EXPLORING POLITICAL CHANGE
THATCHERISM AND THE REMAKING OF THE LABOUR PARTY
1979-1997

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Ph.D THESIS

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UMI Number: U613365

UMI U613365

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Abstract.

The politics of Thatcherism reflects a political and economic project rooted in the ideology of the New Right. While subject to the interplay of opportunity and circumstance, chance and fortune, the Thatcher and Major governments of 1979-1997 did pursue and largely enact a coherent political agenda. Thatcherism is best understood as a process enacted over time. At its very heart was an anti-statist commitment to roll back the frontiers not of the state per se but of the pre-existing 'social democratic' state. As a project simultaneously informed by an ideological doctrine and constrained by the dictates of statecraft, Thatcherism was an agent of political change, one which reconfigurated state and society at the same time it was responsive to political realities and electoral pressures. Rather than spring from nothing, Thatcherism was constructed over time and through experience. As a result, modern politics has seen a dramatic shift in favour of right-reformist neo-liberal politics at the expense of left-reformist social democratic politics.

Through developing a theory of party competition driven party change this thesis explores the much remarked transformation of the Labour Party since 1983. It offers a theory of consensus politics that suggests consensus does not simply reflect a policy coincidence but implies a broad association on general principles which inform the policy decisions parties make. Policy is enacted within a consensual settlement reflecting implicit and unstated 'guiding assumptions' shared across parties, an 'agreement' existing in the form of a 'framework' and part of a prevailing political orthodoxy. Contemporary UK party politics are now enacted within a set of parameters enclosing a space on the centre right of politics: The political consequence of Thatcherism lie in a new political middle ground, a changed ideological space between Labour and the Conservatives, a process engendered by party competition driven party change. In programmatic terms, Labour has followed where Thatcherism has led. 'Modernisation' is a metaphor for the politics of Catch-Up, the process underpinning Labour's accommodation to (and adaption of) Thatcherism's neo-liberal political agenda. As an agency of change Thatcherism has helped recast mainstream ideological politics so influencing the prevailing political agenda to which Labour as an office seeking (and policy seeking) political agent has had to comply.

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1.1 Thatcherism and the Reordering of British Politics.

Contemporary politics in the 1990s reflects the fact that the familiar landscape of British public policy has been fundamentally altered in recent years. In a phenomenon unconfined to the UK policy instruments such as public enterprise, established styles of business regulation, progressive income tax structures, corporate relations with trade unions and management, and traditional forms of public management have almost become things of the past; in the words of Christopher Hood they are 'policy dinosaurs', species of public policy replaced by new 'life forms' such as "deregulation, neo-classical economics, flatter taxes and new public management" [1]. The notion of a interventionist state imposing collective political decisions upon the system of economic market exchange is increasingly seen as outmoded and irrelevant to the real needs of the contemporary economy. Just as by the late 1950s the phrase laissez-faire conjured up such ghosts of the 1930s as unemployment, economic depression and slump, the late 1980s witnessed the systematic devaluation of many of the key policy approaches upon which post-war British politics had been based.

While many normative assumptions prevail (the public benefits of state education, health and personal social services, the maintenance of law and order, defence, economic management and industrial regulation) previously dominant statist patterns of government intervention requiring the exercise of direct controls over enterprise and service provision have receded. The mixed economy, government demand management, full employment and the welfare state, the four pillars of post-war policy, have been called into question by the 'political revolution' of the 1970s and 1980s. Where the social democratic era presupposed that the role of the state was to directly regulate the market in a social interest, a revived neo-liberalism conceives the role of the state as

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[1] Christopher Hood, Explaining Economic Policy Reversals, Buckingham: Open University Press 1994.

being to empower the market in an economic interest and (when possible) in a social interest. Its rise and consolidation as a dominant political ideology has brought about fundamental political change in practical politics characterised by privatisation, deregulation and commercialisation of the state sector based upon an acceptance of the primacy of market forces in the governance of the economy and state-centred activity [2].

Since 1975, the state has been recast in as close a neo-liberal (ie non-social democratic) guise as has proved politically possible and/ or administratively practicable. As a result government is no longer expected to radically reform economic relations. Limited moves toward egalitarianism have been abandoned and moderate attempts to redistribute income and wealth (in cash or in kind) are no longer considered to be acceptable objectives. Both Labour and the Conservatives rule out high rates of progressive taxation and reject proposals to increase levels of social expenditure. The privatisation of state owned industries and utilities demonstrates the withdrawal of the state from direct control over a great deal of economic activity. These shifts mark a significant alteration in the contemporary political agenda and reflect the displacement of social democratic ideas by the rise of neo-liberalism. The displacement of Keynesian social democracy by a politics informed by neo-liberalism marks the passage of the New Right from vilified heterodoxy to predominant orthodoxy, a shift that has taken place within a political generation. Across political parties, traditional models of collectivism and state provision have been commonly presented as political goals which restricted freedom, limited opportunity, fostered dependence and damaged the national interest.

Today, a broadly defined neo-liberal ideological disposition informs the political ideas which, as normative recommendations, form part of a belief system eventually translated into public policy. Contemporary politics is structured around an altered discourse, one that reflects a different set of practical priorities and a new conception of the purpose of government and the role of the state: While a great many normative principles remain intact the method of realising them has altered. The politics of, say, 1995 are dramatically different from those of 1975. Over time, a series of contestable political beliefs have become translated into a set of assumptions common to some extent to all political elites. Neo-liberal political attitudes have pervaded the body politic, colonising intellectual territory inch by inch, suggesting that individual choices exercised within a system of economic market exchange are preferable to collective political decision making enacted through an interventionist state. As a result, institutions and actors of the centre-left which

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[2] Ruth Levine (ed), The Ideology of the New Right, Cambridge: Cambridge University Press 1986; Desmond King, The New Right, London: Macmillan 1987; Kenneth Hoover and Raymond Plant, Conservative Capitalism in Britain and the United States, London: Routledge 1989.

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were past advocates of reformist social democracy (what is known in the US as "reform liberalism" [3]) display an altered perception of the world and their political role within it.

Social democracy is now a thing of the past. Despite its association with parties of the left, actually existing social democracy was never simply "the key set of key organising principles and axiomatic propositions that drive the programmatic vision of socialist parties and is invoked by socialist politicians to propose solutions for concrete policy problems in the economic, social or cultural realm" [4]. As a movement of the left it is defined as "a hybrid political tradition composed of socialism and liberalism common to social democratic parties"[5]. As a left perspective, "revisionist social democracy had come to terms with reformed liberal capitalism. A compromise had been reached in which a market economy was made responsive to certain social ends- general affluence and economic security, full employment, individual fulfilment within an open society....Old political battlefields were deserted as Conservative and Christian Democratic parties came to accept the terms of the compromise. There was, in short, a convergence between the parties of Right and Left" [6]. Defined as "an attempt to humanize capitalism. The productive advantages of capitalism are to be retained, but some of its human costs eliminated" [7] social democracy (in common with reform liberalism in the US) has been common to a number of parties of the left and the right in post-war Western Europe. While a number of political issues and perspectives divided Labour and Conservatives in the post-war period they had a shared perspective on the objectives of government. As David Miller suggests: "First, economic management techniques are to be used to smooth out business cycles and to maintain full employment, which in turn will increase the bargaining power of workers vis-a-vis their employers. Second, the tax system is to be used to correct the excessive inequalities of income and wealth that an unreformed capitalist economy throws up. Third, a politically funded welfare state is to serve to eliminate poverty, provide for those with special needs, and contribute further to the

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[3] Kenneth Hoover and Raymond Plant, Conservative Capitalism in Britain and the United States, Op Cit.

[4] Herbert Kitschelt, The Social Discourse and Party Strategy in West European Democracies in C Lemke and S Marks (eds) The Crisis of Socialism in Europe, Durham: Duke University Press 1992 1994 p194.

[5] Stephen Padgett and William E Paterson, A History of Social Democracy in Europe, London: Longman 1991 p1.

[6] ibid p35.

[7] David Miller, Market, State and Community: Theoretical Foundations of Market Socialism, Oxford: Oxford University Press 1989 p8.

reduction of inequality" [8].

Political developments post-1940 witnessed the gradual "emergence of a progressive centre, distinct from the political left or right"[9] , today much has changed. Contemporary politics is proof positive of a shift in the political terrain away from this "progressive centre" of yesteryear. Labour's first Prime Minister in eighteen years, Tony Blair, makes much of the claim that his government is committed to "moving beyond the solutions of the old left and the new right" [10] In 1996, he declared that Labour would fail "if it sees its task as dismantling Thatcherism. We can't just switch the clock back to where we were" [11]. While claiming to reject much of the agenda of New Right conservatives, in economic terms Blair's Labour government willingly peers at the world through neo-liberal lenses which structure their appreciation of political and economic "realities" and influence the constructive vision they offer. The politics of the New Right, enacted into policy over a twenty year cycle, have reconstructed the political "middle ground" to such an extent that its developing agenda now bounds the policy horizon, reflecting the cognitive maps fashioned by a newly dominant neo-liberal paradigm. In common with other sets of political actors in comparable countries the Thatcher and Major governments led the way in the UK in the recasting of the political agenda governing the dominant ideas underpinning policy selection. One firm political supporter of Margaret Thatcher, Shirley Letwin, commented in 1992 on how "[o]ld socialists [have] learnt to chant in praise of a 'social market economy'", a phenomenon born of the fact that "the battle between socialism and free enterprise was over. And the line between the parties...became blurred. As a result, for the immediate future, whichever party is in power, the major changes made by Thatcherism are not likely to be reversed" [12]. Richard Cockett, has characterised contemporary politics as reflecting "the economic liberal agenda that the Conservative party espoused during the 1980s....[This was] duly adopted by the Labour Party in

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[8] ibid. Cf Peter Clarke, The Keynesian Revolution in the Making, 1924-36 Oxford: Clarendon Press 1988; Keith Middlemas, Power, Competition and the State, Volume 1: Britain in Search of Balance, 1940-61, London: Macmillan 1986; Andrew Schonfield, Modern Capitalism, Oxford: Oxford University Press 1965, Samuel Beer, Modern British Politics, London: Faber and Faber 1965; Peter Jenkins, Mrs Thatcher's Revolution,: The Ending of the Socialist Age, London: Jonathan Cape 1987; Alec Cairncross, The British Economy Since 1945, Oxford: Basil Blackwell 1992. David Marquand, The Unprincipled Society, London: Fontana 1988; Andrew Gamble, The Conservative Nation, London: Macmillan 1974.

[9] Dennis Kavanagh. Thatcherism and British Politics, Oxford: Oxford University Press 1990 p32

[10] Tony Blair, Power for a Purpose, Renewal Vol 3 No 4 October 1995.

[11] Tony Blair speech, Labour Party Press Release April 1996.

[12] Shirley Letwin, Anatomy of Thatcherism, Op Cit p350-351.

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the wake of their 1987 defeat, out of a recognition that a party proposing the old economic solutions of Keynesian public spending and nationalisation (as Labour had done in 1983 and 1987) could no longer appeal to a broad mass of the newly affluent electorate" [13].

While the political concerns of the 1970s were very largely those of the 1950s, the political agenda of the 1990s is remarkably different from that of the 1970s. Within the UK, this is very much a consequence of the neo-liberal politics associated with the phenomenon known as Thatcherism. Thatcherism helped fashion an altered politics, one which reflected changes in the ideological terrain upon which political activity took place. Contrary to the widespread fears of right wing commentators and analyists expressed in the 1970s, it is the political right not the political left which has succeeded in capturing much of the political agenda of the 1970s, 1980s and 1990s. From the perspective of the mid-1990s the idea expressed in the first publication of the Thatcherite pace setter of the 1970s, the Centre for Policy Studies, that "socialist ideas and other varieties of collectivist, centralist or statist philosophies have come to dominate political thought...Socialist assumptions in economics, social policy, and education have gained general bipartisan acceptance with only minor modifications" [14] now appears a ludicrous suggestion. Today, Labour's election victory of May 1997 notwithstanding, this and similar assumptions have been completely turned on their head. The vocabulary of political and social debate has been so captured by the right that it is the left (indeed traditionalist centre-left social democrats) that finds itself consigned to the political sideline.

This shift in opinion finds reflection in the contemporary policy agenda common to both the Labour government and its Conservative predecessor. In a number of policy fields contemporary politics are informed by neo-liberal rather than social democratic predilicitions. Given the "fundamental assumption... that parties enter government to influence policy making and to control policy implementation" [15] the question is begged: what endogenous and exogenous factors determine or otherwise influence the policy agenda that parties follow? What determines the attitudes of parties? How does such political change come about? Debates on contemporary politics are rightly influenced by the series of policies, political style and ideological outlook popularised as Thatcherism, a facile and unhelpful term which should offer nothing more than a

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[13] Richard Cockett, Thinking the Unthinkable: Think Tanks and the Economic Counter Revolution, London: Harper Collins 1995 p322

[14] The Centre for Policy Studies, Objectives and Style, London: Centre for Policy Studies 1975 p3-4.

[15] Ian Budge and Hans Keman, Parties and Democracy: Coalition Formation and State Functioning in Twenty States, Oxford: Oxford University Pres 1990 p132.

useful shorthand to discuss the policy and programme of the governments led by Margaret Thatcher. This fact notwithstanding, attempts to discuss the Thatcher government without recourse to this term are reminiscent of efforts to remake the wheel. The term "Thatcherism" has a complex provenance. Originally coined by critics as a term of abuse, the concept eventually became a badge of courage for supporters. We are apparently stuck with it rather in the same mistaken way "Keynesianism" is used to describe the economic practices of successive post-war governments. As with the terminology of most branches of social enquiry we are obliged to use pre-invented language devised by other people at other times for purposes other than our own. Like it or not, the phrase is here to stay for the moment.

Irrespective of the vagaries of the plurality electoral system which provides for a majority government on a minority of the popular vote, the Conservative Party clearly won the 1980s. Elected at the General Election of May 1979 and comfortably secured re-election in June 1983, June 1987 and April 1992. In 1979, the Tories won a 44.9 per cent share of the vote; in 1983, 45.5 per cent; in 1987, 43.3 per cent; and in 1992 42.8 per cent. On each occasion they established a comfortable minimum margin of some 7 per cent ahead of Labour. The Tory government had a more than comfortable working majority throughout the entire period. The 1979 majority of 45 was transformed into a 144 majority in the landslide victory of 1983. Although this fell to a very respectable 102 in 1987 and was further reduced to 21 in 1992, only in the latter stages of the 1992 Parliament was the Conservative Government at risk of losing its parliamentary mandate. Everyone, it sometimes appeared, spent the 1980s talking about the 'Thatcher Decade' and the 'Thatcher Experiment', Thatcher-this and Thatcher-that, all the time referring to Thatcherism as a catch-all construct to which all sorts of outcomes real and imagined, both positive and negative could be attributed.

Thatcherism, a specific form of Conservatism that differs from its post-war predecessors, was informed by a variety of political ideas of the New Right and was not reducible to the particular imprint of any one individual. Separate and distinct from the person of Margaret Thatcher (although greatly influenced by her), her enforced withdrawal from the political scene in November 1990 did not result in the collapse of the project to which Thatcherism subscribed. While she failed to go 'on and on and on' in her ambition to remain Prime Minister indefinitely, the creed to which commentators lent her name continued to do so. Described by Keith Middlemas as a "portmanteau word" [16], Thatcherism has many meanings and can be used in a variety of ways. It can be seen as: (1) a term of reference depicting what the Thatcher-led

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[16] Keith Middlemas, Power, Competition and the State. Volume III: End of the Post-War Era, London: Macmillan 1991: 279.

Conservative governments did at any one time it can be a short hand description of a contemporary phenomena; (2) a popular political movement; (3) a policy style; (4) a form of political leadership; or else, the definition employed here, (5) an ideological project, a vehicle which advanced a post-social democratic neo-liberal political agenda.

According to one determined supporter, Shirley Letwin, Thatcherism is a "form of practical politics devoted to achieving certain concrete results" [17]. Whatever the limitations of her own claims for the phenomenon (the idea it is a moral crusade concerned with restoring 'vigorous virtues' to all levels of the British polity), Letwin is right to argue that it is not in itself a theory. Indeed, given that the politics of Thatcherism reflects a particular political semi-doctrine within specific historical circumstances of itself it cannot be considered an ideology. It is not an "ism" in the sense of the term as should be used in political discourse. Nonetheless, as a specific form of Conservatism, albeit one completely different from post-war predecessors, the phenomenon Thatcherism denotes has an ideological provenance and as such a political impact [18]

In situating an explanation of Thatcherism at a series of interconnected levels the methodological approach selected to interrogate the phenomenon may take three forms: (1) description; (2) definition and (3) an assessment of impact. An heuristic approach would require all three approaches to be undertaken simultaneously. To define Thatcherism seriously requires us to describe it. Similarly, it cannot be defined without first having been empirically described. Thatcherism can only be understood (and its consequences mapped out) by an analysis of the impact it has had at the level of political ideas and at public policy. Here, mapping out the process of political change provokes an analysis of the shift in British politics, one in which the concerns of contemporary politics differ markedly from earlier concerns. Theories of political change usually focus on the idea of social, economic and electoral transformations and their impact upon the assumptions and opinions that guide and inform the actions of political actors (and administrators) as policy makers (and would be policy makers) is necessarily a reflection of these factors. But it is also a consequence of a change in those dominant political ideas that come to structure what government does and which find form in public policy and in political attitudes.

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[17] Shirley Letwin, The Anatomy of Thatcherism, Op Cit p39.

[18] Of course, in her first years as Prime Minister Margaret Thatcher rarely called herself a "Thatcherite". As the phrase stuck she came to adopt it as the 1980s drew to a close. Equally, she never referred to herself as a neo-liberal; in partisan terms she called herself a Conservative. The tiles awarded social phenomenon can sometimes mislead: The phrase "liberal" has very different meanings either side of the Atlantic as is demonstrated by the fact that the US equivalent of social democracy is referred to as reform liberalism.

A study of Thatcherism requires an engagement with its public record in terms of the policy agenda of both the Thatcher and Major governments. Thatcher's replacement by Major as Prime Minister in November 1990 was merely a stage in its development. An understanding of its consequences goes beyond mere description of what these governments did. There is little point endlessly revisiting the circumstances of Thatcher's accession to the Conservative leadership in January 1975 nor ceaselessly replaying the descriptive record of her time in Number 10 Downing Street. Many of the existing definitions, descriptions and explanations of Thatcherism may be questioned. An analytical explanation based on empirical evidence can evaluate the consequences of phenomenon over time: Description; Evaluation; Explanation. Explanations of Thatcherism, be it considered 'revolutionary' (a much overused word), 'transformatory', 'far-reaching' or simply 'more of the same', should not be simply concerned with its origin or development but with its general impact and consequences. Such consequences were in part electoral but were principally manifested in wider political and ideological changes. The Thatcher administrations may or may not have succeeded in a quest to change the course of British history but they certainly changed the political status quo: the 'collectivist tide' they set out to turn was halted and as a result the political shape of things altered.

Labour's dramatic election victory in May 1997 saw the end of a Conservative political domination of electoral politics which had lasted some twenty odd years. "Labour", the new Prime Minister Tony Blair declared, "was elected as New Labour and will govern as New Labour"[19] What is 'New' Labour? The objective is to explain it. 'New' Labour is proof positive of the ideological transformations that have been wrought in British political attitudes and in public policy by the forward march of the New Right. Inevitably, this was to find ultimate reflection in alterations in the programmatic stance, electoral strategy and stated political objectives of the chief political opponent of the Thatcher and Major-led Conservatives, the Labour Party. Labour today is unrecognisable as the party which fought the 1983 general election. The phrase 'a shift' is too subtle a word to describe what has happened to the party since 1983, 're-invention' nearer the mark but 'transformation' perhaps more accurate. This change is both deep and fundamental. It has not an elaborate charade imposed on a reluctant party by the Kinnock and Blair leaderships. While attempts at programmatic renewal were opposed by an increasingly ineffective left minority, they won the active support of others. Throughout the re-fashioning of Labour required the support of the Parliamentary Party: It depended upon the endorsement of trade union leaders and last and, in this case, certainly least, the acquiescence of a dramatically changing party membership.

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[19] The Guardian 3 May 1997.

Labour's transformation was encouraged by the belief that "The great ideological contest of the twentieth century has been settled. Free market capitalism has won; state planning and communism, of which social-market capitalism is alleged to be a subset, has lost" [20]. The 1980s and 1990s saw social democrats and socialists alike on the defensive: "The old faith in Keynesian instruments of economic management is in decline. States no longer commit themselves to full employment; they do not believe it to be possible. Instead they crave price stability and the approval of the global bond markets for their fiscal rectitude" [21]. Labour now accepts that traditional social democracy is a thing of the past, acknowledging its replacement by a new orthodoxy informed by neo-liberalism where inflation was the greatest economic evil, government borrowing unwise, progressive taxation an proven electoral millstone and an expanded public sector an impossibilist fantasy. Reconciled to privatisation, committed to Tory trade union legislation and supportive of the enterprise society, the party became no longer willing to contest many changes of the Thatcher years; Labour underwent an extraordinary transformation, a fundamental shift engineered during the dog days of opposition and the repeated electoral setbacks of the 1980s and 1990s. As were the Thatcher and Major governments before it, Labour in government is committed to guaranteeing monetary and fiscal stability and embracing the interests of the business community and promoting flexible labour markets; a political approach Labour leaders now constantly described as 'modern' and 'new'.

Labour "modernisers" claim a "New" Labour Party" had been constructed out of the ashes of that defeated in 1983 and 1987. Labour was united, disciplined, moderate, and modern. The socialist left had been marginalised and former policy liabilities, including unilateralism, nationalisation and central economic planning had been jettisoned; not merely corporatism but even co-operation with a revitalised trade union movement was no longer on Labour's policy agenda. Slowly, piecemeal, almost imperceptibly (but, taken as a whole over a twelve year period, certainly dramatically) Labour moved painfully away from the political ground previously staked out. Defining his party as having stripped "outdated ideology" from its values, Tony Blair has explicitly set out the principles of the Labour Party he has led since 1994. "To become a serious party of government Labour required a quantum leap"; it had to "reconstruct [its] ideology and organisation", marking "the long march back from the dark days of the early 1980s when, frankly, [Labour] was unelectable" [22]. While a number of differences remain between Labour and Conservatives

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[20] Will Hutton, The State We're In, London: Vintage 1995 p16

[21] ibid.

[22] An observation in a keynote speech to Murdoch's News Corporation "Leadership Conference" (itself an occasion that demonstrates the extent of Labour's political conversion). Tony Blair,

(definitions of the 'good society', constitutional reform, Europe), Blair disavows any intention to "switch the clock back to the 1970s" [23], an view which in itself illustrates Labour's willingness to gradually and painfully re-evaluate its own political appeal and govern in line with the an ideological map inherited from previous governments.

Initially, Labour (both left and right) fought the Thatcherite agenda tooth and nail. The 1980s were a period of hand to hand combat, a long war fought by a great many battles and skirmishes. Here, Thatcherism simultaneously presented a reform agenda and attempted to discredit alternative perspectives; it ran against the past and disclaimed alternative futures. The party's exclusion from office between 1979 and 1997 severely questioned its vote seeking capabilities (and, for some, damned its opposition to Thatcherism) . Each election defeat was taken to be proof not only of electoral decline but of the party's ideological crisis. Having first repackaged and then reformed its policy product in 1987 and 1992, Labour's failure encouraged the belief that the party was itself at fault. The initial preconception favoured by the leadership after 1983, that out of date Labour was out of touch with the aspirations of the electorate, was ultimately reinforced by the conviction that the party was out of step with the political spirit abroad throughout the land. The conclusion increasingly drawn was that Labour could not expect to win unless and until it changed its image by drastically modernising its appeal. Under Neil Kinnock and Tony Blair, Labour "modernisation" saw the fashioning of a new political association, 'New' (large N) Labour reflecting a belief in the need for a revamped party, one positioned to the political right of 'Old' Labour in the belief that the world had altered and the political agenda changed dramatically [24].

Subsequent chapters map out the ideological realignment characterised by this reconfigeration of Labour and Conservatives around a post-Thatcherite political agenda. Such is the breathtaking extent of Labour's transformation that any number of examples of its policy shifts can demonstrate this phenomenon. One may suffice for the moment: In October 1985, Roy Hattersley told the Labour Conference at Bournemouth that "The Labour Party stands accused and convicted of

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transcript of speech to News Corporation Leadership Conference, 17 July 1995.

