sectors. Gender inequality in workforce, the male breadwinner model of social policy, low representation of women in trade unions, and their masculine culture and public image reinforced each other. While labor market participation of women dramatically expanded throughout the 1970s, it was gender-segregated, with women largely concentrated in low-paid and part-time jobs with fewer prospects of advancement and protection.

The masculine discursive practices expressed as values of “workingmen” were practiced in the dominant shop-floor culture in manual production. The conceptions of working-class independence and freedom, which founded the basis of resistance against Taylorism, were also gendered and tied with the masculine role as a breadwinner and the freedom from constraints upon the exercise of masculine power, with the notion of feminine dependence often complementing masculine independence.³³³ Even though the masculinist image of militancy fueled labor struggles, especially in coal mining, masculinist culture developed as “a way of ‘compensating’” for their class-based oppression and alienation, and undermined its liberatory aspects.³³⁴ The conservative culture of “decency” and “respectability” based on the patriarchal family, with the cultural construction of masculinity as hierarchically-oriented, promoted the authoritarian values which conflicted with the ethos of autonomy. For example, even as workers articulated extensive criticisms of managers, “their concern to respect authority and to acknowledge the need for hierarchical discipline” was also present and stifled imaginations of a less hierarchical and coercive organization such as industrial

³³³ Collinson, *Managing*, 91.

³³⁴ *Ibid.*, 79.

democracy.³³⁵ In a society with stratification within the working class, there can be no strong basis of the working-class solidarity without the ideas of liberation; hence, Thatcherism was an “authentic expression” of skilled working men’s economic individualism, as indicated in the voting patterns.³³⁶

“The conservative common sense of the common man earning his breadwinner’s corn” entrenched in trade unionism was implicated in the economistic sense of priorities, which were conducive to productivist policies and could only foment an opposition to the Social Contract without attempting to use them in a more creative way.³³⁷ The notion of family wage as a *workingman*’s right was entrenched in the unions since the early 20th century, when it served as a rallying slogan to demand wage increases for male workers; they largely won the claim for the family wage in the Fordist-Keynesian system.³³⁸ The structure and normative ideal of “family wage” associated with the duties of a male “breadwinner” predisposed the male-dominated union leadership towards quantitative goals of wage increase, as “men’s belief in their role as breadwinners has subordinated all other dimensions of their workplace politics to the politics of pay – their own pay.”³³⁹ As one female trade unionist simply noted, their “problem was that our movement was based on what you could get for the lads, and the lads wanted cash in their pockets.”³⁴⁰ Tom Litterick, a left-wing Labour MP critical of Callaghan, Healey and incomes policy, concisely put the masculinist-productivist common sense in his parliamentary speech in 1976; “I assure the Chancellor that the British worker is a firm materialist when

³³⁵ Campbell, *Wigan Pier*, 220, Collinson, *Managing*, 215, 93

³³⁶ Campbell, *Wigan Pier*, 229

³³⁷ *Ibid.*, 149

³³⁸ Hilary Land, “the Family Wage,” *Feminist Review* 6 (1980), 55-77.

³³⁹ *Ibid.*, 147

³⁴⁰ *Ibid.*, 148-149

considering *his* own interests as expressed in the wage packet and what it can buy.”³⁴¹

The idea of family wage did not necessarily reflect the reality, since many women were indeed wage-earners and breadwinners, but it served to subordinate and ignore the social wage through the welfare state, prevented more egalitarian settlements of working time and perpetuated the gendered pay differentials which needed to be defended through free collective bargaining.

Many male trade unionists, including those in the leadership, did absorb the spirit and criticism of the revitalized feminist movements of the 1970s. Responding to the feminist union activists’ demand, the TUC adopted “Aims for Women at Work” in 1975, the twelve-point manifesto including equal pay and promotion, no discrimination, maternity leave and “convenient hours.”³⁴² The TUC campaigned for the Equal Pay Act of 1975 enacted by the Labour government, and explicitly called for a universal, comprehensive childcare system and flexible working time in the Charter for Under Fives in 1978; the following year they adopted the Charter for Equality, including affirmative actions for women in managerial positions as well as TUC’s own decision-making bodies.³⁴³ Most remarkably, the TUC called a pro-choice march jointly with feminist groups to protest against the anti-abortion bill in 1979. As the second-wave feminism made a dramatic progress in the seventies Britain, trade unions were far from complacent or utterly dismissive.

Nonetheless, the progress was far from adequate to overcome the long-standing masculinist paradigm. Despite their commitment to fighting for wage increases for women workers, cross-gender solidarity was not always prioritized, especially in the

³⁴¹ HC Deb 07 July 1976 vol 914 cc 1470, emphasis mine

³⁴² Gelb, *Feminism and Politics*, 74

³⁴³ *Ibid.*,

crucial aspects of political economy. Female-dominant public sector unions were grossly underrepresented in the TUC's senior committees; National and Local Government Officers' Association (NALGO) and National Union of Public Employees (NUPE), the fourth and fifth largest unions, were entirely excluded the TUC committees which endorsed the retrenchment policies in 1975-76.³⁴⁴ The TUC leadership did not act on the anti-cuts motions often adopted at the TUC conferences, and the NUPE campaigns for the social services and social wage did not gain active support of other unions.³⁴⁵ Despite the feminist influences, the family wage assumptions were alive and well in many instances, such as taxation structures and social security, understanding of "full employment" as that of men, the dearth of social policy designed for dual-earner households and some blatant anti-feminist policies such as Callaghan's 1977 attempt to direct child benefits to the breadwinner.