[23] The Times 5 January 1996.

[24] The idea of "New" Labour, an advertisers campaign phrase that has well and truly stuck was preceded by the phrase, "the New Model Labour Party", found throughout Colin Hughes and Patrick Wintour, Labour Rebuilt:The New Model Party, London: Fourth Estate 1990. Its ancestry can be traced back to a former director of the Labour Party Campaign and Communication department. This one time official, Peter Mandelson, is now a Labour MP and Minister Without Portfolio in the Blair Government. Most significantly, he is a close confident of the Prime Minister, a key adviser and a central member (some say the central figure) of Blair's inner circle.

wanting to interfere with the free operation of free market forces. I plead guilty and ask for innumerable other offenses- past and future- to be taken into account" [25]. Some ten years later, Tony Blair as Labour leader was to sharply distance himself from such an approach. In a speech to the British Chamber of Commerce in May 1995 he declared that "Old Labour thought the role of government was to interfere with the market. New Labour believes the task of government is to make the market more dynamic, to provide people and business with the means of success" [26]. These two speech extracts demonstrate the fundamental difference between so-called 'Old' and 'New' Labour, a difference which is not one of Labour's left and right (Benn and Callaghan in 1980, or, in an earlier incarnation, Bevan and Gaitskell before 1958) but between two essential mainstream figures of the Labour right in different periods, Hattersley in 1985 and Blair in 1995.

Will Hutton's book, The State We're In, became a unlikely best seller in 1995-96. In it he lambasted British capitalism and argued the need for the state to reassert its role in managing the economy. He developed the concept of stakeholding involving a reconstruction of both state and economy based upon an expansionist economic policy within a broad Keynesian framework. For many, stakeholding offered Labour the big idea it needed. In a number of speeches delivered during a tour of the Far East in January 1996, Blair seized upon the phrase but not the idea as it had been developed by Hutton. While elements on the Blairite centre-left supported Hutton's arguments, elements far closer to Blair did not. Encouraged by his economic advisor, Derek Scott (a past Labour defector to the SDP), Blair opposed the idea as too radical and too associated with 'Old' Labour. Privately dismayed by the suggestion that stakeholding meant that corporate firms had responsibilities for and obligations to trade unionists and consumers, Blair's antipathy to Hutton's agenda was an open secret. Having inadvertently raised the issue through his use of the word (rather than the concept) Blair quickly dropped the word; with regard to the Blair agenda, stakeholding as an idea got no further than the starting block [27].

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[25] Labour Party Annual Conference Report, 1985

[26] Tony Blair Speech, Labour Party Press Release, May 1995.

[27] Hutton has become a semi-private critic of Labour's contemporary stance. Following Labour's 1997 Conference he wrote "Those of us who believe that Keynes, Beveridge, Tawney and Bevan have something to offer- albeit in a contemporary guise- are facing hard choices. The growing realisation is that we soon may not be able to look at the Labour party to represent what we believe" The Observer, 5 October 1997. Hutton had previously expressed high hopes that Blair's election as leader would see Labour develop a traditional social democratic programme: The State We're In Op Cit p30 .

Blair's willingness to closely associate himself with business interests was part of his preparedness to embrace Thatcherite politics. This has won him the warm private praise of Margaret Thatcher who has declared the country is safe in his hands. In January 1997 by way of a remark to Peter Stothard, editor of The Times, she suggested that "he won't let Britain down" [28]. When the story entered the public realm during the general election campaign Thatcher's office refused to either confirm or deny it preferring to make no comment. In May 1996, Thatcher had gone on the record in the Sunday Times as saying that Blair was "probably the most formidable" Labour leader of modern times: "I see a lot of socialism behind [Labour's] front bench, but not in Mr Blair. I think he has genuinelly moved" [29].

Compared to Labour's total hostility to all things Thatcherite for most of the 1980s the extent of Labour's transformation cannot be underestimated. In his first speech to the House of Commons as Thatcher's Industry Secretary, Keith Joseph spoke of six poisons which had long polluted the UK economy and brought about economic decline: Excessive government spending; high direct taxation; egalitarianism; excessive nationalisation; a politicised trade union movement associated with Luddism; and an anti-enterprise culture were all evils to be driven out [30]. These "six poisons" are now widely considered undesirable by political parties seriously competing for government office, none more so than the Labour Party. In the same speech Joseph poured scorn on the outgoing Callaghan administration and claimed that: "Labour's answer to our problems is still more of the same poisons. Its answer is more egalitarianism, more state spending, more direct taxes, more power to the unions and more discouragement to the entrepreneur" [31]. Although similar charges were (and no doubt will be) regularly made from Conservative benches in the House of Commons throughout the 1980s and 1990s no independent commentator would accept that such a description of the intentions of the contemporary Labour Party has any basis in reality.

As leader Blair made clear his commitment to the enterprise society fashioned in the 1980s and

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[28] The Times 14 March 1997.

[29] The Sunday Times 28 May 1996. Other unlikely Labour supporters in 1997 included Rupert Murdoch and Andrew Neil, former editor of Murdoch's Sunday Times: After 1994, in Neil's words, both men "came to see Tony Blair as a more credible heir to the Thatcher revolution than her Tory successor......Blair was saying many of the right neo-Thatcherite things on the economy, tax and welfare"" Andrew Neil, Full Disclosure, London: Pan Books 1997 pxx and xxii.

[30] Keith Joseph, House of Commons Debates, 18 May 1979 Col 709. See Dennis Kavanagh Kavanagh and Peter Morris, Consensus Politics from Attlee to Major, Oxford: Basil Blackwell 1994.

[31] ibid, col 712.

made no secret of his determination to both win the endorsement of businessmen and to forge a partnership with business [32]: "The deal is this: we leave intact the main changes of the 1980s in industrial relations and enterprise. And now, together, we address a new agenda for the twenty-first century: education, welfare reform, infrastructure, and leadership in Europe" [33]. In pursuing this "accord" with business, Labour's unwillingness to closely associate with trade union rights was almost worn as a badge of courage. In a piece written for the Daily Mail in March 1997 Blair argued: "Even after the changes the Labour Party is proposing in this area, Britain will remain with the most restrictive trade union laws anywhere in the western world" [34]. Blair made clear that Labour would encourage rather than limit flexible labour markets: "Our proposals for change, including the minimum wage, would amount to less labour market regulation than in the US" [35]. At the 1997 general election, Labour secured considerable endorsements from the world of business. While the Chairman of British Petroleum, David Simon, was given a peerage and appointed a Minister of State for Competitiveness in Europe at the DTI, the ranks of unofficial advisors were swelled by a number of individuals drawn from the corporate world among them Peter Davies of Prudential Insurance, Martin Taylor of Barclays Bank, Bob Ayling of British Airways, Dennis Stevenson of Pearson, and even Alan Sugar of Amstrad, long a self confessed admirer of Margaret Thatcher.

Political change is neither commonplace nor rare, indeed it is very much a fact of life; its pace and significance is however a defining factor. Dramatic change in particular is the exception rather than the rule: As Christopher Hood argues "it is easy to identify turning points in retrospect, but harder to explain exactly why they took place when they did or what caused the reversal" [36]. Much of the literature on Thatcherism "confines itself to establishing that it represents a change in the tide

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[32] At Blair's suggestion the Institute of Public Policy Research sponsored Commission of Public Policy and British Business headed up by long standing Labour supporter Clive Hollick brought together a number of senior representatives of corporate Britain with one trade unionist, John Monks, general secretary of the TUC. Leading business representatives who participated in the commission chaired by George Bain of the London Business School included Bob Bauman of British Aerospace, George Simpson of GEC, David Sainsbury, Sir Christopher Harding of Legal and General.

[33] Tony Blair, speech at launch of IPPR report of Commission of Public Policy and British Business, 21 January 1997.

[34] The Daily Mail 26 March 1997.

[35] Tony Blair, speech at launch of IPPR report of Commission of Public Policy and British Business, 21 January 1997.

[36] Christopher Hood, Explaining Economic Policy Reversals, Op Cit p46.

without providing an explanation of why the change took place" [37]. Or even how and with what consequences. In contributing to the debate surrounding the remaking of the Labour Party, Martin J Smith usefully (if somewhat artificially) distinguishes a "modernisation thesis" from "accommodationist explanations" [38]. Accommodationist explanations, the "politics of Catch-Up" strongly suggest that Labour has simply followed where Thatcher and Major (and the electorate) have led it [39]. Today, Labour and the Conservatives as principal competitors for public office largely share the very same political agenda. While continuing to disagree sharply in their pursuit of office as well as on the broader objectives to which policy is directed (competing definitions of the good society which are discernable at the rhetorical level), both parties have nonetheless aligned themselves on the same ideological territory [40].. This has been brought about by a process of convergence on a new political 'middle ground' characterised by a shared acceptance of the reworked boundaries of the public-private sector and a belief in the primacy of the private over the public in the management of the economy.

Understanding the present through the prism of the past enables past events to be analysed as staging posts constructing the political present. What past political actors have done all too often determines what present day actors can do. As a chronological account of provocations and counter provocations, reactions and structured responses to previous happenings, political change is almost a chain reaction. Political positions are struck in response to those taken by other political actors. Because political actors work within a set of established practices and

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[37] James Douglas, The Changing Tide: Some Recent Studies of Thatcehrism, British Journal of Political Science Vol 19 No 3 1989 pp399-424 p423.

[38] Martin J Smith, 'Understanding the Politics of Catch-Up: the Modernisation of the Labour Party', Political Studies, Vol 42 1994, pp708-715 p708. Cf Smith "Neil Kinnock and the Modernisation of the Labour Party" Contemporary Record Vol 8 1994. While there are differences and nuances in the work of a number of commentators (essentially the debate around weather Labour's current stance is "post-democratic", "modernised-social democratic", or "non-social democratic"), Smith's distinction is artificial because "modernisation" is in fact a form of " accommodation" to an altered status quo, a reformed political environment.

[39] Perry Anderson, 'The Light of Europe', English Questions, London: Verso 1992; Gregory Elliott, Labourism and the English Genius: The Strange Death of Labour England, London: Verso 1993. Colin Hay, 'Labour's Thatcherite Revisionism: Playing the "Politics of Catch-Up" ', Political Studies, Vol 42 1994 pp700-707.

[40] As Richard Cockett, a historian of the New Right, argues: "Much as it would have been difficult to find any substantive difference in economic policy between two such notorious political opponents as Messrs Gladstone and Disraeli in the 1870's, or between RA Butler and Hugh Gaitskell in the 1950s, so it is hard to discern any such differences between Messrs Major and Blair in the 1990s" Richard Cockett, Thinking the Unthinkable: Think Tanks and the Economic Counter-Revolution, London: Harper Collins 1995 p7: "The new ideological axis around which each of the major parties revolve is that of the efficacy of the market economy -the only disputes arise as to the extent of "regulation" which might be desirable within that market economy" p323.

assumptions, political changes can engender a new status quo. This is why Labour's current political stance reflects the Thatcherite political agenda. It is a from of accommodation to the prevailing orthodoxy. The party finds itself in 1996 in a political environment determined by the experiences of the 1980s and the 1990s, a period shaped by Thatcherite success. Labour counselled itself to embrace the mood, aspirations and culture of Britain as it had become in the Thatcherite 1980s and the assumedly post-Thatcher 1990's. Instead of endlessly harking back to long forgotten days of 1945 and 1979, the case put by Labour "modernisers" was both simple and stark; Labour should (indeed must) respond to social and political trends. Hence, Labour under Blair does not intend to challenge the ascendancy of neo-liberal economics. As a result, the cognitive maps established over the past twenty years which determine the political, economic, and ideological assumptions governing policy formation in every conceivable areas of public life are to be retained. A new political consensus has been arrived at: from this perspective, Tony Blair is more a weathercock than he is a signpost.

1.2 Shifting Paradigms in Contemporary History.

Political circumstances change as different political ideas come into vogue or else fall out of fashion. The world moves on and with it parties change, variously "responding" to obligations to modernise their appeal or redefine their role. Labour has accommodated to an emerging Thatcherite (or post-Thatcher) settlement rather than merely update its political strategy in the face of modernity. Labour modernisation is an example of reactive party change generated by a political-ideological environment influenced by Thatcherism in office, an outcome of Labour's need to recast itself as a result of its engagement with the Thatcher and Major governments. This engagement with Thatcherism has had a direct influence on the pattern of mainstream ideological politics. Thatcherism, an agency of change, has influenced the climate of opinion and helped construct the prevailing political agenda to which other office seeking political agents have had to accommodate. In 1990, reviewing the Labour policy document 'Looking to the Future', The Times editorialised that "One individual stalks the pages... Mrs Thatcher. In the last 11 years, her government has changed the language and outlook of friend and foe alike, and not least of Mr Neil Kinnock"[41] Simon Jenkins, writing in The Times in 1995, suggested that "It was Neil Kinnock who saw off the Social Democrats, who declared war on the militants, and who took a bullet in the back for his pains. Mr Blair had only to walk across the silent battlefield, shoot any left

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[41] The Times 4 May 1990.

wingers found alive and collect banners for his triumph"[42].

Such has been the power of the neo-liberal political agenda that political actors have found themselves persuaded of the need to 'modernise' their appeal to 'accommodate' to changing circumstances. This is an exceptional example of political change, a dramatic shift in which contemporary politics are enacted within a set of parameters enclosing a space on the centre right of politics, reflecting a political agenda which structures the set of political ideas regarded as given, unchallengeable and therefore politically acceptable. Toward the end of the 1979 Election Campaign, the then Labour Prime Minister, Jim Callaghan, all but resigned to impending defeat, remarked to his then adviser Bernard Donoughue: "You know there are times, perhaps once every thirty years there is a sea change in politics. It then does not matter what you say or do. There is a shift in what the public wants and what it approves of. I suspect there is now such a sea change -and it is for Mrs Thatcher" [43]. This oft-quoted observation is close to becoming a modern cliche but the advent of Thatcherite politics after 1979 did see a political sea change, one that was heralded before 1979 as well. As a dominant force in British politics Thatcherism did make a significant contribution to changes in the ideological assumptions that inform policy choice. Its legacy is a restructured political agenda to which political opponents have had to respond, one which reflects the rise of a neo-liberal paradigm as a new orthodoxy [44].

Given that parties can make their own history, albeit in circumstances not of their own choosing, useful explanations of Thatcherism are to be found within the contemporary political process as it developed through the electoral cycles of 1974-1979, 1979-1983, 1983-1987, 1987-1992, 1992-

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[42] The Times October 4 1995. Note the observation of the biographers of the now defunct SDP, Anthony King and Ivor Crewe state that "The one genuinely significant change, the replacement of the old state control/ free market polarisation of the 1970's and 1980's with the new two-party acceptance of the market, is the achievement, in their different ways, of Margaret Thatcher, John Major, Neil Kinnock, John Smith and Tony Blair, not of the SDP or of anyone else associated with it" Anthony King and Ivor Crewe, SDP, Oxford: Oxford University Press 1996 pp470.

[43] Bernard Donoughue, Prime Minister, Jonathan Cape 1987 p.191.

[44] As Dennis Kavanagh suggests (in a passage worth quoting in full): "Few general elections or administrations map out a new agenda. Yet such a change can happen. A different set of policies, perhaps sustained over two or three elections, may force the defeated party to reconsider its strategy if it wants to remain electorally competitive. The adaptation of the Conservative Party to the post-war Labour party initiatives is one example. The acceptance of the New Deal by many Republicans in the United States and the adoption of the social market approach and formal abandonment of Marxism by West Germany's Social Democrats are others. In the last two cases, decisive and successive election defeats convinced the party leaders that the centre of electoral opinion had moved away for them. Parties adopt or disavow policies not only to win forthcoming elections but also as a response to past electoral outcomes" Thatcherism and British Politics, Op Cit p313.

1997 and post-1997. As political actors parties can make a difference. The record of actually existing Thatcherism (even if narrowly defined as what the Thatcher and Major governments did when in office) demonstrates that politicians can advocate a governing philosophy; sponsor ideas, and translate an ideological disposition through policy innovation. The crisis the Thatcher government declared itself willing to address was said to be one of ineffective governance, a product of the failed post-war institutional and political framework it inherited and which past Conservative governments had attempted to administer. Contemporary political change can be explored in light of the social, political, and electoral consequences of Thatcherism and the far-reaching changes it promoted at all levels of British society.

Maurice Duverger's claim that a party is dominant when "it is identified with a epoch; when its doctrines, ideas, methods, its style so to speak, coincide with the epoch" [45] has to an extent found illustration not in the Conservative election victories of the 1980s but in the altered politics of the 1990s. Even so, it was not the Conservative Party itself which became dominant but the political ideas it espoused. That Labour now accepts a post-Thatcher, yet unmistakably Thatcherite consensus, is demonstrated by any number of empirical case studies, among them privatisation, economic and fiscal policy, defence policy and trade union law. This shift, enacted against the backdrop of the neo-liberal agenda actually existing Thatcherism strove to enact in office, is therefore a consequence of the political changes wrought by that phenomenon. Hence, the task facing any exploration of current political events requires engaging with the process and dynamics of political change as enacted in the politics of the 1980s and 1990s.

The history of political economy is characterised by the duality of collectivism and individualism, a process of trend and cycle illustrated by the rise and decline of public doctrines expressed as ideological politics [46]. In a grand historical sweep Milton Friedman has classified the period since 1800 as the Age of Adam Smith, the Age of Maynard Keynes and the Age of Hayek [47]. The twentieth century has witnessed the polarity of collectivism and individualism, a process typified by the rise of a semi-collectivist social democracy common to all parties in the 1950s and 1960s, one informed by statist welfare politics and Keynesian economics which was ultimately reconfigured by the revival of market liberalism. Here, the process of political change within

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[45] Maurice Duverger, Political Parties, London: Methuen 1964 p308-9.

[46] WH Greenleaf, The British Political Tradition: Volume 1. The Rise of Collectivism, Volume II the Ideological Heritage, London: Methuen 1983. AV Dicey, Lectures on the Relation Between Law and Opinion in England during the Nineteenth Century, London: Macmillan ed 1963.

[47] Quoted in Andrew Gamble, 'Ideas and Interests in British Economic Policy', Contemporary British History Vol 10 No 2 1996 p19.

British politics can be broadly classified into the pre-social democratic Keynesian era lasting up to 1940; the social democratic Keynesian era lasting up to 1975; and the neo-liberal post-social democratic era after 1975. Of course, the present is made within the past; the moment of political change is not easily identifiable and no simple or clear break may be discernable.

In understanding the process of change typified by the eclipse of social democracy and the rise of neo-liberalism the moment(s) of transition from one to the other must be located and the dynamics of change identified. Contemporary affairs are not usually marked by shifting tides of attention and public opinion. If dramatic policy change is an occasional occurrence, what role do political parties play as an agent of policy transformation? Political change is naturally dependent upon events and circumstances; not all reform agenda succeed. Here, the successes of Thatcherism (matched against its many failures) was due to the opportunities it received. Its reform agenda drew sustenance from the failure of the existing pre-Thatcherite political agenda and the worn out policy mechanisms previously used to redress social, economic and political problems. For new political ideas to flourish, older, existing ideas must be discredited or otherwise deemed to have failed. The supposed crisis of the 'corporatist state' in the 1970s found expression in the work of a number of political scientists who characterised it variously as the outcome of 'adversary politics', 'legitimation crisis', 'government overload' and 'the fiscal crisis of the state'.

The limitations of both the Heath Conservative government and the Wilson and Callaghan-led Labour governments contrasted sharply with the claims of the Thatcher-led opposition that it had the cure for the country's ills. The OPEC oil shock of 1973-74 and the global recession it engendered joined with continuing economic and political difficulties as symbolised by the IMF crisis of 1976 and the Winter of Discontent of 1978-79. By 1979, it was widely believed that social democracy had entered a profound ideological crisis. The application of Keynesian management to achieve economic growth, price stability and full employment was throughly discredited and had now to be abandoned. Government policies aimed at redistributing economic surpluses through fiscal policy, welfare programmes and social insurance were widely criticised for the contribution they made to the governing crisis of the state. Assailed from a resurgent left and right from within and without the Labour Party, the collapse of the post-war settlement in the face of the re-emergence of a serious and sustained economic crisis granted Thatcherism its chance and opportunity.

After the mid 1970s structural developments further severely undermined this social democratic project. As a result, social democratic practices common to political parties of the then centre-left and right found itself increasingly on the defensive. The end of intellectual ascendancy saw many

social democratic parties lose their virtually monopolistic positions as the sole guardians of their respective countries reform spaces. This period saw the emergence of a New Right organised around the Conservative Party committed to the banner of social reform. The force of intellectual arguments and the impact of events all helped fuel a resurgence of interest in neo-liberalism in the UK was wholly confined to Conservative circles after 1974. This was due more to the realisation that Keynesian social democracy was failing to deliver its promises. Rising inflation, stagnant economic growth, unprofitablity, loss leading public enterprise, and union power manifested in increased militancy, all encouraged the Conservative charge (one echoed widely in the United States) that Britain had become the sick man of Europe plagued by the "British diseases" of social discontent and de-industrialisation. This situation (pre-1974 but more particularly post-1974) also generated an interest in alternative ideas. The theory of monetarist economics originating in the 1960s now began to spread like wildfire leading policy makers to increasingly accept that full employment had to be abandoned to wage war on inflation [48].

The practical discontent on the political right were the first stirrings of the coming neo-liberal assault on traditional politics. The crisis of Keynesian social democracy amid the political turmoil of the 1970s provided a window of opportunity for the Thatcher government in both electoral and political terms. This opportunity was succinctly characterised by Keith Joseph, Thatcher's key ally in 1974-79: "[T]he socialists are obliged to re-think their whole strategy, like it or not. Some cry forward, some cry back, but they cannot stay as they are....[T]he tide is on the turn, it is up to us to take it at the flood" [49]. From 1975, New Right advocates increasingly argued it was no longer desirable (some would say feasible) for the state to continue to exercise the functions and responsibilities it had vested itself with. This perspective deepened when the Conservatives captured office in 1979. As Andrew Gamble makes clear, government "questioning of the post-war consensus, [and its] emphasis upon the failure of Keynesian economic policy and social democratic strategies created a space in which the ideas of the many variants of the right could flourish" [50]. Urged on by the increasingly unshaken belief that the status quo was not working, the Conservative election victory in May 1979 granted the politics of the New Right its opportunity.

[48] For an overview of this debate Anthony King, Overload: Problems of Governing in the 1970s Political Studies Vol 23 1975 pp162-174; Richard Rose and Guy Peters Can Government Go Bankrupt? London: Macmillan 1979; Robert Skidelsky (ed), The End of the Keynesian Era, Oxford: Martin Robertson 1977; Samuel Brittan, Economic Consequences of Democracy London: Temple Smith 1977; David Held, Power and Legitimacy in Contemporary Britain in Gregor MacLennen, David Held and Stuart Hall (eds) State and Society in Contemporary Britain Cambridge: Polity Press 1984.

[49] Keith Joseph, Monetarism is Not Enough, London: Centre for Policy Studies 1975 p30.

[50] Andrew Gamble, The Free Economy and Strong State, Op Cit. p34.

Ideas as products require sponsorship; they must be sold. When operationalised in practice ideas spawn policies and determine political outcomes so collectively redetermining the political agenda and the climate of opinion. Political ideas are suggestions which are capable of influencing political opinion; not just the set of policies presented in the form of administrative choices. In the realm of economic, industrial and social policy huge changes were brought about under Thatcherism. Only in the case of foreign affairs and defence (with the possible exception of the occasional tilt away from a European ideal) did policy remained entirely in keeping with the pre-1979 status quo. Political values such as enterprise, self reliance, anti-statism were encouraged and economic changes were symbolised by policies such as the privatisation of nationalised industry, utilities and public sector companies; the binding of trade unions; the hiving off of state management functions and service provision; the divestment of public housing; and the introduction of market liberalism to the non-market public sector. After 1979, the prescriptive ideas behind the emergent Thatcherite project took full advantage of the opportunities the various crises of the 1970s granted. Debates on the impact of the year 1979 in contemporary politics, while significant, are also misleading. The simplistic suggestion that everything changes at one certain point in time is profoundly mistaken.

Of course, amid great change a degree of continuity prevails. Post-1945 and post-1979 continuity as well as incremental change were as much a feature of the political scene as fundamental change. Political change is not so much a 'revolution' as it is a 'reform', an alteration in certain policy areas. Where they were able to initiate change it took Thatcherite actors time to redirect the ship of state: For obvious reasons, government all too often does today what it did yesterday, tomorrow it often does what it did today. Change begins and some times ends at the margins and not at the centre of public policy. Certain elements of the exeunt status quo prevail, however altered in form they may be. To concentrate on 1979 as the moment of transition from one political agenda to another is ludicrous, a fake search for a false dawn. Obviously, although things certainly changed after 1979, the simple dichotomy between pre and post-1979 must be avoided. The world did nor change irrevocably overnight between May 8th and 9th 1979: No serious conception of political change could argue that it did.

While challenged before 1979, the status quo was significantly altered after 1979. The difficulty of periodising history is similar to those accompanying diagnosis of illness: When do you get ill? Is it the moment of contagion or the display of symptoms? As Richard Cockett suggests: "The intellectual counter-revolution had not been won, then, by 1979: It was only after 1983 that the

ideas of Thatcherism became.. the new centre ground of politics" [51]. The Labour defeat of 1979 gave Thatcherism its opportunity, it was not its crowning glory. *Politics has changed in the twenty years to 1997 and the course of the 1980s and 1990s maps out the process of transition. While Paul Addison's much quoted reference to the significance of 'the road to 1945' to post-1945 politics offers a helpful starting point to understanding the political changes he draws attention to in his field of study, it was the 'road from 1945' that reflected and reinforced trends already taking place; the same may be said of the year 1979.*

Political change can be classified into three particular types: non-change (remains the same); serial adaptation (an increasing rate of change); and transformation (major and significant change). Dramatic change is both rare and exceptional; ditto non-change. The rate, type and extent of change are all variable factors. Describing and explaining what political change is requires us to understand how it comes about. Understanding political change is often as difficult as describing the proverbial elephant; we all know what it is but find it hard to either describe or analyse it. Political change can be classified into four interrelated forms: (1) social; (2) economic; (3) political-electoral; and (4) political-ideological. Political ideas matter to political change. Empirical analysis of electoral change tends often to dominate studies of political change. Voting behaviour, party competition, election campaigning and demographic or social change are often the principal focus of attention. In our obsession with the electoral cycle, political scientists often show little interest in the ebb and flow of political ideas within and without the electoral process. While a continuing interest in the 'consumer side of politics', defined as what the electorate does and why it does it, is necessary, additional emphasis should be placed on the 'producer side' focussing on the what motivate parties to act; understanding why they do what they do is as important as uncovering the motivations which explain what electors do and why: "Political scientists should... give heed to the 'supply' side of democratic politics: to the alternatives that the parties present to the voters and to the innovations and the other actions of government that are important in themselves and that voters respond to" [52].

The development of political opinion (at the level of elite or mass) can illuminate political change. The particular form of change analysed below considers changes in the political-ideological context within which political activity is conducted. Put simply: Political-ideological change is

[51] Richard Cockett, Thinking the Unthinkable, Op Cit p289.

[52] Anthony King, Political Change in Britain, Dennis Kavanagh (ed), Electoral Politics, Oxford: Oxford University Press 1992 p47.

most usually reflected in a new status-quo which influences the suppositions that underpin policy formation. In this respect significant political change can illustrate a change in the zeitgeist (itself an indefinable concept). Ideas are more significant in political life than they are often given credit for: They come of age, fall out of fashion, are championed or otherwise dropped. Political change can therefore be mapped out by changing ideas, a change marked by the fall and rise of fashion when ideas determine the direction of state policy when the dominant discourse is drawn from the political ideas in circulation. Anthony King rightly suggests that "at least two, and probably all three, of the three great policy discontinuities in the Britain of the twentieth century cannot be understood without an understanding of the movement of ideas that helped to give rise to them and subsequently shaped them" [53].

When political change is most easily demonstrated by policy departure, then the ideas which underpin policy formation (or more significantly the political attitudes, values and opinions that find expression in policy) are very important. Political change, political ideas influence the "policy goals; policy means; policy outcomes; political style; the presentation of policy to the electorate; and even the range of policies excluded from the political agenda" [54] that characterise the form government takes. Political change is often explained by the rise of new ideas that come to demonstrate their economic, political and administrative viability: Here ideas can be an engine of change. A study of the course and causes of political change should consider the prevailing conditions that encourage an alteration in the role and purpose of government encompassing what it does; why it does things; and how it does them.

If distinctive political ideas are capable of determining the set of policies presented in the form of public or administrative choices then, rather than an abstract conception, the dominant political discourse forms an series of normative recommendations, constructing a broadly informed belief system that has far reaching social implications when realised as public policy. Changing ideological prescriptions affect the political-economic-social context within which government operates. This structures what political actors and governmental institutions actually do and so impacts upon the outputs of the state. Of course, a pragmatic response to social and economic pressures may serve to modify the impact that a political ideology might have. Equally, the reception climate that greets a ideological project is an important factor. As argued above, for one agenda to succeed, others have to fail; for change to prosper, the status quo has to be discredited.

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[53] ibid p47.

[54] Colin Hay, Restating Social and Political Change, Buckingham: Open University Press 1996 p45.

The failure of Keynesianism paved the way for the resurgence of market liberalism much as how previously the limitations of individualism prepared the way for social democratic collectivism.

While dependent upon interests, individuals, circumstances and, as importantly, events, political change is a reflection of the rise of new ideas and practices that political and economic elites come to accept as necessary, inevitable and, in certain cases, unchallengeable. Distinctive political ideas (should they demonstrate their economic, political and administrative viability) thus impact upon policy formation. They form part of a dominant political discourse, a series of ideological propositions which, as a set of normative recommendations, shape a broadly informed belief system that has far reaching social implications when realised as public policy. How and why can a particular ideological disposition influence the set of political ideas which are eventually translated into public policy? Dominant ideas do not simply arise but are sponsored, transmitted and, when necessary, popularised. They have different impacts at specific times and win distinct audiences be it at the level of the elite and the mass. Mapping out the process of political change lies at the heart of an analysis of the historical shift in political life, one in which political change is evidenced.

Here, the subject of analysis can involve the study of an event; a trend; or a set of dominant issues. The focus of attention variously: politics; the generation of political issues; the transmission and impact of political ideas; the formulation of public policy; the impact of political economy; or even the sway of international politics. Here, one objective is to understand and explain political change as it is manifested in the process of alteration 'from x to altered-x'. In arguing that political change is in part explained by the rise of new ideas which demonstrate their economic, political and administrative viability, Peter Hall poses two related questions: Why is any one set of ideas influential at any one time and place? How do new ideas acquire influence over policy making? [55]. While a natural feature of social life, the actual form political change takes is not inevitable. Modernity does not just happen; it is fashioned. Attitudes are not fixed or given, they are shaped and remade by the interplay of both structure and agency; by a variety of social factors and political actors. Exploring, understanding, and mapping out political change requires an explanation of (1) What changes came about; (2) When they came about; (3) How they came about; and (3) What consequences have they had.

The relationship between dominant political ideas and political change is important; ideas can set parameters which determine, shape and change political attitudes, values, and opinions. Anthony

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[55] Peter A Hall, The Politics of Keynesian Ideas in Peter A Hall (ed) The Political Power of Economic Ideas: Keynesianism across Nations, Princeton NJ: Princeton University Press 1989.

Seldon has recently argued that the interplay of ideas, individuals, circumstances and interests provides four possible causes for policy change: Utilising Galbraith's notion of a prevailing "conventional wisdom", he suggests that "the preponderance of one idea or another at any given point in time conditions the entire way in which judgements are made by policy elites" [56]. The idea of a paradigm-shift in scientific enquiry was developed by Thomas Kuhn who distinguished between set structured forms of scientific discourse which utilised different frameworks of both analysis and understanding. These distinctive forms of activity established patterns of behaviour and defined what scientists did. Thus distinctive paradigms (for example Aristotelian and Newtonian physics) structured all forms of scientific enquiry. These established patterns of analysis took the form of "normal science" (standardised and routine activity working within an established framework); scientists continued to work in this framework and followed the unwritten "rules" and "regulations" set out by the discipline within which they worked [57].

Kuhn counterposed "normal science" with "revolutionary science", a form of scientific enquiry established when anomalies generated within "normal science" create a crisis in the existing paradigm (and so create a change in the scientific perception of a number of scientists) which is resolved by a process of change from the old to a new paradigm (paradigm-shift). Once established the new paradigm becomes the basis for contemporary scientific enquiry characterised by the collective acceptance of the ideas and attitudes upon which it is based. Scientists return to normal science within that new paradigm [58]. Shifting paradigms in political activity (as expressed in economic doctrine or a definition of the role and scope of the state) involve an alteration in the dominant ideology which finds expression in the activities of political institutions and political and administrative actors. Here, dominant ideas are applied to practical politics to define problems and offer ways to resolve them. Over time, given success (dependent upon opportunity, circumstance and the impact of contingency factors), these dominant ideas can forge a new (or revamped) political structure (an altered ideological discourse as it is realised in different policy agendas). Here, the way in which the world is interpreted and how it is assumed it should be managed is refashioned. Only when translated into practical politics does ideology have a significant impact upon political affairs.

Paradigms are born, they reach maturity and then pass, succeeded by a new paradigm as the

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[56] Anthony Seldon, 'Ideas are not Enough', David Marquand and Anthony Seldon (ed), The Ideas That Shaped Post War Britain, Harper Collins 1996 p263-66.

[57] Thomas Kuhn, The Structure of Scientific Revolutions, Chicago University Press 1970 ed.

[58] ibid.

framework shaped by its predecessor loses its utility. In a process analogous to Inception; Gestation; Birth; Developmental Growth; Maturity; Age; Decline; Expiry, they change and are changed. A political paradigm is a structure in itself- a set of accepted practices which inform the content of policy and the context within which it is developed by defining what is seen as desirable and possible. Political change progresses at different speeds at different times- "normal" rather than "revolutionary" science is the norm. The process of paradigm shift typified by the transition from a social democratic ideological discourse to one informed by neo-liberalism is one of gradual disengagement from the practices of the past combined with their partial retention in some form. Here, a social democratic polity can be seen to have been neo-liberalised; not all past policies have been abandoned in the wake of Thatcherism as the survival of the Beveridgian welfare state testifies (see diagram 1). The past, from this perspective, can be more than prologue; where its legacy is refashioned as a result of a newly dominant elite discourse, it may continue to exert an influence over what the state does and, as crucially, the expectations civil society has of it. Nevertheless, the past being changed is itself a process of modernisation as new ideas enter (or are otherwise injected into) the policy universe. Such ideas can promote political change in concert with the interplay of social-political-economic interests, institutions, and circumstance.

1.3 Actors, Agency, Structure: Exploring Political Change.

Political change is in constant development, a process at times sharp and dramatic, at others gradual and imperceptible. It is not something that springs fully formed in a period typified by an election date such as 1979 or 1945. As a modification (be it dramatic or modest) of the status quo,it can be closely related to the rise of new (or, more likely, updated or repackaged) political ideas. Such "new" ideas may capture the imagination of key elements of the electorate and, more significantly, political and administrative elites. Dominant political ideas extend across party political boundaries and do not necessarily recognise political or institutional affiliations. Did not Hayek dedicate The Road to Serfdom to 'socialists of all parties' in recognition of the dominance of social democratic attitudes which proposed collectivist public control in the management of the economy.

In terms of a spatial model of ideological discourse, the political environment has been changed over the past twenty years, one which is different from those which preceded it. Characterised by alterations in the various suppositions that govern policy formation, political change is both an a response and an impetus to an altered policy universe, one provoked by an acknowledgment that a fundamental shift has been engineered in the form of political debate and the agenda that governs it. It is illustrated by alterations in the attitudes regarding the form that public policy takes and the ends it serves. In historical terms (however contemporary events may be) the transition

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Diagram 1: Political Change as Paradigmatic Alteration.

Explaining continuity amid change: Thatcherism did not change everything. It was a reform project which altered the status quo by "neo-liberalising" existing social democratic politics. As the agent of a new political agenda, Thatcherism helped advance the set of political ideas, attitudes and values which now significantly affect the perceptions of contemporary political and administrative actors. It underpins a new paradigm, a 'post-Thatcherite neo-liberalism' which now determines (not merely influences) the ideological predispositions than govern policy selection, problem definition and so contemporary politics.

Paradigm 1: "semi-collectivist" social democracy.
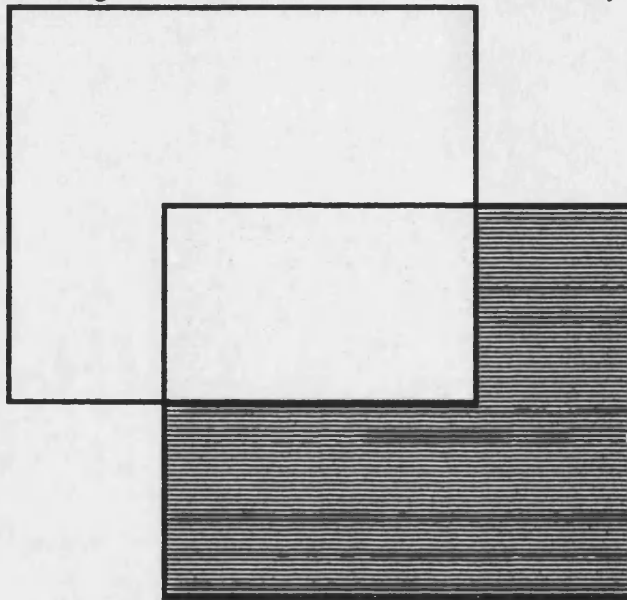
The status quo affects a reform agenda: Thatcherism reformed rather than overthrew actually existing social democracy. It did not completely surplant it.

Paradigm 2: Post-Thatcherite "neo-liberalism".

The shaded area indicates the contemporary paradigm within which contemporary politics is played out: it is a 'hybrid' of the previous agenda and that which 'actually existing' Thatcherism counterposed to it . According to Kuhn both "normal" and "revolutionary" science were played out in the same paradigm; when existing research transcended the status quo "a scientific revolution" was possible and a new "paradigm" resulted. In contrast, the political-electoral-ideological shift in contemporary politics reflects the (partial or wholesale) reform of the pre-existing status quo and not its revolutionary overthrow. Social democratic or neo-liberal, capitalism remains capitalism. Elements of the pre-1979 status quo (the light-shaded area) remain in play.

from one paradigm to another is a constant process, one that is fluid and often indeterminate. *As a moment(s) of transition from one paradigm to another, the dynamics of political change underpinning the fall of social democracy and the rise of neo-liberalism must be identified. Of course, identifying these moment(s) is one thing, understanding the process of transition is quite another.*

Subsequent chapters do not attempt to explain political change in itself by offering a holistic, all encompassing model conclusively demonstrating how change is brought about. Where sociological determinists assume that political agendas are the product of historical forces, it can also be suggested that political change is the result of non-structural socio-economic-political factors. The (short-lived) electoral and (long term) political success enjoyed by the Thatcherite Conservative Party after 1979 was not simply the automatic product of an historical or social situation. Political parties make their own history even as they are made by the influence of other factors. Given that the 1980s and 1990s witnessed the widespread acceptance of a form of New Right influenced economic prescriptions, this period begs the question: how exactly did a political agenda informed by a neo-liberal critique of social democracy become the universal orthodoxy it is today? Determinist explanations of political change too often ignore the impact of contingency factors. Structures matter but so too do other factors; modernity is a concept fashioned by the interplay of actors and ideas against the background of events and circumstances.

Of course the politics of Thatcherism should be placed in its international context. The spread of neo-liberalism in the latter part of the twentieth century is comparable to the advance of Keynesianism in the 1940s and 1950s or the rise of free trade in the late nineteenth century. While the argument that the Thatcher and Major government blazed the trail for the New Right in the UK has some merit, its political agenda was neither totally unique nor distinct; Thatcherite reforms found an echo in (among others) the policy of the Reagan administration in the US, the French governments of Mitterand and Chirac, and, notably, that of the Hawke governments in Australia. Deregulation and privatisation and the growth of neo-classical economics were part of a world wide phenomenon in the latter part of the 1980s. That said, it is too often suggested that Thatcherism was a reaction to political events over which it had no control; that these events determined its policy agenda rather than this policy agenda influenced or otherwise helped shape events. Yet, while subject to a great many constraints and limitations (the global economy; the weakening of national economies; the interaction of market and non-market institutions; the political and social demands of a sovereign electorate) Thatcherism did seek to kick against the many barriers it faced: sometimes it was successful, elsewhere it failed spectacularly. At different times and in different contexts Thatcherism both determined events and was determined by them.

It was not mere epiphenomena.

In the General Theory, Keynes famously suggested that the world is ruled by ideas [59]. However dominant ideas, rather than simply arise, have different impacts at specific times, they either fail or succeed in winning distinct audiences at the level of the political elite and/ or the mass; by themselves they are not enough. Keynes is therefore wrong about the power of ideas. They require champions in the form of engaged and active and, most importantly, successful political actors. The 'time' of an idea does not merely 'come'. Its success or failure is dependent upon its interaction with social-political-economic interests and institutions as mediated by the opportunities or restraints offered by contemporary circumstances. As consequential actors, politicians can matter because they are involved in "formulating, advocating and selecting courses of action (ie policy options) that are intended to resolve the delimitated substantive problems in question" [60]. Voice and visibility are terribly important in distinguishing who influences what and how. Governments count because they provide direction and momentum, impetus and initiation; the Thatcher-led Conservatives seized the chance to pursue their ideologically motivate reform agenda and had the opportunity to do. As Bob Jessop et al rightly conclude "Thatcherism is neither a natural necessity nor a wilful contingency. It is a complex, contradictory, unstable, inchoate, and provisional product of social forces seeking to make their own history -but doing so in circumstances they have not chosen, cannot fully understand, and cannot hope to master" [61].

While institutions, interests and circumstances all contribute to the success or otherwise of ideas, the political world outside of institutions and interests is important; state-society relations as well as the state matter. In real life, political actors make history or, should this be too grandiose a concept, influence events under circumstances not of their own choosing. All actors are affected by their environment even if they seek to reorder and shape it. Swimmers can swim with a tide but may also choose to swim against it (with varying degrees of success). Alternatively, they may well

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[59] In a phrase which has also become quite a cliche, Keynes suggested that "[T]he ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist".JM Keynes, The General Theory of Employment, Money and Interest, London: Macmillan 1936 p383.

[60] David Knoke, Franz Urban Pappi, Jeffrey Broadbent, Yutaka Tsuinaka, Comparing Policy Networks: Labor Politics in the US, Germany and Japan, Cambridge: Cambridge University Press 1996 p9.

[61] Bob Jessop et al, Thatcherism, Op Cit p13.

decide not to swim at all: Political actors make choices. Within any policy domain actors within institutions do not wholly determine; neither are they wholly determined. Collective political actors are not insignificant. Their influence over policy decisions varies over time with the intensity of their own efforts and those of other participants. The primary sources of political change are not always socio-economic in origin; structural factors can and should not be discounted. Subject to both structure and contingent factors (among them opportunities and resources), actors within institutions do count.

Through Thatcherism the Conservative Party found politicians with strong persuasive powers, clear ideas, a gradually emergent agenda and, as importantly, the opportunities to pursue the reform agenda (in part if not in whole) they came to identify. It is not the case that structural factors would have led any party to follow the same path as that of the Thatcher government in the 1980s. That government was not simply a cypher of social, economic and political structures. Labour in office would not have enacted the same programme. Of course, because the global socio-economic forces that saw a general reaction against statism the world over was at the same time a reaction against social democratic tradition, it provided an incentive to the Thatcherite reform agenda. The initial political choices made by Thatcherite actors were invariably just that; choices. The policy avenues they explored in the 1979 and 1983 Parliaments were not pre-ordained or given but were in many cases attempts to reorder the status quo Thatcherism did not like and pledged itself to change.

If political change is ultimately realised in public policy it does not happen as if by magic. The behaviour of political actors is neither random or ad hoc nor is it wholly rational and calculating. Rarely do actors develop strategy to determinedly pursue an agenda; while Messrs Contingency and Incrementalism do count neither are always the rule. Structural factors are important in the promotion of political change, but the role of actors and their ideas are also significant. As Peter Hall argues "Structural accounts can tell us a great deal about the constraint facing policy makers, but policy making is about creation as well as constraint" [62]. Nonetheless, the ability of political actors to engineer significant political change are necessarily subject to certain limitations. The

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[62] Peter Hall, The Politics of Keynesian Ideas, in Peter Hall (ed) The Political Power of Economic Ideas, Op Cit p30. Hall, and his fellow authors argue that political parties (in concert with other factors) were instrumental in bringing about the advent of Keynesianism. For institutionalist explanations of political change Cf Peter Hall Policy Paradigms, Social Learning and the State, Comparative Politics, Vol 25 No 3 1993 pp275-66; Geoffrey Garrett, The Politics of Structural Change: Swedish Social Democracy and Thatcherism in Comparative Perspective, Comparative Political Studies, Vol 25 No 4 1993 pp521-47. Of course, while stressing the importance of electoral competition, other exogenous political circumstances can and do favour one reform programme over others.

structural and contextual constraints brought to bear on the reform agendas of political actors located with institutions are twofold:

1. economic: domestic fiscal constraints; the globalized economy; international capital markets; international institutions.

2. political: electoral demands; electoral outcomes; governmental and administrative structures; institutional policy agendas.

These two factors are examples of environmental conditions that affect what political actors can and cannot do. Economic and political imperatives such as the global economy; international factors; the prevailing political culture; the tide of domestic opinion; uncontrollable circumstances and the impact of events all impact upon political actors and to some extent constrain its policy agenda. Although he is a critic of the idea of Thatcherite exceptionalism, David Marsh's argument that governments are composed of "calculating subjects, operating on a strategic terrain, much of which is not made up of their own choosing, who can change and negotiate the constraints with which they are faced but only in a limited and partially successful way" [63] indicates the freedom of manoeuvre that political actors can face. A determinist view all too often assumes that agents are always and everywhere wholly constrained; not so. Too often structures are seen to restrain rather than enable political actions: Together with state-society relations, exogenous circumstances, and the state of political discourse, the orientation of the governing party can be an instrumental factor in the promotion of change; Hence actors within institutions matter.. The attitudes and intentions of political leaders are important. Here, the interaction of both structural and contingent factors matter to political activity and its outcomes. The autonomy of political actors is in large part determined as structural conditions permit. Even if a structured context defines a range of social actions then political actors can initiate change provided the actor is an intentional agent located in a favourable social context. The Thatcher government was working within a number of national and international constraints: Nonetheless, dependent upon the relationship between structural and contingent factors, ideas, interests, actors and institutions all together influence political outcomes [64].

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[63] David Marsh, Explaining Thatcherism: Beyond Uni-Dimensional Explanations Op Cit p609.

[64] Where the task of entrepreneurs is to identify and exploit ways of challenging existing policies., Christopher Hood suggests that enterpreneurs play a catalytic role in that they straddle the distinction between "ideas", "interests" and "social context" Christopher Hood, Explaining Economic Policy Reversals, Op Cit. Thus opportunity and agency mesh when the political leader (collective rather than plural) acts as a catalyst; it can generate ideas when the status-quo is discredited (or worse).

Dominant political ideas too can restrain political actors by virtue of being the prevailing orthodoxy, the ideological paradigm within which political attitudes are forged determines public policy. A pre-existing political agenda can also influence political change and, once change has taken place, non-change. The relationship of ideas to policies to policy finds expression in this notion of the political agenda, itself an abstract and imprecise (although often used) concept. While it should be properly defined before it can be widely applied, the notion of a political agenda (shorn of pluralist preconceptions) can usefully illuminate the dynamics of political change (and, for that matter, periods of stability between periods of change). In certain times in particular circumstances, a wider political tide can be swelled by an alteration in the prevailing "climate of opinion". Dramatic change is exceptional but a paradigmatic shift in the policy universe is possible.

Hard definitions of what constitutes the political agenda are rarely forthcoming. For the most part 'agenda setting', 'agenda building' and 'agenda managing' are vague and unsubstantial concepts. The existing political science literature on political agenda setting is weak and undeveloped. For the most part it is somewhat out of date, United States based and cast in a pluralist universe, heavily skewed in favour of such notions as bottom-up policy development [65]. Defining the agenda as the dominant set of ideas governing the selection of policy options this framework of analysis suggests that: (1) a dominant political agenda exists which overshadows subordinate, less influential agendas; (2) that a series of political ideas have made a significant contribution to this form of political change; and (3) that this dominant political agenda can advance a set of political actors who have been able to either determine elite (not necessarily popular) political opinion or ride the tide of changing opinion and so influence the set of ideological predisposition that informs policy choice.