The ideal employment pattern for the masculinist family wage model is bifurcation between full-time wage earners and non-participants in the labor market, divided based on gender. Therefore, work sharing that creates part-time jobs for most workers is anathema to the family wage model, which refuses to see part-time employment as "proper work" and justifies the low-pay and low status for female part-time workers based on the oft-erroneous assumptions that they have another breadwinner to rely on.³⁴⁶ Working time reduction was also a less salient issue for men, since women were performing the overwhelming proportion of unpaid labor within households and men were performing far fewer hours of unpaid labor than the proletariat as a whole. The

³⁴⁴ Ludlam, "Too Much Pluralism," 156

³⁴⁵ *Ibid.*, 157.

³⁴⁶ Veronica Beechey and Tessa Perkins, *a Matter of Hours: Women, Part-Time Work and the Labour Market*, Cambridge: Polity Press, 1987. 145-146.

sustainable offensive for working time reduction as a labor movement priority would need to treat all forms of work as a whole, including paid employment and unpaid labor inside households.³⁴⁷

The tenet and structure of free collective bargaining was implicated in the workplace inequality between sexes and served to reinforce the patriarchal pay structures of the family wage.³⁴⁸ Collective bargaining without state intervention is not necessarily more patriarchal than the coordinated, corporatist arrangements – patriarchal biases in the state are well-documented – but “free collective bargaining” ended up benefitting the stronger, well-established and well-organized skilled workers at the expense of the majority of women workers, as claims for pay raises did not cover the lowest-paid and/or part-time occupations who were nonetheless impacted by inflation. Indeed, the TUC’s call for return to free collective bargaining entailed the “satisfactory restoration of differentials” based on “skill”, which was used as a heavily gendered concept.³⁴⁹ Furthermore, the ideas of collective *laissez-faire* conflicted with the rights-based approach, which underlay the Equal Pay Act and is an important arena through which gender equality is sought. Masculinism led to the failure to conceive wage equalization – instead, the aim was to entrench “whole general philosophy of differentials in trade unionism,” which Castle described as “a pay-structure hierarchy which descended in the following order; skilled workers, semi-skilled labourers and women”.³⁵⁰

The connections outlined above between masculinism and other issues should not be interpreted as a simplistic and essentialist equation of women’s interests with time,

³⁴⁷ Phillips, *Hidden Hands*, 56.

³⁴⁸ Campbell, *Wigan Pier*, 133.

³⁴⁹ Coote and Campbell, *Sweet Freedom*, 160.

³⁵⁰ Castle, *Fighting*, 411.

social wage, coordinated political economy, lack of hierarchy and services, and men's with money through wages, voluntarism, authoritarianism and manufacturing.³⁵¹ Women workers fought hard in economic struggles as well, and it would be absurd to claim that women are *naturally* more peaceful or less materialistic. It was in the context of a particular gender system that certain policies served male interests or were identified as masculine. Also, the dramatic expansion of women's employment in recent decades that coincided with neoliberalism could seem to cast a doubt on the connection between masculinism and neoliberalism. As Nancy Fraser recently observed, feminist criticism of the family wage was adopted and twisted by neoliberalism; the *laissez-faire* economy substituted family wage jobs with insecure, low-wage, part-time employment, and channeled the spirit of liberation into the neoliberal flexible precarity as freedom.³⁵² However, new employment opportunities for women in neoliberalism were mostly without power, security or status, which was not the case in family wage jobs and would not have been the case in a comprehensive work-sharing scheme. Only the combination of feminism with the Left politics could have led to an alternative future.

In July 1977, as the government attempted a new phase of the Social Contract that was breaking down, Barbara Castle eloquently described the spirit of the Social Contract and implications of its rise and fall. Castle was dismissed from the Cabinet immediately after Callaghan strode into No. 10 in April 1976. Her parliamentary speech, made two years before the fateful election, was prescient in a way that can only be appreciated by posterity;

³⁵¹ Angela Weir and Mary McIntosh. "Towards a Wages Strategy for Women." *Feminist Review* 10 (1982): 5-20. 7

³⁵² Nancy Fraser, "Feminism, Capitalism and the Cunning of History," *New Left Review* 56, Mar-Apr 2009: 97-117.

"I do not believe that materialistic motivation is the only or even the most powerful motivation in our society. If I believed that, I do not know why I should be in politics. If it is all so mechanistic, why are we here? What are we arguing about? What is all human conversation and human co-operation about, if the mechanistic solution is the only one...