Above all else, the political agenda both reflects and reinforces the prevailing set of political ideas, attitudes and values that arise within political discourse; it underpins the paradigm within which contemporary politics is conducted. The relative success of Thatcherism is helping engineer a shift in the political landscape of the UK finds reflection in a reordered political agenda; one which lies at the heart of the political change from a social democratic inspired political world view to one which owes more to neo-liberalism. This reordered political agenda provides almost a mock theory of governance, one which guides what governments (and, as importantly, what prospective governments) can and should do (and what they consider themselves able to do). Political change

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[65] Cf RW Cobb and CD Elder, Participation in American Politics: The Dynamics of Agenda Building, Baltimore MD: John Hopkins University Press, 1972; John Kingdom, Agendas, Alternatives and Public Policies, 2nd ed New York: Harper College 1995; John Kingdom, "How Do Issues Get on Public Policy Agendas", in WJ Wilson (ed), Sociology and the Public Agenda, London: Sage 1993.

(as gradual as it is dramatic) may be defined as the transition from one paradigm to another. A dominant political agenda thus acts as a constraint which is deemed to limit what actors can and cannot do. It reflects a series of contestable political beliefs that have over time become translated into a set of assumptions, an implicit 'agreement' on the role of public administration, one existing as a 'framework', which reflects the preparedness of political actors to accept a prevailing political orthodoxy based upon a set of prescriptive and conceptual political ideas.

Thatcherism may be defined as an agency of change if not the agent itself. Richard Rose suggests that parties often cannot make a difference: "Much of a party's record in office will be stamped upon it by forces beyond its control. British parties are not the primary forces shaping the destiny of British society; it is shaped by something stronger than parties" [66]. Yet, if a dominant political agenda can influence the policy formulation process, political actors can play a significant role in determining this agenda. Thatcherite actors helped construct a new political agenda through the course of the 1980s: Firstly, through problem identification; secondly, through policy formation in the form of remedial suggestion; and thirdly, as the outcome achieved as policy implementation. The dominant political agenda will structure political discourse and so influence elite attitudes on policy selection and the issues and values that underpin the selection of policy in the form of a programmatic appeal. Rather than being predetermined, political actors can reflect, reinforce and, to some extent, determine these defining political and ideological environments.

Of course the ideology of the public sphere is not wholly reducible to the paradigm which the dominant agenda reflects. Subordinate agendas continue to attract attention at the same time as they are overshadowed by the dominant discourse; 'Hayek's ideas' were in circulation during the 'time of Keynes' even though they were not articulated at the level of the state and did not form part of the dominant political agenda. The circulation of political ideas involves both winning and losing arguments; stronger and weaker proposals; dominant and subordinate agendas: political change involves newer ideas supplanting older ones. With hindsight, just as social democratic collectivism altered the politics of post-war Britain, Thatcherism clearly influenced the course of the 1980s and 1990s. The period 1982-1988 were the years they advanced their political agenda in spite of the ever present (and at times very real) danger of electoral unpopularity. Thatcherism colonised what intellectual territory it won slowly and steadily inch by inch. Its opponents (both within and without the Conservative Party) did not vacate the field easily or willingly.

The ultimate success by which the Thatcherite project may be judged is not its pursuit of the

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[66] Richard Rose, <u>Can Parties Make a Difference</u>, London: Macmillan 1984 p142.

electoral ascendancy of the Conservative Party (viewed from the perspective of May 1st 1997 that objective looks very forlorn indeed). Instead, Thatcherism has helped construct a broad political settlement informed by neo-liberalism, one which may prove as lasting as the social democratic settlement. In 1993, Thatcher described the outcome of the 1983 election as a having been a watershed in British politics: It was "the single most devastating defeat ever inflicted upon democratic socialism in Britain. After being defeated on a manifesto that was the most candid statement of socialist aims ever in this century, the Left could never again credibly claim popular appeal for their programme of massive nationalisation, hugely increased public spending, greater trade union power and unilateral nuclear disarmament" [67]. This view was widely (if somewhat hopefully) shared among fellow Conservatives at the time. In the latter part of the 1980s, it became common currency and was accepted by first the Kinnock and then the Blair leadership and reluctantly endorsed by the Labour Party. It was, in short, an observation elevated to the status of political fact, one eagerly championed by Kinnock's eventual successor, Tony Blair, and his circle of Labour modernisers..

Present day party politics are concerned with working inside the structures of the Thatcher settlement. Today, (excepting Europe and the Constitution) Labour and Tory divisions largely concern the question of management and consolidation and do not involve dramatically competing political visions. *In economic and social policy the Thatcherite political agenda is now a significant constraint affecting what present day political actors can do.* While the rise of neo-liberalism in the context of the UK is not necessarily reducible to the role of agency it still owes much to the politics of Thatcherism. *Even if Thatcherism was a reaction to a structural environment in the form of a cross national political economy (a reflection of the unfeasibility of the Keynesian welfare state), its political and electoral engagement with Labour over a fifteen year period was the transmission belt of the 'neo-liberalisation' of traditional social democratic politics. Thus, under Tony Blair, Labour has moved ever rightward after 1992 whereas its programmatic stances of 1987 and 1992 were constructed under the same configuration of economic and social forces that applied in 1996 and 1997. Blair and, as crucially, Kinnock before him have not been working a blank canvass but a palimpsest already partially reworked by Thatcherism, one covered in markings Labour is as unwilling as it is unable to erase.*

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[67] Margaret Thatcher, The Downing Street Years, London; Harper Collins 1993 p339. Thatcher made a similar claim in a speech to the Scottish Conservatives on the eve of the 1983 Election: "This is a historic election. For the choice facing the nation is between two totally different ways of life. And what a prize we have to fight for: No less than the chance to banish from our land the dark, divisive clouds of Marxist Socialism". Hugo Young, One of Us, London: Pan Books 1991 p323.

As with the social democratic attitudes that characterised post-war politics, the depth of the Thatcherite imprint is very deep, one that has altered the form politics takes. This explains why in these Blairite times we should retain an interest in the politics of Thatcherism. The subject has not been exhausted and is not yet only a matter of interest to political historians or contemporary biographers. It is not a relic of the 1980s ready to be consigned to the museum together with yuppies, power dressing, the filofax and the Rubik cube. Although Thatcher herself has all but left the political scene, her sporadic interventions fuelled by dissatisfaction with her Conservative political successors, their impact amplified by media commentators eager to represent any story as internal division and strife, the neo-liberal agenda bequeathed by Thatcherism remains a live and viable political force. The politics of the present can only be understood by reference to the immediate and long term past. Put simply: To understand contemporary politics we need to know from where political actors have come and why they have come from there.

Several commentators, Adam Prezworski foremost among them, have suggested that social democratic parties of the left find it hard to win office given the willingness of workers to reject radical socialism and that when they do they are obliged to moderate their policies in acknowledgment of the structural constraints imposed by capitalism [68]. This 'structural constraints' thesis is challenged by (among others) Esping-Anderson [69]: Clearly, such an argument demonstrates the moderation of the social democratic reform project as historically practiced by parties of the left; at the heart of this project is the centrality of gradual, cumulative reforms as opposed to wholesale, dramatic transformatory actions. But as a ('moderate', 'reformist' as opposed to 'radical' and 'revolutionary') social democratic party, Labour has been previously willing to negotiate, modify, or otherwise seek to overcome the structural constrains capitalism brings to bear upon it. Certainly, it has declared its willingness to do so, in opposition even if it has not always done so in government. Labour's reappoachment with the neo-liberal agenda fashioned by actually existing Thatcherism is an indication not of the historic limitations of social democracy but of the extent to which Labour as a party has changed in terms of its policy and ideology over a fifteen year period.

By themselves social and economic structural factors have not created the Thatcherite agenda nor

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[68] Adam Przeworski, Capitalism and Social Democracy, Cambridge: Cambridge University Press 1985. "The very capacity of social democrats to regulate the economy depends upon the profitabity of the private sector and the willingness of capitalists to cooperate. This is the structural barrier which cannot be broken....investment and thus profits must be protected in the long run" p42.

[69] Costa Esping-Anderson, Politics Against Markets, Princeton NJ: Princeton University Press 1985.

forced Labour to embrace Thatcherite politics. Economic and political imperatives are not of themselves uncontrollable circumstances which totally constrain political actors. While the rise of neo-liberalism in the context of the UK is not entirely due to the Thatcher government it still owes much to the agency of Thatcherism. Accounting for recent political change requires Thatcherism to be explained, its impact assessed and, as significantly, its consequences evaluated. This prompts a fourfold approach:

(1) Defining Thatcherism as a coherent project.
(2) Measuring the success of Thatcherism.
(3) Evaluating the consequences of Thatcherism.
(4) Mapping out the provenance of 'New' Labour.

The paradigmatic shift over which actually existing Thatcherism has presided has to be both described and explained. Andrew Gamble suggests that "A major shift in policy becomes permanent when the opposition parties adopt it as their own" [70]. In exploring political change (and charting the provenance of New Labour) it is instructive to discuss the 'statecraft' of the Conservative government under Margaret Thatcher and to compare it with the changing approach of Labour in opposition under Jim Callaghan, Michael Foot, Neil Kinnock, John Smith and Tony Blair. That 'New' Labour is very different from 'Old' Labour is an illustration that the party has dramatically altered its appeal since 1983 (indeed this is almost an article of faith among members of the Blair inner circle).

Accounting for this alteration is more problematic. It is not best explained as an updating of socialism in the face of modernity nor is it simple Tory clothes-stealing, a necessary or unnecessary concession to political enemies solely in the interest of securing an electoral victory. The Thatcherite reform agenda, the political ideas it brought to bear upon contemporary politics, the opportunities it met with in light of the exogenous constraints it faced, all helped recast the political agenda upon which current economic, political, and ideological debates take place. Where the Thatcher and Major-led Conservatives have led, Labour under Kinnock, Smith and Blair have gradually followed. Any consideration of Conservative statecraft and Labour strategy after 1979 has therefore to pursue the rather larger questions of explaining the consequences of the fact that Labour lost four consecutive elections at the same time it explores how and why the Conservative Party won.

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[70] Andrew Gamble, The Free Economy and the Strong State, Op Cit p219.

Chapter 2.

The Politics of Thatcherism.

2.1 Exploring Thatcherism.

2.2 Understanding Thatcherism: Leadership, Limitations and Constraints.

2.2 Categorising Thatcherism as a Political Process.

2.1 Exploring Thatcherism.

Thatcherism is best explored in terms of its causes, chronology and, ultimately, its consequences. The first steps in the evaluation of the Thatcherite project are: What was it and what did it seek to do? In assessing the impact that it has had, its achievements (matched against those it set itself) must be measured. Andrew Gamble argues that Thatcherism can be variously defined as "a set of intellectual doctrines, as a popular political movement, as a style of leadership, as a bloc of interests and as a programme of policy" [1]. His view (which has set the yardstick against which all discussions of this issue follow) is that Thatcherism had three overriding objectives: "To restore the political fortunes of the Conservative Party, to revive market liberalism as the dominant public philosophy and to create the conditions for a free economy by limiting the scope if the state while restoring its authority to act" [2]. Its project was to centre the free market at the heart of economic activity.

The Thatcherite project was constrained by the politics of the Conservative Party it was nonetheless informed by a New Right appreciation of political realities: In the variety of its forms the New Right marries neo-liberalism (the individual; freedom of choice; laissez-faire; minimal government) with neo-conservatism (strong government; social authoritarianism; hierarchy and discipline; the nation). The two key principles of economic liberalism are; (1) the central role of the free market in the production, distribution and exchange of goods and services; (2) limiting the interventionist role of the state in the economy. Eager to use "the market driven decision

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[1] Andrew Gamble, The Free Economy and the Strong State, London: Macmillan 2nd ed 1994 p7.

[2] ibid p4.

making process to shape the way interests are represented and public choices made"[3] it offered an economic policy informed by neo-liberalism which counterposed the interventionist state with a light touch regulatory state; this is the tradition within which Thatcherism is located, one reflecting an agenda which was itself a shift away from modern (post-war) Conservatism.

Much of the best academic and popular literature (often they are the same thing) conceives of Thatcherism as "not so much an identifiable political outlook, [but] as a bundle of attributes, held together by time and place"[4]. David Marsh and Rod Rhodes suggest "five broad dimensions" across which Thatcherism may be evaluated: an economic dimension; an electoral dimension; an ideological dimension; a policy style dimension; and a policy agenda dimension[5]. Thatcherism, often narrowly defined in terms of a leadership style, is all too often a discussion of what 'Thatcher did next'; where chronological description is offered in place of a deeper analysis. Its nature is such that studies of Thatcherism can offer all things to all peoples ranging from an analysis of Thatcher's personality and leadership style to a discussion of questions of political economy.

Evaluations of Thatcherism, partisan and non-partisan, critical and positive, usually take two interrelated forms. Firstly, descriptive accounts of the course followed by the Thatcher and Major governments. Secondly, analytical explanations which use a national and/ or international perspective to define what Thatcherism actually is or what is was. These pose the general questions of how and why it was (or is not) different from other forms of politics. Although the question of whether Thatcherism was a good or a bad thing can be put to one side, competing definitions and perspectives litter the swollen academic literature. In offering a number of either partial and exclusive explanations which singularly or severally encompass a variety of factors, commentators tend to favour one set of explanatory variables over others. Among others, David Marsh (separately and with RAW Rhodes) has questioned the preponderance of "uni-dimensional explanations" and rightly argues for an inclusive, multi-theoretical explanation of Thatcherism,

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[3] Joel Wolfe, <u>Power and Privatisation</u>, London: Macmillan 1996 p4.

[4] As Shirley Letwin criticises this perspective: Shirley Letwin, <u>The Anatomy of Thatcherism</u>, London: Fontana 1992 p25.

[5] David Marsh and RAW Rhodes, Implementing Thatcherism: A Policy Perspective, <u>Essex Papers in Politics and Government No 62</u>, Colchester: University of Essex; David Marsh and RAW Rhodes, Implementing Thatcherism: Policy Change in the 1980s, <u>Parliamentary Affairs</u>, Vol 45 1990 pp33-51; David Marsh and RAW Rhodes (eds) Implementing Thatcherite Policies: Audit of an Era, Buckingham: Open University Press 1992.

one that does not concentrate exclusively upon one explanatory variable at the expense of others [6]. Of course, as Marsh suggests by his appeal for a "multi-dimensional analysis", all factors as they relate to one another and together play some explanatory role.

As a specific phenomenon, Thatcherism is best explained by reference to its ideological, economic and political aspects although, as Peter Taylor observes, "[It] is fundamentally a set of political actions. They are, no doubt, responses to economic circumstances and their collective motives may be designated in ideological terms, but at the heart of Thatcherism is an attempt to restructure political relations" [7]. While continuity prevailed in a number of policy arenas (the observation that, short of ministerial rhetoric, nothing essentially changed cannot be substantiated; neither can the equally fatuous observation that everything changed) subsequent political change since 1979 can be explained in the light of Thatcherism. The present author accepts the premise, argued by a number of friends and foes alike, that the impact of the Thatcher-led Conservative governments has altered the form of British politics. Thatcherism had a strategic purpose, one determined by its conception of how the political world was and how it should be. More specifically, it advanced prescriptions as to what form the political world should take.

In contrast, it is often suggested that the Thatcher government was far less ideological and much more pragmatic than is often suggested. See for example Peter Riddell's suggestion that: "For all but the most passionate adherents to Mrs Thatcher's cause, the shifts that occurred were more a response to changed circumstances and changed times rather than any dramatic reversal of policy" [8] (an opinion with which this particular author, in private life a 'non-passionate adherent' of Mrs Thatcher's cause, profoundly disagrees). What are the 'changed times' and the 'changed circumstances' to which Riddell refers? If Thatcherism was not exceptional does this imply that it was non-exceptional? How can the political, economic and social changes brought about in the

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[6] David Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanations Political Studies Vol 43 No 4 1995 pp595-613.

[7] Peter Taylor, Changing Political Relations, in Peter Cloake (ed) Policy and Change in Thatcher's Britain, Oxford: Pergamon Press 1992 p33.

[8] Peter Riddell, The Thatcher Era and its Legacy, Oxford: Basil Blackwell 1991 pxx; Peter Riddell, The Thatcher Decade, Oxford: Basil Blackwell 1989; Peter Riddell, The Thatcher Government, Oxford: Martin Robertson 1983. Other commentators who broadly share Riddell's approach are Jim Bulpitt, The Discipline of the New Statecraft: Mrs Thatcher's Domestic Statecraft, Political Studies Vol 39 No 1 1985 pp19-39; Martin Holmes, Thatcherism: Scope and Limits, London: Macmillan 1989; David Marsh and RAW Rhodes passim. For an overview of the literature on Thatcherism to 1989 Cf James Douglas, The Changing Tide: Some Recent Studies of Thatcherism, British Journal of Political Science, Vol 19 no 3 1989 pp399-442.

twenty odd years since 1979 be explained? How did they come about? If times and circumstances change, how exactly do they do so? Since becoming Labour leader in 1994, Tony Blair has made numerous references to 'the changes of the 1980s'. As Times columnist Matthew Parris suggests: Blair talks "about the reforms of the 1980s as though "the Eighties", rather than a group of Conservative women and men, had enacted these reforms" [9]. Too often commentators fall into this cozy trap (and others) of mistaking the reforms enacted by political actors and public administrators for the inevitable and anonymous forward march of modernity: 'history' doesn't just happen, it is made.

Several authors, chief among them Riddell and, to a lesser extent, Rod Rhodes and David Marsh, do question the view that the Thatcher government made strategic political decisions which reflected a consistent or coherent world view. Rhodes and Marsh's survey of the Thatcherite policy agenda suggests to them three tentative conclusions: "First, that there is no constant set of Thatcherite policies. Second, the relative priority accorded to particular policies did not remain the same over the decade. Third, it cannot be assumed that consistent policies were pursued. Both priority and consistence remain matters for investigation, not assumption" [10]. Marsh's suggestion that it is wrong to insist that Thatcherism had a "developed, coherent programme which was evolved in opposition and carried out in government" [11] lies at the heart of his (and others) objection to the idea that Thatcherism is an "exceptional" (his phrase) phenomenon. His suggestion that the absence of such a programme invalidates the case that Thatcherism was a coherent project is profoundly mistaken: Contra Marsh, no theory of Thatcherite exceptionalism seriously argues, in his own depiction of the thesis, that: "It is easy with hindsight to characterise Conservative....... policy as a developed, coherent programme which was evolved in opposition and carried out in government. Hindsight is a dangerous tool of analysis" [12].

For Marsh and Rhodes, too many writers overestimate the Thatcher effect and they observe that "it was only in the field of housing that [the Thatcher] government achieved its policy and political aims. In the other three areas of fundamental change -industrial relations, privatisation

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[9] The Times April 4 1997.

[10] David Marsh and RAW Rhodes, Thatcherism: An Implementation Perspective, in David Marsh and RAW Rhodes (eds) Implementing Thatcherite Policies: Audit of an Era, Op Cit p3. Cf David Marsh and RAW Rhodes, Evaluating Thatcherism: Over the Moon or Sick as a Parrot? Politics Vol 15 No 1 1995 pp49-54.

[11] David Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanation, Op Cit p603.

[12] ibid p603.

and local government- a great deal changed in terms of legislation but much less changed in terms of outcomes" [13]. This author strongly disagrees (specifically with relation to privatisation): One cannot so lightly dismiss the role that consistency was a feature of the politics of the Thatcher and Major-led governments and the policies they enacted (or, more significantly, those policies which they did not enact): Privatisation, discussed in a subsequent chapter, offers a case in point. Obviously, no 'developed, coherent programme' existed in opposition before 1979 (which influential authors argue that there was?) but clearly the emergent Thatcherites had definitive aspirations in a number of policy fields; their task was to identify (however incoherently) certain objectives both before and (more importantly) after 1979 and to devise realisable methods to secure those objectives.

David Marsh is also too quick to argue that the Thatcher governments were less (even non) ideologically orientated than is commonly supposed. His position is that it is commonly (and erroneously) suggested that the Thatcher government adopted "a step-by step approach, that it consciously pursued a strategy in which each development in a policy area built on the last as if to complete a jigsaw in which the picture being gradually completed was based upon New Right ideology.......this is a mistaken analysis; looking back credits the strategy with a coherence which it did not possess at the outset" [14]. While identifying an important facet of Thatcherism (its incremental pursuit of a conscious set of objectives -see below) this view offers a flawed interpretation of the Thatcherite phenomenon. As Marsh et al suggest the government was indeed "....constrained by economic problems" and did always respond to them with "one very wide open eye on political (and particularly electoral) advantage" [15] but how does this argument conflict with the perspective that the attitude taken by the government at any one particular time was a reflection of the ideological attitudes it determined to strike and the political reform agenda it hoped to pursue? Here, a New Right ideological disposition served as a compass (rather than a map) to guide them on their way. Thus, their role in government (not in opposition) was (if at all possible) to gradually seek out ways and means to secure designated ends (at the same time identifying serial ends during the whole of their time in government). Here, identifying a need and wanting to do something were the first steps.

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[13] David Marsh and RAW Rhodes (eds) Implementing Thatcherite Policies: Audit of an Era, Op Cit p186.

[14] David Marsh, David Dolowitz, Fiona O'Neill and David Richards, Thatcherism and the Three R's: Radicalism, Realism and Rhetoric in the Third Term of the Thatcherite Government, Parliamentary Affairs Vol 49 No 3 1996 p447.

[15] ibid p448.

Commentators can scour the historical record to identify the motivations and core political beliefs that underpinned the activities of the Thatcher government. Here, ideology (broadly defined as a neo-liberal disposition) provided a key to what ministers did and why they did it because it all too often provided an initiative for policy formation. Of course ideological considerations are all too often tempered by the pragmatic dictates of electoral and political considerations, That said: tactical political judgements were very important in terms of ministers discovering what they could and could not do. Interpreting constraints in order to attempt (successfully or unsuccessfully) to negotiate obstacles requires the strategic use of ideology. There are multiple explanations of the Thatcherite phenomenon. Rather than being a free agent, the government was required to respond to political events at the same time that it sought to shape those events; it was determined by events as it sought to determine them. With regard to practical politics, an ideological perspective influenced how the government defined problems and sought to resolve them.

That said, while it is impossible to endorse the 'extreme' perspective that Thatcherism was ad hoc, incremental, ill thought out and pragmatic, the alternative 'extreme' interpretation, that it was the product of a detailed agenda for radical change designed in opposition and executed in power, is just as invalid. In his misguided haste to question the second school of thought, Marsh (together with Rod Rhodes) too easily (and mistakenly) aligns himself with the first. Moreover, in his depiction of the alternative case (which he depicts as the 'exceptionalist' theses), he constructs a straw man, one easy to knock down in order to strengthen his own perspective. With Rod Rhodes, Marsh also argue that Thatcherism is characterised by an "implementation gap", one that demonstrates "the Thatcherite revolution is more a product of rhetoric than of the reality of policy impact" [16] but Colin Hay counterposes this with the idea of a "strategy gap" one which distinguishes the difference between what a government would like to see happen and what does in fact happen. [17]

As Shirley Letwin would have it: "Whether right or wrong, lovable or objectionable, Thatcherism has offered a coherent political attitude; it has provided a coherent set of responses to things as they are, or were seen to be, in Britain at the end of the twentieth century. And it has translated

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[16] David Marsh and RAW Rhodes (eds), Implementing Thatcherite Policies: Audit of an Era, Op Cit p187.

[17] Colin Hay, Restating Social and Political Change, Buckingham: Open University Press 1996 p152. He rightly suggests that we should be "extremely wary" of Marsh and Rhodes conclusion that "the Thatcherite revolution is more a product of rhetoric than of the reality of policy impact" p153.

these responses into action in a coherent and distinctive manner" [18]. A political project is very different from a political programme; in specifying objective and method, the careful commentator should distinguish one from the other. While a distinction can be made between those accounts which (1) describe Thatcherism as both pragmatic and reactive and emphasise strategy, leadership and statecraft and those which (2) suggest it was fiercely ideological and political [19], this polarity is both false and misleading; for reasons explored below, despite excursions into short and long term electoralist statecraft, Thatcherism was prepared to pursue an ideological-political-economic project (when necessary by the most pragmatic of means). It had a direction and an identifiable set of objectives: "While pragmatic calculations have informed the [Thatcherites's] choice between policy options, most of these options have themselves belonged to a neo-liberal framework....To quibble about whether they are simply pragmatic extensions of extant policy or 'genuine' versions of neo-liberalism is to miss the point" [20].

Thus, Thatcherism's agenda was advanced by political actors prepared to attempt (a key phrase; see below) to use their executive governance of the state to bring about fundamental political change. In a number of policy areas they were remarkably successful where the direction of policy change was framed (as we shall see) by an ideologically informed world view. The overall strategy of the government was not random nor necessarily inconsistent (even if at times inchoate and disorganised); all projects are often as reactive as they proactive. Although policy can be determined by a series of piecemeal reforms shaped by a number of factors, the genesis of the reforms of the Thatcher government was not just the simple pursuit of a series of pragmatic measures. Although pragmatism (nor incrementalism) in policy development should not be ruled out (for reasons explored below), specific initiatives and outcomes demonstrate that "Thatcherism" is best described as a general political project, one concerned with choosing a

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[18] Shirley Letwin, The Anatomy of Thatcherism, Op Cit p30.

[19] Peter Riddell fall into the first category. Commentators who fall into the second include: Stuart Hall: Stuart Hall and Martin Jacques (eds) The Politics of Thatcherism, London: Lawrence and Wishart 1983; Stuart Hall, Popular Democratic versus Authoritarian Populism, in Alan Hunt (ed) Marxism and Democracy, London: Lawrence and Wishart 1983, Stuart Hall, Authoritarian Populism: A Reply, New Left Review No 151 1985; Stuart Hall, The Hard Road to Renewal: Thatcherism and the Crisis of the Left, London: Verso 1988.. ; Bob Jessop et al, Authoritarian Populism: "Two Nations" and Thatcherism, New Left Review No 147 1984; Bob Jessop et al, Thatcherism: A Tale of Two Nations, Cambridge: Polity Press 1988; Colin Leys, Still A Question of Hegemony, New Left Review No 181 1990; Joel Wolfe, State, Power and Ideology in Britain: Mrs Thatcher's Privatisation Programme, Political Studies Vol 39 1991 pp237-55; Joel Wolfe, Power and Privatisation, Op Cit; Jeremy Moon, Political Leadership in Democracy: Policy Change Under Thatcher, Aldershot: Dartmouth 1993; Jeremy Moon, Innovative Leadership and Policy Change: Lessons From Thatcher, Governance, Vol 8 No 1 1995.

[20] Desmond King, The New Right and Public Policy, Political Studies Vol 42 1994 p490-491

variety of policy instruments as a means to secure wider political ends: It dealt in broad brush strokes; its politics, which provided the impetus which underlay policy development, were the product of identifiable political beliefs, as much a core set of convictions as a set of ideas derived from philosophical reflection.

Did the Thatcher government choose to restrict trade union activity by chance? On a whim? Or for a political purpose? In opposition before 1979, the Tory Shadow Cabinet was divided on the question of how far trade union reform should go: Thatcher, Joseph, Howe and others were all in favour (and commissioned the 'Stepping Stones' report into possible controls from John Hoskins and Norman Strauss in 1978) but the Employment spokesperson, the wet Jim Prior, was hostile (as were his damp colleagues). Clearly, when in government Thatcherite ministers considered trade unions to be past of the wider political problem with which they had to deal. In the wake of his 1980 Employment Act (damned by Thatcher as too cautious), Prior was dismissed from Employment and in the following years, assisted by the impact that mass unemployment had on trade union power, successive ministers continued to incrementally legislate away the voluntarist rights unions had hitherto enjoyed. Corporatism was to be consigned to the pages of history.

Although David Marsh argues that Simon Auerbach's work on Thatcher's trade union legislation reflects his own analysis, Auerbach's suggestion that trade union legislation was the product of "a distinctive combination of policy, politics, pragmatism and philosophy" [21] demonstrates the impact that Thatcherite ministers (as determined political actors) had on policy outcomes. The central objective of the Thatcher government was to curb trade union activity: "[while] pragmatic and political factors.....served to shape the particular contents of the [trade union] legislation at each stage, the influence of these government's essential philosophical outlook was nonetheless pervasive at the broadest level, and in more insidious ways. The broad thrust of almost all the changes was in the direction of removing, restricting or regulating the rights of trade unions and employees" [22]. Ministers sought to reach their destination were it to prove possible to do so.

Contra Marsh, an aspiration informed by a ideologically informed world view need not be initially underpinned by a detailed programme or blueprint. In any of the policy areas on which Thatcherism was to leave its heavy imprint, the Thatcher and Major governments were governed

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[21] Simon Auerbach, Mrs Thatcher's Labour Laws: Slouching Toward Utopia, Political Quarterly Vol 64 No 1 1993 p45. Cf Simon Auerbach, Legislating for Conflict, Oxford: Oxford University Press 1991.

[22] ibid p47.

by the ideological compass that led them to identify objectives and design the method of achieving them. The reforms enacted by Thatcherism in office reflected a consistent desire to reorder the public sphere in an effort to recast both state and society. As Will Hutton suggests: "Unlike any of her post-war predecessors [Thatcher's] objective was not to make unions 'responsible' or to find some way of transforming collective bargaining so that better trade-offs could be achieved between inflation, growth and unemployment. Rather she wanted to abolish collective bargaining all together, along with all its baggage -Keynesian economics, industrial policy, state intervention, incomes policy and even aspects of the welfare state. She would proceed cautiously, recognising that every attempt to attack trade unions in the twentieth century had been beaten back -but her direction from the beginning was unmistakable" [23]. That Thatcherism was a project is reflected in its desire to recast reality in keeping with its world view. As Colin Hay rightly argues: "Thatcherism was a inherently strategic project which sought to construct a new set of dominant ideologies and "common sense" assumptions.........The values of compromise, consensus, equality and welfarism were to be replaced by a combination of those of consumer capitalism, enterprise culture and initiative, tradition, moral fortitude and decency. In Thatcher's own words, "economics are the method: the object is to change the soul" [24].

There are, of course, 'many Thatcherisms' in the popular imagination and the phenomenon can be considered at a number of levels for a variety of purposes. It is therefore mistaken to think that the institutional and political changes initiated by the Thatcher government were only loosely connected with a general strategy: ideological, political and electoral factors must be incorporated into any rounded analysis of Thatcherite instrumentalism as must the social and economic environment in which it was located. Thatcherism was always a heterogenous phenomenon, one marked by disagreement over pace and direction: This is illustrated by the distinction between neo-conservatism and neo-liberalism in its various strategies and by the presence of both 'radical' and 'moderate' perspectives among its devotees; the neo-liberal spectrum runs from a left to right encompassing the dramatic and the mundane in policy terms and embracing arguments for consolidation or advance. Other political issues, the question of Europe being the most obvious, cut right across issues of economic policy and were occasions for instability within the Thatcherite camp.

Other criticisms of his analysis of Thatcherism aside, David Marsh does rightly question the use

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[23] Will Hutton, The State We're In, London: Vintage 1996 p89.

[24] Colin Hay, Restating Social and Political Change, Op Cit p129.

of hindsight in studying Thatcherite policy[25]. Hindsight is certainly a very dangerous tool of analysis and the tendency to read history backwards should be avoided. Of course, one should not mistake an informed retrospective judgement (rooted in empirical evidence) for 'hindsight'. The error Marsh falls into is not to see Thatcherism as a process, one in which over time a political attitude finds reflection in policy development. Here, the initial 'prejudices' of the Thatcherite circle was reflected and so (while an overstatement) the observation that Thatcherism was to some extent more a "novel, coherent, consistent and successful, ideology-inspired strategy"[26] than it was an ad hoc, ill thought out and pragmatic set of policy initiatives.

While means must be distinguished from ends, the sharp distinction too often drawn between electoral considerations and an ideological predisposition must be avoided; the two are not wholly incompatible, rather they can influence one another. Arguments that Thatcherism was not the radical force it is made out to be suggest that electoral considerations frequently undermined the ideological case the government would like to pursue. In fact the skill of the Thatcher government lay in fitting its ideological project to the demands imposed by electoral imperatives. Qualifying their assertion that Thatcherism was a coherent and radical strategy, Bob Jessop et al suggest that: "[I]t would be quite wrong to underestimate the pragmatism of Thatcher's strategy simply because she proclaims herself a conviction politician and appears to be ideologically motivated" [27]. Of course the very reverse also applies. One should equally not underestimate the ideological nature of the Thatcherite strategy simply because the government often adopted pragmatic measures. Such measures were often a reflection of its preparedness to cut its political cloth to electoral requirements. As explored below, the radical commitments of the Thatcherite project were frequently constrained by political and electoral necessity which often (but not always) encouraged caution and pragmatism on the part of government ministers: As Simon Auerbach argues with regard to trade union policy: "The forces which consistently weighed in to restrain, modify, or simply reject the New Right agenda, were the products of the political acumen and pragmatism which is liable to be exhibited by any party which has obtained power, and has every intention of keeping it" [28].

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[25] David Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanation, Op Cit p603.

[26] A phrase Marsh uses to criticise commentators of this persuasion: ibid p599.

[27] Bob Jessop et al, Authoritarian Populism: "Two Nations" and Thatcherism, Op Cit p78.

[28] Simon Auerbach, Mrs Thatcher's Labour Laws: Slouching Toward Utopia, Op Cit p46.

Thatcherism was a means to initiate policy departures that could facilitate political change. Whatever other competing definitions may suggest, the phenomenon is best conceived as a project which used certain practical tools in its pursuit of identifiable ends. This definition links the programmatic activity of the Thatcher-led Conservative Party with the strategies it variously employed to secure the ideological, political and economic ends it identified. Bob Jessop et al usefully define strategy as being "a complex and continuing process which involves: selecting and ordering objectives; deciding on a pattern and sequence of actions deemed appropriate to attaining these objectives; monitoring performance and progress; and adjusting tactics and objectives as strategic interaction proceeds" [29]. *Thus, Thatcherism is thereby distinguished, in Shirley Letwin's helpful phrase, by direction, movement and purpose* [30]: *It did have a strategic purpose, a project determined by a conception of how the political world was and why it took that form. More specifically, it advanced prescriptions as to what form that world should take. The wider initial question 'What is Thatcherism' therefore requires both deep and broad analysis. Five dimensions immediately suggest themselves; (1) Where did it come from?; (2) How did it emerge?; (3) what did it intend to do?; (4) did it succeed?; and (5) What consequences has it had?*

2.2 Understanding Thatcherism: Leadership, Limitations and Constraints.

In her speech to the 1980 Conservative Conference, Thatcher declared that "the task on which the government is engaged [is] to change the national attitude of mind". Hyperbole aside (one recalls Heath's declaration in 1970 that his government was going to change "the course of the history of this nation, nothing less"), it is clear that this is how Thatcher wished to define the purpose of her government. While office gifted her a fortress and her beliefs a political compass; the ideas she clung were evaluative prescriptions which proceeded from normative principles (what ought to be). In terms of political personality, Thatcher is personally best described as a women driven by a mix of prejudices (in the dictionary definition) and beliefs presented in the form of core convictions. Simon Jenkins considers her an "intellectual jackdaw" a politician who "picked up the shiniest stones from the separate strands of English liberalism and conservatism, and carried them back to her nest" [31]. Facing Jim Callaghan, Michael Foot or Neil Kinnock at

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[29] Bob Jessop et al, Thatcherism: A Tale of Two Nations, Op Cit p8-9.

[30] Shirley Letwin, The Anatomy of Thatcherism, Op Cit p29. This is a view Letwin ascribes to a those who are invariably hostile to Thatcherism and set themselves up in opposition to it.

[31] Simon Jenkins, Accountable to None: The Tory Nationalisation of Britain, Harmondsworth: Penguin 1996 p1.

Prime Minister's Questions, she would fall back on philosophical rhetoric (and the careful deployment of government statistics) in the manner of a defending army retreating into a well defended castle and repel opponents as a postman would fend off a little dog yapping at his heels.

While she enjoyed the certainty born of conviction, the personal role of Margaret Thatcher is all too easily (and far too often) overstated (a fixation with personages too often obscures the political reality). The ranks of the Thatcherite movement were swelled by all types and for every general (and would-be general) there were a great many foot soldiers. In many ways Thatcher was a figurehead who led from the front; the convenor of a team; a 'traffic light' which determined the pace at which reform proceeded (green for go; amber for caution; red for stop). She was both cautious as well as bold, someone who had to be persuaded of the efficacy of a course of action before it would be adopted. Of course, given the centrality of the Prime Minister in the British system of government (and of a strong-willed Prime Minister with a fair wind behind her) it was virtually impossible for a government policy to make its way through the by ways of Whitehall and Westminster without her backing: While subject to the normal practical limitations that constrain the theoretical powers of the Prime Minister as both actor and institution, Thatcher at the height of her strength could be the agenda setter in government (and she was at other times only an agenda setter). Yet, because the 'Thatcher' part of Thatcherism is so overstated, the 'Thatcherite' part needs re-emphasis. Always cautious, Thatcher had often to be encouraged, cajoled and, occasionally pushed, by colleagues and advisers into adopting a particular course of action (and dissuaded from other forms of action).

While the question of leadership is important to any study of Thatcherism, analysis based only on the personality and style of Mrs Thatcher is at best misleading. The close and constant association of Thatcher with (what we are now obliged to call) Thatcherism all too often obscures the reality of the phenomenon. Accounts which stress Thatcher's personality and style are frankly boring and hagiographical or abusive studies are equally irrelevant; the question 'what happened?' rather than 'who is to blame or who gets the credit?' is far more interesting. Whether she is considered to be nice or nasty, studies of the personality of Margaret Thatcher (when it is unrelated to the process and conduct of government policy and the power of the Prime Minister) are mostly unhelpful. As a leader ("personal, autocratic and radical" [32]) Margaret Thatcher was important but she was not all important and she should be detached from her 'ism' not to suggest an unexceptionalist thesis but to emphasise the broader role Thatcherites played in the Thatcherism project. As individuals who (broadly) shared (or for career reasons felt obliged to

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[32] ibid p6.

share) a Thatcherite perspective other political actors played their part in the work of the Thatcher and (as crucially) the Major governments: The role of sometime paid up Thatcherites as Nigel Lawson, Geoffrey Howe, Norman Tebbit, Nicholas Ridley et al (even ex-Heathites such as Douglas Hurd, Kenneth Baker and Chris Patten) is central to any understanding of the record of the government.

In the early years of her premiership Thatcher was often simultaneously leader and follower. Two significant examples of Thatcher as follower may suffice: Although she was personally blamed for the Community Charge/ Poll Tax of 1986-1990, the conception and enactment of the policy owed much to ministers and officials at the Department of Environment: Patrick Jenkin's initial eagerness to please; William Waldegrave and Ken Baker's desire to devise the policy; the various attempts of Michael Howard, Michael Portillo and Chris Patten to enact it. The Health Service reforms of 1988-1991 were conducted by a special Cabinet Committee under Thatcher's chairmanship but eagerly pursued by three Secretaries of State for Health, John Moore (with little success) in 1987-88, Ken Clarke, 1988-1990 and William Waldegrave 1990-1992. A great many reforms which bore Thatcher's imprimatur were more often than not the collective effort of the government. For example, despite her ever present distaste for British Rail (when Thatcher lunched with British Rail executives "she treated them... as second-class citizens: 'If any of you were any good you would be in private industry'" [33]), John Major has been far more radical on the question of rail privatisation [34].

In short, New Right politics and the emergent neo-liberal agenda is as important in explaining what the Thatcher and Major governments did (and what they did not do) as is the individual predilection of leading governmental actors. mention should be made of the prevailing climate of opinion and the role of outsiders and New Right cheerleaders such as political think tanks such as the Institute of Economic Affairs and the Adam Smith Institute: New Right ideas were in wide circulation and developed as policy and Thatcherism greatly benefited from them [35]. Although

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[33] Simon Jenkins, Accountable to None, Op Cit p9.

[34] John Major was far more willing than Thatcher to countenance it: Thatcher thought "[Rail] Privatisation would be difficult and unpopular. As a result she shut her mind to it...When her last two ministers, Paul Channon and Cecil Parkinson, pressed to be allowed to go for privatisation she warned them off. Her sole interest was in selling the railways "non core" assets to keep down the subsidy. She wanted to cut costs without frightening the natives" ibid p203.While Thatcher asked her last Transport Secretary, Cecil Parkinson, not to raise the issue at the 1990 Conservative Conference John Major encouraged the initiative and it was his Cabinet which eventually brought forward the policy.

[35] On think tanks Cf Richard Cockett, Thinking the Unthinkable: Think tanks and the Economic Counter Revolution, 1931-1983, London: Harper Collins 1995; Andrew Denham and Mark

it proved adept at the exercise of power, Thatcherism was never always able to get its own way in government. For most of her time as Prime Minister Margaret Thatcher would temper her conviction where it threatened her grip on power (although she appeared to lose sight of this distinction toward the end of her reign when Europe, local government finance, and the management of the economy stand out as policy areas where the Thatcher Cabinet demonstrated spectacular errors of judgement). Similar errors and political divisions were to bedevil the Major government for much of the 1992 Parliament.

Because Thatcherism is not an entirely unique phenomenon care should be taken not to overstate the coherence of Thatcherite policy; all too often policy continuity is as much a feature of political life as is novel innovation, inheritance in public policy as important as political change. As Richard Rose suggests "policy makers are heirs before they are choosers" [36]. In geo-political terms, Thatcherism may not be entirely exceptional but this should not be taken to suggest it was non-exceptional. While its many successes can be measured out in significant policy change (and in the establishment of an Conservative electoral dominance in the short term over four parliamentary cycles), Thatcherism often had a reach which exceeded its grasp. Almost 'quasi-permanent revolutionaries', the leading ideologues of the Thatcher governments preferred to look for ways to forward their project of enacting ideas (and prejudices) into realisable policy. Their term of office is characterised by marked failures as well as notable successes; Any assessment of the impact of Thatcherism has to engage with its achievements and setbacks. Certainly, in their efforts to progress beyond status quo A, Conservative governments came up against a great many limitations and constraints.

These constraints generally took the specific form of political and electoral factors internal and external to government. A second set of constraints concerned political and administrative

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Garnett, The Nature and Impact of Think Tanks in Contemporary Britain, Contemporary British History , Vol 10 No 1 1996 pp43-61; Simon James, The Idea Brokers: The Impact of Think Tanks in British Government Public Administration, Vol 71 1993; Radhika Desai, Second Hand Dealers in Ideas: Think Tanks and Thatcherite Hegemony, New Left Review 203 1994; Tim Hames and Richard Feasey, Anglo American Think Tanks Under Reagan and Thatcher in Andrew Adonis and Tim Hames (eds) A Conservative Revolution? The Thatcher Reagan Decade in Retrospect, Manchester: Manchester University Press 1993. Diane Stone, Capturing the Political Imagination: Think Tanks and The Policy Process, London: Frank Cass 1996. For a critical perspective arguing the limited (but useful) influence of think tanks Cf Richard Heffernan, Blueprint for a Revolution: The Politics of the Adam Smith Institute, Contemporary British History, Vol 10 No 1 1996 pp73-87.

[36] Cf Richard Rose and Philip Davies, Inheritance in Public Policy, New Haven: Yale University Press 1995. Richard Rose, Inheritance Before Choice in Public Policy Journal of Theoretical Politics Vol 2 No 1 1990 pp263-91.

factors internal to government. Here, electoral politics, the internal politics of the government, and the administrative practicality of the reforms it came to seek all impact upon what the government could and could not do and what it actually did do. Together these factors acted as a series of 'filtering mechanisms' that served to limit the ambitions of the Thatcher and Major governments. In travelling from A to B Thatcherites had no road map; all they initially knew was that they did not like A and were prepared to use the powers office conferred to reform this status quo. Of course aspiration is different from achievement (while few achieve it all lottery players aspire to be lottery winners). The role of uncertainty in policy innovation must be emphasised as should the difficulty of moving from one set of doctrines (the known) to another (the unknown).

As an ideological project Thatcherism was variously constrained by: (1) The dictates of political statecraft; (2) The obligations arising from electoral imperatives; (3) The demands of administrative realities; and (4) Public policy agendas inherited from previous administrations. All successful politicians temper ideology with realism; the extent to which they accept the need to carefully negotiate obstacles rather than needlessly confront them is not so much a sign of weakness or irresolution as a source of strength denoting a sense of purpose. Such realism should not be mistaken for opportunism or vacillation; nor should it be seen to necessarily weaken an ideological perspective. In his memoirs Nigel Lawson, Chancellor of the Exchequer, 1989-89 complains of Thatcher's often stated reluctance to countenance radical solutions to policy difficulties [37]. Her caution (and that of Lawson elsewhere) was born of the belief that politics, the art of the possible, often requires temporary compromise or tactical retreat should the politician recognise that their reach exceed their grasp. The good politician (an ideologue with a sense of purpose; not merely the pragmatist) will simply seek a suitable and reliable method to secure their objective by ensuring that both reach and grasp are married together.

Generally, Hugo Young characterised Thatcher as displaying "insecurity co-existing with ever more blatant certitude" [38]. While government caution was often due to the unwillingness of ministers to pursue unpopular reform (although they did do so in a number of areas), external and internal considerations embracing economic, political and administrative factors also constrained its freedom of manoeuvre. The most specific example of failure as a result of external constraints was the inability of the Thatcher and Major governments to cut public expenditure in real terms: This objective was set out in the 1979 Conservative manifesto and became a longstanding

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[37] Nigel Lawson, The View From No 11: Memoirs of a Tory Radical, London: Bantam Press 1992.

[38] Hugo Young, One of Us, London: Pan Books 1991 ibid p552.

watchword of economic policy. Public spending comprised 43% of GDP in 1979; 39% in 1990; 42% in 1991; 43% in 1992; and 44.5% in 1994. While altering the nature of the state's income (and the direction of expenditure), Thatcher and her successor, John Major, did not curb overall the state's level of spending. Why was public expenditure not reduced? Due to electoral reasons both Thatcher and Major had to accept the framework of spending commitments inherited from previous governments: health, education, defence and welfare all made significant (and unavoidable) demands of the public purse; these could be damped down, on occasion be restricted, but they could not be dramatically cut.

Reform notwithstanding, demand-led welfare spending such as health and social security kept generating increasing public expenditure. In other policy areas other examples of prudence abound: The settlement of the mining dispute in April 1981; the abandonment of the proposed sale of Rover to Ford and General Motors in March 1986; the cancellation of the sale of Water in the 1983 Parliament; the compromise over the sale of British Gas in 1985-86; the abandonment of the Poll Tax after November 1990; divisions over ERM, 1985-1992 and exchange rate policy generally; privatisation of the Post Office in 1993. The government's reaction to the leak of the CPRS report into 'Public Expenditure in the Longer Term' in September 1982 is another example of caution: This Cabinet paper proposed dramatic cuts in public expenditure in a privatised NHS, higher education, and social security. Here, ministers (not just of the "wet" variety) were, in Hugo Young's words, painfully aware that "the need to do something severe about public spending ranked rather less prominently than the need not to frighten the natives any more than they were frightened already" [39]. Facing the judgement of the electorate in the upcoming election (it was to prove only nine months away), the Thatcher Cabinet backtracked claiming the CPRS paper was only a discussion document and "reaffirming its commitment to, broadly speaking, the general pattern of expenditure and government responsibility" [40].

In addition to the pursuit of a ideological-economic project, electoral politics were also very significant. One element of Thatcherism identified by Andrew Gamble is the objective of rebuilding "the political dominance of the Conservatives....by assembling a large enough coalition

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[39] ibid p300-301.Cf Kenneth Hoover and Raymond Plant, Conservative Capitalism in Britain and America, London: Routledge 1989 pp163-164; Geoffrey Howe, A Question of Loyalties, London: Macmillan 1994.