As the Right Hon. Lady [Margaret Thatcher] hinted, what she dislikes about [the Social Contract] is that it brings organised workers into partnership, that it gives them a new status in the management of the economy, in the running of our political life. In our view, that is its greatest merit... What put an end to it? There is a simple answer. The Government did not—they would say could not—keep their side of the bargain. Restraint had been accepted to safeguard jobs, but unemployment increased. The rate of inflation was almost halved, but last year the Government was forced... into abandoning social contract policies by the sort of ideology and arguments... that were encouraged and applauded by the Leader of the Opposition who does not want a more equal society...

I believe that the House and the country will live to regret bitterly that we disillusioned working men and women with the results of the social contract. The alternative... is the cash limit society [with strict limits on public expenditure] with all that that means; That is the choice facing us on this side of the House. We either believe in different motivations and gear all our policies around that belief, or we are forced into the mechanistic alternative. My message is that we had better recapture our freedom as quickly as possible... the free market economy is one of human bondage just as great as, in fact greater than, in a society in which men and women freely decide to place constraints upon their market power in the distribution of awards and wealth in society."³⁵³

³⁵³ HC Deb 20 July 1977 vol 935 cc 1666-1668

Castle's own idea of Social Contract was not the one in which human bondage of the market economy was minimized. Nonetheless, her exhortation to "recapture our freedom" in the wake of the retrenchment turn vividly captures a historical turning point. Productivist and masculinist ideologies propelled both the mainstream and leftist wings of Labour politics in Britain away from the vision of emancipatory industrial relations in a democratically coordinated economy. The freedom of an alternative was not captured in the seventies; after the waves of Thatcher, Blair and Cameron, it has still not been found.

Conclusion: How Did the Lights Go Out?

“The seeds of 18 years of opposition were not sown in 1979, but in the 1960s, when great challenges came upon us. And instead of understanding we were simply being tested by the forces of change... but we were not ready then to see change was coming, accept it and then shape it to progressive ends. United, we should have been the advocates of economic and industrial change in the changing world.” – Tony Blair, 2005 Labour Party Conference Speech

“When the Lights Went Out” – journalist Andy Beckett described the ‘70s Britain as such in his eponymous book. In the hegemonic discourse, the seventies is portrayed as the grimmest of all decades, “periods of national embarrassment, of slipping confidence, of decline, of crisis, both real and imagined.”³⁵⁴ To describe the decade of incredible turbulence, there could be no metaphor more perfect than the dark nights of the Three Day Week, caused by the miners’ strike in 1974. In the pervasive view, the economic crisis and the Left strength are conflated in the demonic imagery of the seventies, which have served to discredit advocacy for an expanded public role in economy through the tainted association with the dreadful decade.

Capitalist crisis in the British seventies was real enough, and a crisis is always simultaneously an opportunity. The real tragedy of the British seventies was that even as a crisis coincided with the powerful labor and social movements, the lights of a more humane future - the hope and possibility that the realm of freedom could be nearer than it used to be – brightly sparked and then went out. The lights of emancipation were slowly extinguished as the decade went on, at least partly because the labor movements and the Labour Party chose to base their policies and actions upon their masculinism and productivism. Labour failed to absorb the New Left, post-materialist values into a coherent economic vision with a durable political paradigm based on a new configuration

³⁵⁴ Andy Beckett, *When the Lights Went Out*. London: Bloomsbury House, 2009. 1.

of interests. Labour's productivism – an idea that human well-being fundamentally depends on the level of material possessions and consumption, even in advanced capitalist societies – hindered their pursuit of liberatory goals that were perceived as adverse to maximum growth, such as reduction of working time and increased allocation of resources to social services as opposed to private manufacturing sectors. Because of the lack of focus on qualitative labor issues of power, autonomy and working time, unions were trapped in the dichotomy of inflationary wage offensive and self-defeating participation in the Social Contract. Labourist moderatism was reinforced by the productivist emphasis on the need to appease capital; Labour Right was the primary advocate of productivism, but it was an ideational hegemony because many on the Left also shared it. Their masculinism gave them a distorted view of priorities, and made them add feminist and ecological concerns in a superficial way as lip-service issues that don't result in substantial policy integration. As the space to claim the values of post-Fordist "freedom" was left vacant by the economic Left, Thatcherism was able to establish the hegemonic equivalence between the discourse of "freedom" with neoliberal economics by twisting freedom into anti-statism and anti-unionism, and hence create a perceived antagonism between post-materialism and the Left.

We currently live in the time of a structural capitalist crisis, whose economic anatomy and balance of political forces are distinct from those of the seventies. Due to the weakness of the Left, neoliberalism as a hegemonic paradigm is yet to be seriously contested in the political arena, after nearly three crisis years. Nonetheless, the vision of the alternative, non-productivist, non-masculinist political economy that we could aspire to does remain ever-relevant; especially, due to the impending planetary energy and

climate crisis, the shift to non-productivism is infinitely more imperative than it was in the seventies. We cannot construct an alternative, unless we reshape the values and purpose of political economy. Whatever the future brings us, the vista of liberation, the dream unfulfilled in the 1970s, is still waiting for us, if we can seize it. However, unless we can make an emancipatory turn within the new few decades, the 1970s will be remembered as the pinnacle of welfare society in the entire modern history and beyond, which was followed by the long, deep night of decline and decay.