[40] Kenneth Hoover and Raymond Plant, Conservative Capitalism in Britain and America, Op Cit p165.

of voters and interest groups" [41]. Throughout their period of office the Thatcher-led Conservatives set out their stall as a self-conscious party of government. In 1979, the Conservatives had lost four out of the last five general elections contested and been in office for only three and a half of the preceding fifteen years since 1964, a shocking record for a party which had enjoyed unparallelled electoral success during what some commentators now call the Conservative Century. Thus, Thatcher's objective to restore her party's electoral fortunes looked assured in the wake of the election victories of 1979,1983, 1987 and 1992 even if her party's grasp on power was torn loose in the Labour landslide of May 1997; no party can govern for ever, all political careers (individual or collective) eventually end in tears and disappointment. During the 1980s, having won office the Thatcher and Major-led Conservatives were determined to keep it; this end was another key principle of a government which saw successful office seeking as the necessary prelude to a policy seeking strategy. Of course, post-1992 the electoral luck of the Major government ran out as Thatcherite Conservatism was seen to have run out of steam. Nonetheless, in its 1980 heyday, Thatcherism saw public opinion as (1) a guide to what was possible; (2) a influence on what they should do; and (3) an obstacle to be negotiated (and certainly to be respected).

The notion of 'statecraft', defined as the demonstrated ability to competently manage the affairs of state in matters of 'high politics', gives an insight into the impact that political and electoral factors could have upon the Thatcher government. The three dimensions of statecraft identified by Jim Bulpitt involve: (1) a set of governing objectives; (2) a governing code as defined by a series of coherent ideas underpinning strategy and influencing policy objectives of government; and (3) a set of organising principles to attract and maintain popular support and facilitate state management [42]. Statecraft (particularly the need to maintain popular support and facilitate state

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[41] Andrew Gamble, <u>The Free Economy and the Strong State</u>, Op Cit pp23-4.Although Gamble sees Thatcherism as a "hegemonic project" ibid p141 he does not over emphasis its ideological aspect: "Thatcherism is better explained as statecraft rather than ideology" ibid. For Gamble's recent work on Conservatism cf Andrew Gamble, The Crisis of Conservatism <u>New Left Review</u> 214 1995 pp3-25. Here, Gamble argues that the Conservative Party is at a crossroads- its "ideological tradition has become exhausted" p24 even if "[t]he forces of the Right are strong and confident"ibid. Although "[t]he foundations of Conservative political hegemony lay on the development of a statecraft...such was the radicalism of Thatcherism that it played an important part in weakening the pillars of Conservative political hegemony although, at the time of its ascendency, it appeared to be consolidating and extending them" p38. Nonetheless, gamble argues that "the strength of the Thatcherite legacy is that, although it is strongly criticised from every side, there are few coherent programmes for undoing it or going beyond it" p24. In the wake of May 1997 Thatcherite Conservatism may be a temporarily busted flush politically; in ideological terms, the territory it has marked out prevails.

[42] Jim Bulpitt, The Discipline of the New Statecraft: Mrs Thatcher's Domestic Statecraft, Op Cit: "the art of winning elections and maintaining some kind of governing competence in office" p21.

management) can be interpreted as a constraint, one that requires governments to pursue whatever convictions they might have by pragmatic measures. It involves state or policy management in the interests of gaining or maintaining office or also in successfully negotiating administrative obstacles in the way of policy innovation. Although Bulpitt considers that statecraft granted Thatcherite Conservatives the key to Whitehall, his narrow conception of statecraft does not detract from the idea of an ideologically informed Thatcherite project: Although ideology may be tempered by circumstance, statecraft (defined in the broader sense as the art of government) need not eschew ideology. Clearly, office was the only game in town, the initial means to the end sought and as such terribly important to the Thatcherite project; without office nothing was possible. Although fear of losing was a common preoccupation, the Thatcher government was not concerned only with governing, but with the objectives to which government was directed.

While successfully securing re-election in 1983, 1987 and 1992 both the Thatcher and Major governments experienced significant downturns in popularity between general elections in 1979-1992 (between 1992 and 1997 the Major administration did not know what electoral popularity was). These periods, 1980-82, 1985-86, and 1989-1990 (matched by significant up-turns in 1982-84 and 1986-89), had a significant effect on governments who, while prepared to 'lead' public opinion in the effort to reshape electoral behaviour. The need to make strategic choices in the face of political and electoral pressures amid the dictates of ideological commitments is an extremely important feature of the Thatcherite phenomenon. While prepared to temper its project in the face of electoral necessities, the Thatcher government was not prepared to make unnecessary concessions to electoral opinion; whenever possible the government and not electors (or the opposition) set the political (and hence, electoral) agenda. Here, where the government sought to lead public (and also elite) opinion from the front it did so in an attempt to forestall the effects of electoral (or other political) constraints. *Thus, an alternative conception of statecraft (as applied to Bulpitt's conception of it) need not necessarily limit the political or ideological project of government, merely require actors to be more circumspect about how they go about realising their objectives (or, more appropriately, attempting to realising their various aims: Obviously, the objective of the office seeking politician is to attract and maintain popular support; for the Thatcher government, office as a means to an end and not only an end in itself was terribly important.*

One example of this may suffice: In early 1983, a Tory landslide was likely but could not be taken for granted. While there were few takers for a Labour government, thoughts of a hung Parliament were far from uncommon. Fear of losing an election made the government (none more so than Thatcher) insecure, all too aware that their project would pay the price of failure. It is hard to

escape the conclusion that the Thatcher Cabinet prepared for re-election in the early spring of 1983 quietly confident that enough had been done to secure victory but convinced that discretion remained the better party of valour as far as the 1983 Manifesto was concerned. One true Thatcherite, Nicholas Ridley, variously Secretary of State for Transport, Environment and Trade and Industry in 1983-1990, suggested that innate caution led the government to adopt a excessively 'thin' manifesto in 1983 and that "the 1983 to 1987 Parliament has often been described as a wasted opportunity; that was the time when a serious effort to effect reform should have been made"[43]. In retrospect, Ridley's observations suggest that a fear of electoral defeat in 1981-83 led to the adoption of a cautious and careful approach. For many paid-up Thatcherites the middle period of the Thatcher government was wasted as a result. For Ridley the immediate post-1983 period was "the window of opportunity which alas [Thatcher] missed"[44]. Thatcher herself was to retrospectively endorse this view. Emboldened by success she ensured that the 1987 Manifesto was far more radical that its predecessors.

The Thatcherite project was also constrained by the internal politics of the Conservative Party. Thatcher famously divided her party into critics and supporters, left and right, and originally 'wets' and 'dries'. The Parliamentary Party was subdivided into leaders and followers, the loyal and the disloyal; those categorised as 'One of Us' were among the most favoured. For the old Heathite Conservative establishment, Margaret Thatcher was most definitely not 'one of them'. She always saw the Cabinet simultaneously as resource and obstacle and, despite her many successes in government, never felt completely at home with a number of colleagues she considered at various times unreliable or otherwise unsound. Cabinet divisions were (indeed are) a fact of political life. In 1979, Thatcher was obliged to appoint a number of 'wets' to her Cabinet. Gilmour, Prior, Whitelaw (who became a loyalist), Walker, Pym and, until the Cabinet re-shuffle of September 1981 (and that fashioned after 1983), she was obliged to act cautiously given the weight of Cabinet opinion. In 1981, Thatcher dispatched a number of 'wet' Tory 'grandees' and took a significant step toward securing the ascendancy of the Thatcherites within the governing circle (if not the Cabinet as a whole) [45].

A cumulatively increasing willingness of Conservative ministers (and would-be want-to-be

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[43] Nicholas Ridley, My Style of Government, London: Hutchinson 1991 p84-85.

[44] ibid p86.

[45] Cf Martin Burch and Ian Holliday, The British Cabinet System, London: Prentice Hall 1995; Nigel Lawson, Cabinet Government in the Thatcher Years, Contemporary Record Vol 8 No 1 1994; John Wakeham, A Lecture on Cabinet Government, Contemporary Record Vol 8 No 3 1994.

ministers) to adopt a Thatcherite policy line saw the growing impact of a Thatcherite perspective within governing circles (a process which over time affected the attitudes of the civil service). This did not simply involve Thatcher's control over her government and the decisions of her ministers. Although never sure of the reliability of her political base in government [46], Thatcher's broad political outlook did succeed in setting the agenda for aspiring Conservative MP's eager to climb the political greasy pole. Clearly, centrist Tory MP's such as Ken Clarke and Douglas Hurd were obliged to make themselves more or less at home within her Cabinet and, although not necessarily deemed 'one of us', their careers nonetheless prospered. Although Europe and the question of the exchange rate aside, Cabinet disagreements (or, rather, vocal disaffections) after the purge of the oppositional "wets" in 1981 were more likely to concern the process of government rather than the direction of policy; certainly during the 1983 Parliament. Nonetheless, as time went on Thatcher was also to disagree with past friends in addition to implacable foes. She fell out with both Nigel Lawson and Geoffrey Howe, erstwhile allies at the Treasury and (although Howe showed a preference for Europe which Thatcher in no way shared and Lawson's belief in a fixed exchange rate led him to lead the campaign within government for entry to the ERM) they had been fully paid up true believers for most of their time in government [47]. Although the authority of those "true believers" who now held ministerial office was more firmly established, Thatcherism still advanced slowly; Thatcherites were aware of the need to

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[46] Cf Philip Norton, 'The Lady's Not For Turning'. But What About the Rest? Margaret Thatcher and the Conservative Party Parliamentary Affairs Vol 43 no 1 1990; Philip Cowley, How Did He Do That? In David Denver (et al eds) British Elections and Parties Yearbook 1996 London: Frank Cass 1996; John Ranelagh, Thatcher's People London; Fontana 1992.

[47] Cabinet divisions over economic policy were most acute in 1980-81 symbolised by the "mini-revolt" of July 1981. Disagreement between Thatcher supporters and opponents of "monetarist two nation Toryism" divided the government and culminated in the reshuffle which dispatched Ian Gilmour, Mark Carlisle and Lord Soames to the backbenches. James Prior was sent to Northern Ireland, a blunt demotion from Employment. In one fell swoop, Thatcher strengthened her control over the Cabinet and placed key supporters in economic posts. Of course, Thatcher could never make Cabinet appointments solely on the basis of the "One of Us" criteria. In January 1989, 19 of 21 Cabinet ministers owed their first appointment to Thatcher. Essentially a loner, she began and ended her career as Prime Minister in a minority within her own Cabinet. While able to dominate the government for long periods, she was never able to fashion the inner circles of government in her own image. After 1981, for every true Thatcherite to enter the Cabinet (Lawson, Cecil Parkinson, Nicholas Ridley and John Moore -as well as former Heathite turned Thatcherite Kenneth Baker), Thatcher appointed others she considered not to her way of thinking (Douglas Hurd, Kenneth Clarke, Chris Patten, William Waldegrave; Malcolm Rifkind's elevation to cabinet in the wake of Michael Heseltine's resignation over Westland is another case in point). Following Lawson's resignation from the Chancellorship in October 1989, she wanted to appoint Ridley in his place but accepted it was impossible to do so for political reasons. Thatcher was ultimately isolated within her own government at the time of her dismissal in November 1990 (in the wake of her ineffective lead in the first ballot of the leadership contest with Michael Heseltine).

placate internal opposition (as well as external critics) at the same time as they led from the front. A rule of thumb Thatcher allowed herself to lose sight of toward the end of her premiership.

For Thatcherism, internal and external constraints were variously a guide to what was possible, an influence, or else an obstacle to be negotiated with the objective of either striving to overcome or accepting these constraints as engineered by political realities and electoral pressures. If aspiration is the first step in policy development, subsequent steps involve attempts at dealing (whenever possible) with limitations and constraints. As a result, Thatcherite politics (and its attendant policies) were both created by political actors and shaped by a process of development. Political actors (usually) learn from experience and as they do so they grow more bold in their approach; a learning curve. *Rather than spring from nothing, the politics of Thatcherism were constructed over time and through experience.* Here, the advances and retreats made by the Thatcher-led government were all part of political life, the lot of any set of political actors however determined they may be to secure their objectives. No political strategy registers an overall 100 per cent success rate. Thus, although Thatcherite actors were greatly influenced both by ideological proclivities and political and electoral judgements; each factor impacted upon the other (and where administrative practicality was another variable factor that impacted upon the policy record of the government).

For reasons explored below (and in the succeeding chapter) a desire or an aspiration must be distinguished from the record of achievement determined by success or failure. Failure (total or partial) does not invalidate 'desire' should a journey be uncompleted it should not be assumed the person undertaking the journey did not want to reach their projected destination; the helpful word 'attempt' may offer a useful clarification. A project can be pursued amid constraint when policy is a means to an end where political intentions are realised by various methods to secure a number of goals and outcomes. Analysing policy feasibility (and its achievability) is also a significant stages in policy development. Turning the argument relating to electoral and political considerations as constraint on its head, an ideological proclivity may well act as a different type of constraint; one that obliges political (and administrative) actors to a particular course of action. Here, an ideological project impacts upon the political actor's perception of political considerations. The interaction of the actor's dominant ideological proclivity and the political considerations they are obliged to take into account can be demonstrated with regard to a crude five staged model of policy development:

(1). Attitude; (2). Intention; (3). Chosen Policy Method; (4). Designated Objective; (5). Policy Outcome.

Here, Attitude; Intention; Designated Objective can be influenced both by a dominant ideological proclivity and by political considerations. Policy Outcome indirectly impacts upon the dominant ideological proclivity but also upon political considerations which in turn acts upon Attitude; Intention; Chosen Policy Method; and Designated Objective either favourably or unfavourably dependant upon its relative success or failure.. Here, Intention is the initial spur to policy formation. If it is overtly influenced by a dominant ideological proclivity then the effect of political or administrative considerations is weakened or else may deter the actor's desire to secure the first. An opportunity has always to be seized and action taken. Policy development within the Thatcher administration was often characterised by a willingness on the part of government to exploit opportunities.

Assuming a distinction can be drawn between policy design and implementation, aspiration (identifying the objective of policy) precedes design (or any other form of choice) and so affects the perception of the problem; the possible solutions advanced; the solution that is formulated; the policy designed; the policy enacted and implemented; and, finally, the assessment of both the impact and consequences of policy: Exigent facts (foremost among them political, economic and administrative considerations) then determine what government can actually do. Peter Clarke contends that leadership is dependent upon its ability to set the agenda, to devise means and mobilise political support to reach its designated ends [48]. 'This is the way to look at the world...this is what we should be doing': A four stage process (1) Asking questions; (2) identifying problems; (3) proposing solutions; and, when possible, (4) enacting policy.

As David Marsh rightly suggests, New Right ideology was a tool of Thatcherism rather than its blueprint [49]. Both internal and external constraints can limit and deter the ideological project, but New Right ideology was (in different ways) as important a tool to both Thatcher and Major as a pipe to a plumber or a stethoscope to a cardiac specialist; unable to do without it they came to see it as irreplaceable. There are a number of occasions where the Thatcher and Major governments found themselves unable to make progress in areas they would like (curbing the level of public expenditure or remaking the welfare state) where external constraints limited (or otherwise deterred) the ideological project but an ideological proclivity was ever present. *The politics of Thatcherism was thus simultaneously an attempt to secure a series of goals as it was an effort to overcome difficulties and renegotiate obstacles. Thus, while New Right ideology may*

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[48] Peter Clarke, A Question of Leadership, London: Hamish Hamilton 1991.

[49] David Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanation, Op Cit.

not have been a blueprint it was a guidebook; it informed rather than instructed, persuaded rather than determined. In short, it suggested policy options rather than pre-ordained them. Together electoral-political considerations and ideological outlook provided the twin influences that set the course for the Thatcherite project. More often than not, given the relative success of Thatcherite actors in generating the necessary level of consent within both civil society and the state for what they were doing, ideology proved itself the compass by which they set their sail: Policy departures, in turn promoting political change, resulted.

2.3 Categorising Thatcherism as a Political Process.

The significance of the neo-liberal disposition evidenced by Thatcherism has to be qualified. The UK economy and polity have not been wholly altered in line with the neo-liberal agenda evidenced by, say, Hayek; rather it has been 'neo-liberalised'. To some extent the status quo inherited by Thatcherism has merely been in part reformed; altered rather than changed utterly-policy continuity continues to prevail amid significant changes: Thatcherism did not begin with a blank canvass or was it a revolutionary project. The momentum of the Thatcherite project clearly began to tail-off after 1990 so demonstrating the limits to its advance: To some extent social democratic attitudes have not been abolished outright. That said, Thatcherism has been working with the grain not only of domestic developments but also of international trends. The shift in economic policy way from social democratic practices and towards tighter financial and public spending restraint, the move away from public enterprise, corporatist state structures and higher tax regimes began in the mid 1970's. In North America, Australasia, and Europe, similar problems have been diagnosed and now familiar solutions to questions of social provision and industrial policy offered. The spread of privatisation, deregulation and a move toward laissez-faire has been common.

Although the global spread of neo-liberal politics has had a significant impact upon British politics, the Thatcherite agenda has played a significant part in the development of this general phenomenon: The Thatcher government was a significant agenda setter. In 1979, it could not be said that Thatcherism was a radical blueprint, a set dogma, a catechism in turn transformed into a rigid programme of action: No such thing existed. Equally, neither was it ever just a vague, contradictory, pragmatic phenomena constructed by political actors eager to retain office and ever watchful of electoral trends and public expectations. The common argument that radical reform began only in the third term of the Thatcher government is misleading. While it is true that the government did then embark on major legislative change in a remarkable number of fields covering health, education, local government finance, privatisation and deregulation, tax cuts and

administrative reform in the structure of Whitehall, it did so by building upon foundations gradually established in the first two terms. Emboldened by its political successes (typified by re-election in 1983 and 1987) the government sought to press home the advantage electoral opportunity had granted.

The framework of third term policy was for the most part established in the 1979 and 1983 Parliament. Post-1987 initiatives were often cast in the pre-1987 period. To take only two examples: the government was convinced of the case for a Poll Tax by November 1985 and privatisation was the product of a rolling programme established in principle in 1982-1984 (and following on from the initiatives undertaken in 1979-1982). As Thatcher herself claims: "After a long struggle during my first term, from 1979 to 1983, like-minded ministers and I had largely converted the Cabinet, the Conservative Party and opinion in the worlds of finance, business and even the media to a more restrictive view of what the state's role in the economy should be" (my emphasis) [50].

Under Thatcher, individual policy initiatives did exhibit symptoms of crisis management and may well have been the product of an interplay of opportunity and circumstance, chance and fortune. But, given that over time Thatcherite actors pursued an agenda based on a normative world view and sought fundamental and lasting political change: Thatcherism is best understood not just as a political project but as one enacted as a process over time. In explaining the course of Thatcherism (both before, during and after Thatcher's period of office) it is important to periodise the phenomenon over which her government (and that of John Major; and, ultimately his successors) presided. There are a number of difficulties in periodising Thatcherism: While looking to identify significant events and key periods is common practice in political analysis, any attempt at periodisation (as with most forms of list construction) is often an arbitrary process: what is looked for is too easily found. The best form of periodisation often takes the form of an analytical chronology. Neither the neo-liberal agenda of New Right politics nor Thatcherism was invented in 1979. Thatcherism did not spring forward fully formed in the wake of her accession to the Tory leadership or the premiership [51].

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[50] Margaret Thatcher, The Downing Street Years, London: Harper Collins 1993 p6.

[51] Easily identified stepping stones include: The translation of Von Mises into English in 1924; the publication of Hayek's The Road to Serfdom in 1944; the formation of the Mont Pelerin Society in 1947 and in its wake the Institute of Economic in 1957; the resignation of the Treasury Front Bench team in Macmillan's government in 1958; the crisis of confidence in Macmillan in 1961-63; "Powellism" and the shift of the right by elements of the Conservative Front Bench in 1967-70 typified by the partial myth of "Selsdon Man"; the failure of the Heath government and its defeat in the "Who Governs" election of February 1974; the development and growth of the monetarist paradigm in the early and mid 1970's; the failure of Labour in office in 1974-1979

As a political project neo-liberal ideas re-emerged from under the shadow of social democracy in the 1970s and, eagerly championed by political actors in government after 1979, grew exponentially throughout the 1980s. Significant staging posts post-1974 also include: Keith Joseph's turn to the right after 1974; Thatcher's replacement of Heath as Conservative leader in January 1975; Thatcher's period as Leader of the Opposition 1975-79; the Conservative election victory of May 1979; the 1981 Budget; the dismissal of the 'wets' in September 1981; the Falklands War June 1982; re-election in the June 1983 election; the adoption of the Next Move Forward programme in October 1986; re-election in the June 1987 election; Thatcher's removal from office in November 1990; and John Major's elevation to the premiership, 'Thatcherism without Thatcher' and his victory in the 1992 Election. Equally, Thatcherism may be periodised by electoral cycle. Here, the electoral cycles typifies by the Parliaments of 1979-1983, 1983-1987, 1987-1992, 1992-1997. Therefore, the perspective that from 1975 onward "Mrs Thatcher worked out a detailed agenda for radical change which was to break the mould of British politics after her accession to power in 1979" [52] is however a gross overstatement.

As a process, part of an ongoing (and developing) project, the enactment of Thatcherite policy was nonetheless incrementalist in character, reflecting the fact that because government usually does today what it did yesterday, and does tomorrow what it did today; change is gradual and initially piecemeal. Thatcher herself declared in March 1986: "We're only just beginning. We've barely got past the stage of excavation..." (an echo of her later statement that she intended to "go on and on and on and on" in office) [53]. But, while unsuccessful in many of its grandiose schemes, Thatcherism did make significant advances not by means of a step by step approach but by change enacted over time (through four Parliaments) from initial aspiration through identified, workable means (and a number of cul de sacs and policy disasters) which were deployed in the hope of securing certain objectives; some battles were won, others were lost [54].

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typified by stagflation and rising unemployment; the implement ation of a quasi-monetarist economic policy by that Labour government in the wake of the IMF crisis of 1976; the crisis of Corporatism symbolised by the Winter of Discontent of 1978-1979. Clearly, the New Right benefited from the crises of the 1970's all of which suggested a dismal record of government failure and overload, the decline of Britain defined as being "the sick man of Europe".

[52] Alastair B Cooke Introduction to Margaret Thatcher The Revival of Britain: Speeches on Home and European Affairs 1975-1988 London: Aurum Press 1989 p vii and viii.

[53] The Guardian March 25 1986.

[54] Simon Jenkins: "Thatcher found that the magnetism of power overwhelmed any disposition to repel it. She shared with Lord Hailsham a familiar syndrome among British politicians; an aversion to 'elective dictatorship' when out of office and a sudden conversion its glorious subtleties when in power. The libertine in office becomes the absolutist in office" Accountable to None, Op Cit 262. Clearly, Thatcher was prepared to use the complete resources her office

Thatcherism was and remains a tangible political force, one made flesh by the mid-1980s by the enactment of a political programme of reform against the background of wider political, economic and social forces. It owed much to the perseverance of determined political leaders and the forbearance of a sufficient percentage of the electorate willing to grant the Thatcher and Major-led Conservatives entry to the corridors of Whitehall. Thatcherism did not begin on the day Thatcher entered Downing Street nor ending on the day she left. While the phenomenon as it is understood in its modern form did not exist in 1975, it emerged over time in opposition before 1979 and in government after 1979. As much as it was influenced by external factors beyond its control, Thatcherism also made itself. It developed and grew in office through a process of evolution. As a staged process significant signposts and staging posts stand out defined as events, trends, issues; milestones rather than rigid demarcation lines or fixed boundaries.

Periodisation illuminates process and can help clarify our understanding of Thatcherism. The electoral outcomes of 1979, 1983, 1987 and 1992 stand (but not by themselves) as key stages in the growth of the Thatcherite project. Thatcherism was not merely succoured but strengthened by its own electoral success pre-1992 (in the same way as the Labour Party was weakened by its own failures). Granted the opportunity to exercise state power in 1979 and passing the acid tests of electoral conformation in 1983, 1987 and again in 1992, Thatcherism took root within the political culture of the UK. In confirming the Thatcher (and later Major) governments, the electoral cycle offers a initially useful form of periodising Thatcherism as moments whose sum is equal to more than their individual parts. Essentially, the election of May 1979 may be read as an opportunity which of itself was not a turning point. While not entirely without significance (in that it granted political actors with the chance to pursue an agenda of political and economic reform) what happened before (but particularly) after 1979 is important.

Paul Addison's analogy of the road to 1945 in his exploration of the impact of the Churchill Coalition upon the 1945-51 Labour government is instructive here[55]. It is through an examination not simply of the road to 1979 but the road from 1979 that explanations of the emergence of Thatcherism as a political project can be sought. Here, the electoral events of, say, 1979, 1983, 1987 and 1992 and, in time, those of 1997 have played a significant part in the construction of the modern discourse to characterise contemporary politics as did the political events of 1979-85,

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granted her but the thing to note is that Thatcher wanted to go some where, not just anywhere. In certain policy areas the projected destination was reached; in others the government fell well short of its target.

[55] Paul Addison, The Road to 1945, London: Pimlico 1994.

1985-88, 1988-1992, 1992-1997. Modernity is constructed. It does not simply happen nor just arise; it is made. If electoral cycles serve as staging posts in this process, by itself 1979 is a false bench mark: 1979 was an opportunity but the elections of 1983, 1987 and 1992 are as significant staging posts marking the process of departure from the pre-1979 status quo.

One attempt at periodisation is offered by Bob Jessop et al who detail a series of stages in the Thatcherite project: (1) social movement, a popularist reaction to the politics of the 1970's and as much a repudiation of the experiences of the Heath Government of 1970-74 as the record of the Wilson and Callaghan administrations of 1974-79; (2) policy departure during 1979-82; (3) consolidation in government during 1983-86; (4) radical Thatcherism, in evidence from 1986 [56]. Here, Jessop et al attempt to deconstruct the process by which the Thatcherite project took root in British politics. Colin Hay's recent extension of this periodisation argues that Radical Thatcherism (involving the restructuring of state, economy and civil society) was followed by a further stage entitled the Exhaustion of Radical Thatcherism (characterised by the crisis of the Thatcher and Major governments but not necessarily of Thatcherism) [57]. The period suggested both by Jessop et al and Hay as "radical Thatcherism" and "the exhaustion of radical Thatcherism" draws attention to dramatic post-1986 policy initiatives (symbolised by the Community Charge/Poll Tax and key reforms of social institutions and the administrative system) but offers the erroneous presupposition that Thatcherism was not radical in its earlier phases.

Characterised by a process of evolution, Thatcherism is best adjudged in terms of 'stages' rather than 'periods'. As Jessop et al suggest: "the most appropriate concepts and tools of analysis for understanding Thatcherism have changed as Thatcherism has changed" [58]. As a process, Thatcherism certainly involves an amount of serial disengagement with past practice but continuity is also a feature of the phenomenon.

Using election cycles as a benchmark three distinctive stages in the emergence, rise and consolidation of a Thatcherite agenda suggest themselves in contrast to the typology offered by Jessop et al:

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[56] Bob Jessop et al, Thatcherism: A Tale of Two Nations, Op Cit.

[57] Colin Hay, Restating Social and Political Change, Op Cit p148. He suggests that an emergent "new Thatcherite state regime" was configurated by the emergence of a "post-Thatcherite settlement" marked by "Thatcherism after Thatcher; ideological deradicalisation; piecemeal reform; crisis management; attempted consolidation" ibid.

[58] Bob Jessop et al, Thatcherism: A Tale of Two Nations, Op Cit p67.

(1) Emergence; the rise of Thatcherism, 1966-79:

(2) Enactment; the pursuit of Thatcherism, 1979-90

(3) Consolidation; the gradual establishment of a post-social democratic neo-liberal agenda, 1990 onward.

For reasons explored in later chapters electoral outcomes do matter; they have to be factored into explanations of Thatcherism and the success it enjoyed. While Jessop et al make much of 1982 (the occasion when the government turned the electoral corner in terms of deep rooted unpopularity resulting from the Falklands War, their chronology fails to demonstrate the significance the 1983 and 1987 general elections had for 'actually existing' Thatcherism and subsequently for the politics of the succeeding decade. Cumulative electoral outcomes do matter; winning office provides the opportunity for successful policy seeking.

Given that a project (albeit partially constrained by circumstances) can be pursued by strategic methods, the actions of the Thatcher and Major governments was neither entirely coherent nor incoherent: Because, as Joel Wolfe suggests, "[t]he Thatcherite reform process grew deeper and wider over time" [59], it should be considered a long term political project in continuous process. As it evolved (a key term), the specific form taken at various times may have appeared cautious if not contradictory. Although not always coherent the Thatcher project was remarkably consistent, a linear process which utilised a variety of means to attempt to reorientate state, economy and polity in response to the crisis of the 1970s and (more particularly) in line with its chosen political beliefs and the ideological course these mapped out. In its search for a workable programme the government found itself pushing at a series of doors in the pursuit of a method.

An analogy of a man finding his way down a dark corridor in search of an exit may cast light on the Thatcherism as process thesis. Here, the unsighted man knows he wants to traverse the corridor (enacting the passage from A to B) and sets about doing so by feeling his way or groping about as he makes his passage. In the case of the Thatcherite government attempting to find its way in similar fashion, commentators such as Peter Riddell (as does, to a far lesser extent, David Marsh) too often mistakes their groping for a method to be nothing other than pragmatic manoeuvring. Nothing could be further from the truth. In so far as the government found itself groping around in the dark, it often knew where it would like to end up (ie it wanted to traverse the corridor and enacting a passage; the identification of point B and the selection of the method to attempt to achieve it is a reflection of the strategy it employed and the objectives it came to

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[59] Joel Wolfe, State, Power and Ideology in Britain: Mrs Thatcher's Privatisation Programme, Op Cit p175.

identify). The politics of privatisation (the object of the case study of Thatcherite policy in the succeeding chapter) reflects this process as both a political issue and a matter of policy. Its origins and chronology may be considered with regard to the overall project of the Thatcher government. In exploring the emergence and course of the policy a number of metaphors may be mixed: The political agenda was set; the ball was rolling; and momentum was established [60].

The politics of Thatcherism (what it did as much as what it did not do) clearly reflect the ideological commitment the government was prepared to enter into (in both a positive and negative sense) over time. In asking the questions 'what' was happening and 'why' was it happening Thatcherism provoked the response 'what can we as government do about it'. Opportunity and chance were also significant bedfellows of the Thatcherite project. Collectively, ministers (many of whom were 'here today, gone tomorrow') had no easy or ready made solutions to the problems they faced: They had to learn how to formulate and implement policy in light of circumstances as administrative and logistical problems acted as considerable restraints upon their freedom of manouevre. *The activities of the Thatcher-led government (as with all governments) was often as event driven as it was project based. Reactive as well as proactive certainly, but when ministers found themselves obliged to respond to events their response was more likely to be a reflection of the ideological and political project their government had come to be identified with.* Their ability to enact a policy which could secure the ends they sought was constrained by the circumstances they faced and the opportunities they were gifted [61]

Thatcherite policy was at times ad-hoc, but the political and ideological objectives identified by the Thatcherite agenda, as they emerged over time through a process of careful, incrementalist development, were enacted in keeping with a measured perspective. Hence, Margaret Thatcher's

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[60] As Andrew Gamble notes: "[d]uring Thatcher's leadership of the Conservatives there was a substantial ideological shift within the Conservative Party, and that this shift has proved to be permanent under her successor. The party has abandoned the interventionist and collectivist social and economic programme it adopted in stages during the twentieth century, and shows no signs of returning to it. Economic liberalism now shapes the party's thinking about policy" Andrew Gamble, An Ideological Party in Steve Ludlam and Martin Smith, Contemporary British Conservatism, Op Cit p35.

[61] Again one must emphasis the role of the Thatcherites and not just that of Thatcher herself. In enforced retirement Thatcher commented: "I had said at the beginning of the government 'give me six strong men and true and I will get the job through'. Very rarely did I have as many as six" Margaret Thatcher, The Downing Street Years, Op Cit p149. This is so obviously an overstatement, part of Thatcher's reaction to her effective dismissal in November 1990. Of this comment one arch Conservative critic of Mrs Thatcher, Ian Gilmour, a member of her Cabinet in 1979-81, has waspishly commented it was remarkable that Mrs Thatcher needed only half the number of men to complete her work on earth as Jesus needed to establish his ministry. Private information.

government may have cut its cloth to suit the electoral occasion but it rarely lost sight of the ultimate political goals it had identified as being its primary objectives (even if it was unable to meet all of them). Whereas institutional continuity is often the result of inertia; turning the government juggernaut is often easier said than done. Policy development is often a product of preparation. If something can be done it usually takes time for it to be done: Preparations have to be made. The Thatcher administration was not working on a blank canvas. The job had to be assessed; existing workings effaced, the set up made, the canvas primed, materials prepared and measurements taken. To get to point B the government had first to deal with being at point A, all the time aware that its primary function was to reach point B and not be content with point A: It takes time for the ship of state to turn. Firefighting is as much a feature of modern government as is refurbishment. Policy selection as often reactive as it is proactive, an attempt to either seize the initiative or respond to events. Policy can be designed to prevent an unfavourable outcome as it is to secure a favourable objective.

Chapter 3.

The Privatisation 'Revolution'.

3.1 Privatisation and British Politics.

3.2 Introducing Privatisation: Policy Enactment.

3.1 Privatisation and British Politics.

Over eighteen years pre-1979 mixed economy was totally recast by the privatisation of nationalised industries and utilities. Acclaimed by advocates for turning back the collectivist tide, privatisation grew from small scale beginnings (the sale of government shares in British Petroleum in May 1979) to embrace the disposal of large scale public utilities (such as telecommunications, gas, oil, electricity and water and later coal and rail). An innovation "generally regarded as the textbook case of Thatcherite policy" [1], privatisation heralded a dramatic break (no other word can suffice) from the politics of the past. Although the origin of the word is obscure, privatisation entered the political lexicon at some undefinable date after May 1979 [2]. A forerunner, denationalisation, was considered too weak to describe what was to become the 'jewel in the crown' of the Conservative Government. Despite the dislike Margaret Thatcher expressed for the word, privatisation became commonplace throughout the world in use (as former Chancellor of the Exchequer Nigel Lawson suggests) from "Siberia to Patagonia" [3] as it swept across industrialised countries and the third world.

In 1979, nationalised industries and other public corporations employed some 2 million workers (8 per cent of the total workforce) producing over 11 percent of gross domestic product. By transferring ownership and control of enterprises from the state sector to the private sector, Conservative ministers presided over the sale of state-owned assets to the private sector. As a result, by 1992 some 46 major business concerns employing over 900,000 workers had been privatised. Some 11 million people became shareholders, which represented some 20 per cent of

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[1] A view expressed by Shirley Letwin, The Anatomy of Thatcherism, London: Fontana 1992 p97.

[2] The provenance of the term is generally obscure but it has been credited to David Howell, a middle-ranking Cabinet Minister at Energy and Transport, whose services were summarily dispensed with in the wake of the 1983 Tory landslide.

[3] Nigel Lawson, The View From Number 11: Memoirs of a Tory Radical, London Bantam Press 1992 p96.

the population as compared to 7 per cent in 1979. The public enterprise sector accounted for less than 5 per cent of the UK output in 1992 as compared with 9 per cent in 1979. In the entire period 1979-92, accumulated absolute privatisation proceeds contributed £41.5 billion to the public Exchequer [4]: As expressed as a percentage of annual Gross Domestic Product during these years, the sale of public assets generated some 1.9 per cent of total growth in this period [5]. Excluding sales of minority holdings in British Petroleum the most significant public enterprises to be hived off by flotation included; British Aerospace in February 1981; Cable and Wireless in October 1981; Amersham International in February 1982; Britoil in November 1982; Associated British Ports in February 1983; Enterprise Oil in June 1984; Jaguar in August 1984; British Telecom in November 1984; British Gas in December 1986; British Airways in February 1987; Rolls Royce in May 1987; British Airports Authority in July 1987; British Steel in November 1988; Regional Water Companies in December 1989; Electricity Distribution Companies in December 1990; Electricity Generating Companies National Power and PowerGen in March 1991 and Scottish Power and HydroElectric in May 1991 [6]. Where pre-1992 led, the 1992 Parliament saw further asset sales, principal among them British Coal and British Rail .

By the late 1980s privatisation had "become an end in itself, a self evident good that was pursued even against widespread opposition and which was applied to even the most basic and traditional of state services" [7]. *In the period after 1984, the momentum which had built up behind privatisation in the UK proved unstoppable. From small scale inauspicious beginnings, privatisation became commonplace; based on an assumption, within even the monopoly industries which formed the public enterprise heartland, that all public industries could and should be denationalised as a matter of course. Industries which ten years previously nobody would have thought of privatising were sold as a matter of course.* Uncovering the policy objectives of privatisation requires discovering where the idea actually came from. This involves

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[4] Written reply, Hansard, 24 January 1992, vol.202, col. 388-9.

[5] As quoted in National Westminster Bank Quarterly Review Summer 1992.

[6] A number of concerns were sold directly to existing companies without floatation on the stock market. Assets held by the National Enterprise Board renamed the British Technology Group (ICL, Fairley, Ferranti, Inmos) 1979, 1980 and 1981; Government holding in the British Sugar Corporation July 1981; The Forestry Commission; British Rail Subsidiaries (Sealink Ferries, Hoverspeed, British Rail Hotels, British Rail Engineering) in 1981, 1984 and 1988; British Shipbuilders; British Leyland (Rover Group) March 1988; the National Bus Company 1987 and 1988; the Royal Dockyards 1987; and Royal Ordnance 1987. In addition the National Freight Corporation was the subject of a management buy out (with employee participation) in February 1982.

[7] Peter Saunders and Colin Harris, Privatisation and Popular Capitalism, Buckingham: Open University Press p17.

not just identifying its rationale but also the dynamic(s) that underpinned it. The policy record can be distinguished in terms of the practical and administrative, ideological and political motivations which led to the policy departure that was privatisation, a phenomenon which so dramatically altered the public-private sector divide over which government presided.

Although denationalisation was a feature of the 1979 Conservative Manifesto, the first official definition of privatisation referring to "the return of industries, assets and activities to the private sector" was published in the Treasury Economic Progress Report issued in 1982 [8]. In describing the different forms privatisation could take, two initial forms one general and one more specific can be identified :

(1) Deregulation (the general form) is a process of liberalisation whereby statutory restrictions on market entry are relaxed so that hitherto protected public enterprises and services face greater competitive pressures. This essentially involves bringing the private sector into public sector activities.

(2) Denationalisation (a specific form) sees public assets sold to the private sector so that the public sector is brought into the private sector. By hiving-off the public sector to the private sector, control of public sector assets (public holdings, minority share-holdings, public enterprises and state utilities) are transferred to private owners.

A wide definition focuses attention on government attempts to roll back the frontiers of the state (in terms of its provision of a service or ownership of industry) through the hiving off of public assets to the private sector. Denationalisation, the primary form in which this form of privatisation has developed, has four particular facets: (1) Selling state holdings -the sale of a proportion of the shares in firms in which the state had a holding. For example; British Petroleum shares in 1977 (Labour sold 17% to reduce the PSBR and to placate the IMF), 1979, 1981, 1983 and 1987; British Sugar; (2) The sale of subsidiaries belonging to nationalised industries. For example; British Rail Sealink and hotel chain; British Gas Enterprise Oil and the on-shore gas field at Wytch Farm in Dorset; British Leyland Jaguar Cars and the Rover Group; (3) The outright sale of public firms to private investors; (4) The sale of public companies and state monopolies to financial institutions and individual investors.

Assets have been disposed in four ways: (a) Share divestment; (b) Marginal asset sale (ie a

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[8] HM Treasury, Economic Progress Report, London: HMSO 1982 p1.

relatively unimportant holding); (c) Partial asset sale; (d) Total asset sale. Usually, where a partial asset sale has been pursued the total asset sale has proved the eventual end result (as in the case of British Telecom shares which were sold as three trances 1984, 1991 and 1993). In the case of marginal, partial and total asset sales, privatisation is generally taken to mean the conversion of a public utility/ publically owned company into a Companies Act company and the subsequent sale (first time round) of at least 50% of the shares to private shareholders. Of denationalised public enterprise few originally operated within a competitive markets (the prime exceptions being British Airways and the National Freight Corporation). Most have been monopolies (for example; gas, water and electricity) whose markets have been directly controlled by government.

Denationalisation (the form of privatisation examined here) transforms the actual form of the state. Privatisations involving the sale of public sector assets was achieved through either of three methods; (1) management buy out; (2) direct sale to a third party; or (3) stock market flotation. Of stock market floatation, the method to prove the most politically useful, the 48 occasions to 1992 where public assets (in the form of state enterprises) were transferred to the private sector saw a total capitalization figure in 1992-93 prices of £44.2 billion. There were 158 management and employee buy outs from the public sector which generated a total value of less than £1 billion and 100 other small-scale sales to third parties which also brought in additional revenues [9]. The significance of 1992 is that the privatisation agenda was largely set by that date, primarily in 1985-1990, and that subsequent sell offs (notably British Rail and British Coal in the 1992 Parliament) followed in its wake of the momentum earlier privatisations established.

As privatisation has become a significant issue in government policy and the profligate academic literature on this subject has grown at an alarming rate. Whether a particular book or article deals with privatisation in an economic or a political science context, the *course* of privatisation has been exhaustively traced (if that since 1992 is less exhaustively traced, the chronology of the 1979-1987 period has been much, much examined). Dealing with the record of privatisation presents difficulties in the absence of governmental archival material: Cabinet papers and departmental memorandum are unavailable. Remaining source material includes: (1) published memoir of ministers (often not officials and advisors); (2) Interviews (both on and off the record) with ministers, officials and advisers no longer in office; and (3) secondary interpretations and conjecture about the formal and informal deliberations of government (behind the public face).

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[9] Mike Wright and Steve Thompson, Divestiture of Public Sector Assets in Peter M Jackson and Catherine M Price (eds), <u>Privatisation and Regulation: A Review of the Issues</u>, London: Longman 1994 p35

Attempts to uncover the internal process by which ministers initiated and than strove to implement such far-reaching reforms may only scratch the surface [10].

If 'What Happened' is a question that can be effectively dealt with (in the absence of the empirical evidence furnished by government documentation), 'Why It Happened' is a much less investigated question. The vast majority of writers on this subject trace the emergence of privatisation as a matter of policy formulation. Many consider the issue as an economic question, others frame privatisation in terms of the ideological and/or political predilections of the Thatcher-led Conservative government, and other still claim it was only an accident, a variant on business as usual. In the last instance much is made of privatisation as an explanatory variable in understanding the politics of Thatcherism and its relationship to the wider British political scene. By contrast, privatisation is more usefully considered as a matter of political statecraft and ideological purpose.

It is necessary to look beyond the course of the privatisation programme in order to examine the various rationale that lay behind it and the impact it had. One needs to look not simply at what privatisation was but seek to identify its various economic, political and ideological motivations and consequences. From this perspective privatisation provides a useful case study to both assess the origins, chronology and consequences of a particular political issue and the actions of a set of political actors: *In short, it serves to both illuminate and explain the Thatcherite phenomenon. Analysis may be classified into one or more of four distinct concerns; (1) the origins and chronology of privatisation; (2) definitions of privatisation; (3) the aims of privatisation; and (4) achievements of the policy.*

In an article published in the Economic Journal in 1986, John Kay and Donald Thompson argued: "The reality behind the apparent multiplicity of objectives is not that [privatisation] policy has a rather sophisticated rationale, but rather that it is lacking any clear analysis of purpose or

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[10] Research is not helped by the quality of ministerial memoir that the Thatcher Cabinet has produced. For three recent and different examples see Nicholas Ridley, My Style of Government, London: Hutchinson 1991; Norman Fowler, Ministers Decide, London: Chapmans 1991, Lord Young, The Enterprise Years, London: Headline 1991. Even Margaret Thatcher, The Downing Street Years, London: Harper Collins 1993 dispenses with privatisation to very poor effect over a small number of pages. Geoffrey Howe, Conflict of Loyalties, London: Macmillan 1994, while very illuminating, touches on privatisation only in passing. The best biography on Thatcher, Hugo Young, One of Us, London Pan Books 1991 mentions policy only briefly, its approach being to examine the "wood" rather than the "trees". The one shining exception to this general rule is Lawson, View from Number 11, Op Cit. One should, of course, accept that all memoirs can simply be exercises in retrospective assertion and justification.

effects; and hence any objective which seems achievable is seized as justification" [11]. Andrew Gamble argues that "Privatisation is best considered not as a single doctrine, still less as a blueprint, but as a set of rather disparate and often uncoordinated initiatives, which taken together have far reaching implications" [12], a view which suggests that the Thatcher governments "stumbled on some of its most successful policies like denationalisation, by accident" [13]. It is this view which forms the key assumption of the vast majority of the literature on privatisation. Jackson and Price argue in similar vein; "Privatisation policy emerged and evolved incrementally rather than being planned rationally as an element of a political strategy" [14]. This chapter questions and qualifies these accounts. The privatisation of industries and utilities previously owned by the state reflects a wider political strategy, one informed by a new right prescriptive analysis of Britain's ills and their solutions. The Thatcherite criticism of what it saw as a collectivist tide was reflected in its consistent advocacy of the case for capitalism and the profit motive: As Joel Wolfe rightly suggests: "Ideological motivation prompted Cabinet Ministers to reshape the state itself, transferring formerly State-run productive enterprises and services to the private sector" [15].

Of course, policy selection is both reactive and proactive; incremental in form as well as the outcome of a structured plan; often an example of "fire fighting" as it can be of agenda setting. Privatisation, in part incremental in that it emerged slowly and piecemeal across two specific phases of development, had a series of objectives; as a policy mechanism, it was useful to the Thatcherite project in so far as it advanced the wider political, economic and ideological project with which it was associated. Thus, for reasons explored below, Matthew Bishop and John Kay's erroneous conclusion that privatisation was a policy "adopted almost by accident", one which has "no clear cut objectives, but has become an end it itself" [16] is a misreading of the real situation: The privatisation programme was one consequence (if not initially a definitive objective) of the

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[11] John Kay and David Thompson, Privatisation as policy in search of a rationale, Economic Journal 1986 Vol 19 18-32 p19.

[12] Andrew Gamble, Privatisation, Thatcherism and the British State, in Journal of Law and Society, 1989 Vol 16 no 1 p5.

[13] Andrew Gamble, The Free Economy and Strong State Op Cit. p138.

[14] Peter Jackson and Catherine Price (eds), Privatisation and Regulation Op Cit. p14.

[15] Joel Wolfe, State Power and Ideology in Britain: Mrs Thatcher's Privatisation Programme, Political Studies 1991 Vol 34 237-252 p 252.

[16] Matthew Bishop and John Kay, Does Privatisation Work?, London: London Business School 1988.

neo-liberal project which became ascendent in Britain through the efforts of Conservative Party politicians and others. *In policy (as opposed to the form it took) it was in no way wholly an incoherent, inconsistent, incremental programme nor the product of a "happy accident"*. The absence of a 'plan' or 'initial strategy' notwithstanding, Privatisation *was* actually fashioned as part of a coherent project pursued by the Conservative government: An 'accident' should be distinguished from a 'search for a method'- privatisation fitted the predilections of Thatcherism.

Hence, considered not as a unified doctrine, privatisation is still less the result of a master plan or blueprint, but as a number of (often uncoordinated) initiatives, which involved a small group of ideologically motivated political actors seeking to introduce reforms as part of a wider political project. In deciphering the many rationales behind it, we discover that privatisation is itself an objective, one which has several associated purposes and specified goals. It did not, as Kay and Thompson and others suggest, have such a multiplicity of objectives that it lacks any discernable purpose or justification. Before 1984 sales had originally been a series of individual transactions, an ad-hoc process that snowballed into a detailed programme of privatisation in Thatcher's second term.. Indeed, Thatcher herself has observed that "it is now difficult to recall just how revolutionary -how all but unthinkable- privatisation had seemed at the end of the 1970s" [17]. Given the dramatic impact it was to have, the programme had very cautious (not to say inauspicious) beginnings. Thatcher herself recognises that "privatisation leapt from fairly low down to somewhere near the top of our political and economic agenda.....it is one of the disadvantages of being in the vanguard of reform.....that the only experiences you can learn from are your own" [18]. One Treasury civil servant closely involved has called the privatisation an "unexpected crusade" [19].

Privatisation became a potent 'symbolic policy' which defined Thatcherism. Its antecedents in, say, 1969-82 are interesting: Where the Churchill, Eden, Macmillan and Home administrations accepted the public-private boundaries constructed by the post-war Labour government (and its predecessors), Conservative governments did nonetheless denationalise iron and steel (renationalised by Labour in 1967; sold again in 1987) and the road haulage industry during the 1951 Parliament; that said the boundaries of the public/ private divide remained for the most part unaltered. Modern Conservatism (under Macmillan in 1957-63 as under Thatcher from 1975-79)

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[17] Margaret Thatcher, The Downing Street Years Op Cit p677.

[18] ibid p678-679.

[19] Gerry Grimstone, The Unexpected Crusade Contemporary Record Vol 1 No 1 1987. Cf Interview with Grimstone, London, August 1996.

was of course always hostile to the extension of public ownership mooted by Labour in government or, more likely, in opposition; that said, with partial, small scale exceptions (iron and Steel excluded), the status quo prevailed before 1979. Post-1979 did mark an abrupt departure from the previous record.

In 1968-70, the Conservatives under Heath had made some allusions to denationalisation but (other than sell off the Thomas Cook travel agency, a British Rail travel subsidiary, and the Carlisle state breweries and public houses nationalised during the 1914-1918 war) did nothing when in office to promote it [20]. The short-lived (and largely mythical) 'Selsdon Man' was in no way a serious forerunner of the Thatcherite 'Iron Lady'. That said, Conservative aspirations pre-1970's were cast in a radical light. Heath had promised the 1969 Conservative Conference: "We will remove the shackles of government on industry. We will banish the regulation and control of business activities. We will withdraw the government from holdings in private firms. We will begin to reintroduce private ownership into nationalised industries" [21]. Of course the promise of opposition was not delivered in government: Compared to Heathite zeal in rescuing Upper Clyde Shipbuilders, nationalising British Leyland and Rolls-Royce and introducing the famously interventionist 1972 Industry Act, described as 'spadework for socialism' by Tony Benn who used the act as Labour Secretary of State for Industry in 1974-75 to nationalise a variety of undertakings, the privatisation agenda of the Heath government did not amount to anything.

Conservatism's shift to the right in the wake of Heath's twin defeats in 1974 led the nationalised industries to be identified as part of the nation's problems, part explanation of Britain's status as the 'sick man of Europe'. Leading would-be Thatcherites increasingly defined the public sector as being, in Keith Joseph's words, a "wealth-eating sector" one which had "spread like bindweed at the expense of the non-state sector, the wealth-creating sector, strangling and threatening to

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[20] Enoch Powell had raised the question of privatisation (known as de-nationalisation) in the 1966 Parliament but post 1968 (and his dismissal from the Shadow Cabinet following his "rivers of Blood" speech) his contribution were not taken seriously by the Conservative Front bench. As early as 1966 Powell argued that enterprises should "liberate themselves form the ratchet of nationalisation which seems always to advance and never retreat" quoted in Robert Shepherd, Enoch Powell, London: Hutchinson 1996 p319. Cf Enoch Powell, Freedom and Reality, London: Batsford 1969; Income Tax at 4s/3d in the Pound. London 1970.

[21] In general a desire had been expressed to reduce the size of the public sector. Where Keith Joseph and Patrick Jenkin had been deputed to investigate the nationalised industries: While the 1970 Manifesto stated "We will progressively reduce the involvement of the State in the nationalised industries, for example the steel industry, so as to improve their competitiveness" (The Conservative Party, A Better Tomorrow: The Conservative Manifesto London: The Conservative Party 1970) this aspiration was not translated into actuality in office in 1970-74.

destroy what it grew upon" [22]. They saw the nationalised industries at the heart of a 'British disease', in Thatcher's words, "where monopoly unions conspired with monopoly suppliers, to produce an inadequate service to the customer at massive cost to the taxpayer" [23]. Inefficient, monopolistic, unresponsive to the market, a focus of union militancy, a drain on the public purse, the nationalised industries became anathema to right-wing Conservatives (and even to many on the left and centre of the party): In their view: "For two decades, government attention had been concentrated on the public sector. Private enterprise had been despised or ignored" [24].

Although it is often suggested that there is little evidence to suggest that much thought was given to the question of (large scale or small) denationalisation before 1979, some thinking was devoted to the issue. While a search for a blueprint is as pointless as it is futile (for reasons explored below), this particular form of the unthinkable was certainly being considered in some form. In February 1977, Thatcher and a members of the Shadow Cabinet held a private meeting with leading sympathisers from industry and the City to discuss matters of mutual interest. According to Keith Middlemas, Thatcher personally pledged her government to reverse the Labour government's Social Contract by legislation; abolish exchange controls; curb the powers of local government; and initiate a programme of progressive denationalisation [25].

At that year's Conservative Conference Keith Joseph went out of his way to agree with an association member who called for state industries to be turned over to private enterprise, expressed his support for "exposing nationalised industry to more competition" and moving "toward reducing state ownership" [26]. That said, few detailed policy documents were issued by the Conservatives in opposition before 1979 and the unofficial pronouncements of think tanks and ginger groups such as the Centre for Policy Studies (CPS), the Selsden Group, the Conservative Party Public Sector Research Unit, the Institute of Economic Affairs and the Adam

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[22] Keith Joseph, Stranded on the Middle Ground, London: Centre for Policy Studies 1975 p22.

[23] Hugo Young, One Of Us: A Biography Of Margaret Thatcher, Pan Books: London 1991 p353. In 1980, Margaret Thatcher again illustrated this belief in her private observation that the "two great problems of the British economy are the monopoly nationalised industries and the monopoly trade unions" p207.

[24] Simon Jenkins, Accountable to None: the Tory Nationalisation of Britain, Harmondsworth: Penguin 1996 p9.

[25] Keith Middlemas, Power Competition and the State Vol 3: The End of the Post-War Era, London : Macmillan 1991 p213-214.

[26] Conservative Party Annual Conference Report, 1977 p18.

Smith Institute, are more of a significant guide to private thinking [27].

John Redwood, then a young turk working with the Centre for Policy Studies urging the Conservatives to adopt privatisation, suggests "the Conservative Party in opposition was very nervous and very worried and therefore very cautious" [28]. Official policy was confined to two Shadow Cabinet policy documents. In 1976, "The Right Approach" suggested that "in some cases it may also be appropriate to sell back to private enterprise assets or activities where willing buyers can be found" [29]. The following year "The Right Approach to the Economy" provided another clue to the private intentions of the leadership stating that: "The long term aim [of the government] must be to reduce the preponderance of state ownership in our communities. Ownership by the state is not the same as ownership by the people". "In some cases", it continued, "it may be appropriate to sell back to private enterprise assets or activities where willing buyers may be found" [30].

In hindsight (with all its dangers), the process of re-thinking the Conservative project begun well before 1979 as evidenced by the swell of literature pouring out of New Right think tanks offering "a map of learning, adequate as a means to explain past failures and future programmes" [31]. This should not be oversold but re-thinking continued apace as Thatcher (with Keith Joseph) established a bridgehead among the highest counsels of the party (if not the party itself) after 1975. While privatisation did not rank on the list of priorities in opposition it was not undreamt of. For many within Thatcher's official and unofficial coterie, trade union reform offered itself

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[27] Cf Richard Cockett, Thinking the Unthinkable: Think Tanks and the Economic Counter Revolution, 1931-1983, London: Fontana 1995 p201; David Howell A New Style of Government, London: Conservative Oolitical Centre 1970 argued in favour of transferring government functions and activities back to the private sector At the same time the Conservative Party Public Sector Research Unit (CPSRU) published a series of pamphlets offering practical examples of denationalisation policies (Cockett, Thinking the Unthinkable p200-203). The Selsden Group held a seminar at St Ermins Hotel in June 1976 on Reducing the State Sector addressed by Nick Ridley and Russell Lewis a journalist who was a active advocate of denationalisation and an early supporter of the idea of "popular capitalism" (ibid p215-216). Note these small scale beginnings. Of course, the ability of such think tanks to influence politics in the real world must be placed into perspective. Cf Richard Heffernan, Blueprint for a Revolution: The Politics of the Adam Smith Institute, Contemporary British History Vol 10 No 1 1996.

[28] John Redwood interview, London January 1996.

[29] The Conservative Party, The Right Approach, London: The Conservative Party 1976 p18.

[30] The Conservative Party, The Right Approach to the Economy, London: The Conservative Party 1977 p14.

[31] Keith Middlemas, Power Competition and the State Vol 3 Op Cit p200.

as an initial key to success. Travelling light with as few policy commitments as possible, the Conservative strategy in 1976-79 was to allow Labour to lose the election; to this end no party spokesperson was prepared to give any public radical hostages to fortune for fear of frightening the archetypical floating voter (and, as importantly, many who sat in her pre-1979 Shadow Cabinet) [32].

A moderate, generalist document carefully cast in as electorally appealing light as possible, the 1979 Conservative Manifesto included such commitments as controlling the money supply, restoring incentives, reducing taxation and cutting public expenditure [33]. These centre pieces were joined by a commitment to specific narrowly defined forms of denationalisation where the aerospace and shipbuilding industries would be returned to the private sector and the National Freight Corporation sold off. While a specific pledge to sell council houses to their tenants was also included, no direct or specific reference was made to privatisation in the form with which it has become publicly associated [34]. Although there was no hint of the political potential of privatisation, the issue was live and, while the road from 1979 is far more important in the development of the policy, post-1979 privatisation owed much to the alteration in Conservative attitudes evidenced before 1979. Its enactment owed much to the burgeoning aspirations of political actors who had yet to have the opportunity of governing and, crucially, the opportunities that went with it.

Actually existing public enterprise was clearly identified as a problem to be dealt with before 1979, but identifying this problem was, as argued below, only the initial first step in the wide ranging reforms which were to come. In spite of the absence of a 'master plan', privatisation was to prove not so much a bolt from the blue as the enactment of an aspiration. Government granted Thatcherism momentum of office and the impact this had on the willingness of ministers to

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[32] And, presumably, certain members of the Shadow Cabinet. As Middlemas suggests; "Policy needed to be couched in striking phrases, without concession to the detail which would have embroiled the leaders in defending explicit positions and without exacerbating [internal] controversies" ibid p200.

[33] James Prior considered the 1979 Manifesto as being "reassuringly moderate in content and in tone", its plans the "staple of Conservative manifestos".James Prior, A Balance of Power London: Hamish Hamilton 1986 p112.

[34] These four specific pledges; to sell British Shipbuilders and British Aerospace; sell shares in the National Freight Corporation; to deregulate bus services to allow competition; and to review the activities of the British National Oil Corporation) were an inaccurate predictor of subsequent events; Shipbuilding was not denationalised, shares in the National Freight Corporation were not offered to the public and Amersham International, Associated British Ports, Britoil, Cable and Wireless, British Petroleum (as well as proposals to sell British Telecom) were not mentioned in the Manifesto.

advance radical policy is vital to understanding the chronological development of Thatcherite policy. In selecting policy options government had to collectively devise relevant and successful methods of implementation: 'How' is a different question to 'Should'; the question 'Could' being equally different to 'How' and 'Should'. One should emphasise that there is nothing inevitable about what happened in the Thatcher period. Chance and foresight, political developments and electoral considerations may have tempered what ministers did but did not necessarily deflect the government from its set purpose. Very quickly, after the election of the first Thatcher government in 1979, state intervention and regulation characterised by the development of a substantial public sector within the mixed economy became the target of a neo-liberalism espoused by political actors who occupied the highest reaches of the Whitehall machine.

3.2 Introducing Privatisation: Policy Enactment.

In a colourful phrase coined by Saunders and Harris, the history of privatisation in the UK after 1979 is the story of a trickle that became a flood [35]. If aspiration is the first step in policy development, policy implementation is a complex process leading from aspiration to enactment through design and implementation. Policy does not arrive as if by magic but is created, shaped and altered according to a variety of circumstances both internal and external to government. A theory of privatisation must therefore engage with the time frame within which it was devised and enacted. Along with many others, David Marsh suggests that privatisation began with very limited horizons: "It was only in the second and third terms that privatisation, and in particular special assets sales, became a dominant theme of economic policy" [36]. This is a mistaken interpretation. The fact that some 25 undertakings worth £1.4 billion were privatised between 1979 and 1983 cannot be explained away; indeed, if the emphasis is placed upon special asset sales (rather than government holdings in companies) the privatisation of British Telecom, a sale first announced during the first term in 1981-1982, cannot be explained away either.

The first term of the Thatcher government is far, far more significant than commentators such as Marsh suggest. As privatisation grew in scale and became more significant in subsequent terms it did so as a result of what was achieved initially. As Nigel Lawson, Energy Secretary and later Chancellor of the Exchequer, recollects: "The limited and low key references to denationalisation in the 1979 Manifesto has led many commentators.... to suppose that privatisation was not part

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[35] Peter Saunders and Colin Harris, Privatisation and Popular Capitalism, Op Cit p7.

[36] David Marsh, Privatisation Under Mrs Thatcher, Public Administration Vol 69 1991 pp459-480.px

of our original programme and emerged as an unexpected development into which we stumbled by happy accident. They could not be more mistaken.... privatisation was a central plank of our policy from the start" [37]. Policy development (as opposed to policy invention) lies at the heart of the phenomenon. With regard to the actually existing mixed economy, the period of 1975-79 in opposition was a period of ratiocination for nascent Thatcherites; thinking from first principles rather than sketching out policies for immediate implementation.

Nigel Lawson recollects that a number of Conservative spokespersons were private pace-setters for privatisation within the highest party counsels. Among the "enthusiasts" he identifies are "Keith Joseph, Geoffrey Howe, John Nott, David Howell and me, rather than Margaret [Thatcher] herself" but he does also emphasise the point that little detailed work was carried out on denationalisation during the 1974 Parliament [38]. Lawson may be pursuing a personal historical project here but James Prior, a non-Thatcherite member of the Shadow Cabinet and then the Cabinet argues that the leadership was concerned about the best way to privatise parts of the state sector: "We decided that wherever possible we would take nationalised industries out of the public sector and make them more responsive and competitive. In the formulation and early implementation of the policy the proceeds of the sale of assets was a very secondary consideration" [39]. Given that the success of the Thatcherite project can be measured out by its development post-1979, pre-1979 did provide a basic foundation upon which, in time and favourable circumstances, a set of governing policies could be established: Thus it was with privatisation. Although no Conservative could have foreseen the scale and success of the policy, the programme upon which they embarked was the progeny of the ideological positions they began to stake out in opposition.

The 1979-82 privatisation programme began at the margins and subsequent sales targeted the heartlands of the public sector. In this initial period, as Lawson testifies, government "managed to privatise some well known firms which should never have been in the public sector. The principal public flotations during those two years were Cable and Wireless, British Aerospace, Amersham International. In addition, Fairey Engineering, Ferranti, National Freight, International Aeradio and British Rail hotels were sold. These were concerns already operating in competitive

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[37] Lawson, View from No 11 Op Cit p199.

[38] ibid.

[39] James Prior, A Question of Balance, Op Cit pp108-109.

markets" [40] In 1981, then Chancellor of the Exchequer, Sir Geoffrey Howe, declared that "since the election the issue of privatisation has moved to the forefront of politics" [41]. That same year, Thatcher declared: "We have also embarked on the long and complex process of returning state-owned enterprise to private ownership...Legislation has been passed or is under way to denationalise many... concerns. We are restructuring corporations...with a view to returning the or parts of them to private ownership as soon as we can" [42]. Government ministers had a steep learning curve to climb: As Thatcher then emphasised: "[Privatisation] will take time, and it takes a lot of money. That is the price of the folly of public ownership" [43].

Through experience of what was had been possible prior to 1982, the government became increasingly convinced it was possible to take privatisation beyond the competitive sector into the realm of the monopoly public utilities. The most significant asset sales of the first phase of privatisation included the February 1982 sale of Amersham International and the November 1982 sale of Britoil formerly the British National Oil Corporation. Although privatisation clearly began in 1979 and not in 1983, the form the programme ultimately took was enacted over time. Here, 1979-1984 was a learning curve, one establishing parameters and exploring would-be difficulties. While a case may be made that ministers only began to actively set out the principles behind privatisation from 1983 and 1984, they did so at that time to considerably extend the programme following the re-election of the Conservative government in 1983 [44]. The period from 1982 is one in which the privatisation programme gained momentum.

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[40] Lawson, <u>View from No 11</u>, Op Cit. pp 208-209.

[41] Geoffrey Howe, A Conflict of Loyalties, Op Cit p255.

[42] In a speech delivered at Georgetown University in the US in February 1981. Quoted in David Heald and David Steel 'Privatising Public Enterprise: An Analysis of the Government's Case' <u>Political Quarterly</u> Vol 53 No4 1982 p344.

[43] ibid.

[44] Here, 1982-1984 were the key years in the privatisation project. The Cabinet re-shuffle of September 1981 dispatched the more troublesome "wet" Tory "grandees" and secured an ascendancy of "Thatcherites" within the governing circle. Throughout 1981 disagreements between "Thatcherite" true believers and Cabinet opponents of "monetarist two nation Toryism" divided the government within its leading counsel. This culminated in this reshuffle in which Ian Gilmour, Mark Carlisle and Christopher Soames were dispatched to the backbenches. James Prior was sent to Northern Ireland, a blunt demotion from Employment. In one fell swoop, Thatcher strengthened her ideological control over the Cabinet and by promoting Norman Tebbit, Nigel Lawson and Cecil Parkinson placed key supporters in economic posts. As such, the authority of those "true believers" who now held ministerial office was more firmly established (if not wholly guaranteed). Combined with the glimpsed possibility of re-election in the aftermath of the Falklands campaign following the difficult years of recession and retrenchment in 1980 and 1981, "Thatcherite" confidence soared, a factor made more real by the 1983 landslide.

At this time there was a great deal of private criticism of the government failure to advance a privatisation programme move swiftly. 'Outside right' supporters, Thatcherite foot soldiers beavering away in New Right think tanks and Conservative Party ginger groups charged the government with not doing enough. In particular, elements within the Centre for Policy Studies were extremely critical of Keith Joseph's tenure at the Department of Industry: "there is no doubt that Keith Joseph, by not producing more dramatic results in dismantling the corporatist state between 1979-1981, disappointed many of his allies on the radical right" [45]. In September 1980, Joseph's confident, Alfred Sherman, memoed Thatcher: "I fear that K[eith] J[oseph] and his ministry have not engaged in the basic thinking which is a precondition for denationalisation" [46], an illustration of the strength of feeling which was also echoed by members of Thatcher's own Downing Street policy unit who despaired at the unwillingness of ministers to press ahead with large scale reform of the public sector.

While much of this criticism was justified, ministers had long cast around for a suitable large scale privatisation candidate to set the ball rolling. In the opinion of John Moore (then Parliamentary Under Secretary at Energy and later as Financial Secretary to the Treasury the minister given overall coordination of the privatisation programme during the crucial years of 1983, 1984 and 1985) it was important that the government set its sights upon a high profile, large scale public utility, one with a well identified commercial track record for the break through sell off [47].. Put simply; ministers became convinced that it was vital that the bigger privatisations were now undertaken. This was evidenced by the 1982 decision to privatise British Telecom, the key transition from a first phase to a second which saw privatisation reach over time into the heartlands of the public enterprise utilities and industries. This decision, taken in the first term, was going to make or break the entire privatisation strategy. *In the event it proved the making of the strategy; the Telecom sale was a watershed, the key to the entire privatisation programme that was to follow.* Hence, the argument that the emphasis on privatisation developed after 1983 is disproved; it developed in light of existing experience and as a result of the political approach that Thatcher-led ministers had originated in opposition but honed in government.

British Telecom had originally been part of the GPO, a government department headed by the Postmaster General and by tradition one of the most senior posts outside Cabinet. With the GPO

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[45] Morrison Halcrow, <u>Keith Joseph: A Single Mind</u>, London: Macmillan 1989 p158.

[46] ibid p157.

[47] Interview with Lord Moore, London January 1996.

having been redesignated a public corporation by 1969, Industry Secretary Sir Keith Joseph announced the government's intention to separate the telecommunications services of the Post Office from mail services in September 1979. The necessary powers to do so were granted by means of the British Telecommunications Act, enacted in July 1981 and a new public corporation, British Telecom, established in October 1981. In July 1982, Joseph's successor, Patrick Jenkin announced that British Telecom would be privatised: While remaining a single enterprise, the public corporation would be converted into a Companies Act company and shares sold to institutional investors and the general public.

It has been suggested that the decision to sell Telecom was prompted by an urgent need for forward investment on a massive scale and that revenue raising through privatisation was necessary to meet the £2 billion investment programme needed to modernise the Telecom network. Government expenditure on the project would pose problems for a cash-strapped government eager to reduce expenditure and government borrowing and unable, due to Treasury rules, to borrow monies on the capital markets. This obligation is said to have forced ministers to conclude that a share offer was the only option available. While such considerations may have combined with other predilections at this time; other options were available. Ultimately, a privatised Telecom was able to fund its modernisation out of its own capital; the government, had it wanted to, could have raised the necessary funds by amending the Treasury rules. For many convinced privateers within Whitehall privatisation of Telecom was *the* option rather than *an* option to be considered.

Ministers were initially daunted by the technical difficulties of a Telecom floatation which would be seven times larger than any other previous floatation on the London Stock Exchange. Where City analysts were sceptical of its chances of success, ministers and officials were, at the very least, also privately concerned. When the Telecommunications Bill was introduced in November 1982, the government declared than irrespective of enactment of the Bill Telecom would not be sold until after the coming general election. This election, not due until mid-1984, was called in May 1983 as the Conservative Party sought to renew its electoral mandate at a time it was very confident of success. Once the 1979 Parliament was dissolved the uncompleted Telecommunications Bill fell. The 1983 Conservative Manifesto displayed an increased commitment to privatisation- In addition to the already identified British Telecom and British Airways; Rolls Royce, parts of British Steel, British Shipbuilders, British Leyland and the British Airports were all scheduled to be sold off under a re-elected Conservative government between 1983 and 1987. Once the Thatcher government was safely re-elected, the privatisation pace quickened: Telecom led the way.

Quickly reintroduced in the new Parliament, the Telecommunications Act was given Royal Assent courtesy of the Conservative's 144 seat majority and once the legislation came into effect British Telecom PLC became a Companies Act Company. Actually selling the privatisation offer was considered as important as the privatisation itself. This took the form of a two stage advertising campaign with intensified corporate advertising followed by a government campaign to advertise the offer itself. This campaign cost in excess of £7.5 million and was the first time that a share issue had been advertised on UK television. On November 28, 50.2% of the equity was offered for sale in a fixed price flotation with further tranches to be sold at later stages. The public offer attracted a record 2.3 million applications and some 220,000 employees (96 per cent of those eligible) became shareholders. That the share offer was some 9.7 times over-subscribed confounded government critics and exceeded even the highest ministerial expectations [48]. The offer raised £3.9 billion, a figure double that raised by all previous assets sales combined [49]. Ministers had remained anxious right to the end, unsure if shares would sell on the domestic stock market.

Backed up by the 1983 General Election victory and the privatisation platform erected in 1979-84, Telecom gave government ministers the green light to press ahead with a programme. As the first path-breaking utility privatisation, it was the model which influenced all post-1984 asset sales [50]. While the government favoured splitting Telecom into a series of regional companies, detailed investigation of this option made it clear that this would delay privatisation and exclude the issue for an entire Parliament. An interdepartmental committee within government, dominated by ministers, concluded in favour of denationalising the existing enterprise and against any fundamental restructuring or significant liberalisation This clearly demonstrates the government's

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[48] Of the 3.1 billion share offer 415 million shares were allocated for issue in New York, Tokyo and Toronto; 1.4 billion placed with institutions; 310 million reserved for Telecom employees and pensioners; leaving around 1 billion shares to be put on offer to the public. Proceeds to the Exchequer from the Telecom sale were about £3.9 billion gross and £3.7 billion net (deductions including £83.4 million underwriting expenses and £11.7 million advertising budget). On the first day of trading part paid 50p shares closed at 93p, a profit of 86 per cent.

[49] Peter Saunders and Colin Harris, Privatisation and Popular Capitalism, Op Cit p15.

[50] Other characteristics include the fact that each sale was variously hyped as the sale of the century. A massive advertising and public relations campaign was set in train to persuade individuals to buy shares in the denationalised company. Here, an erroneous impression was created that small investors most benefit whereas financial institutions came to benefit in receiving "both their underwriting commissions and, through preferential allocations, high profits when the shares immediately traded at a large premium": David Heald, Privatisation and its Political Context, Op Cit p39. While several characteristics relate respectively to the form of post-privatisation regulation and the price-control formula established, others are of political significance. No independent investigation was held by either Royal Commission or Committee of Inquiry into the future structure of each industry.

preparedness to pass public monopolies, virtually untouched, into private hands for political reasons. Selling such a publicly owned industry as British Telecom was proof positive that privatisation was possible: Where Telecom led, other privatisations followed, first among them British Gas [51].

While the 1983 Conservative Manifesto has cautiously indicated only that 'private capital' would be introduced into gas (and the electricity industry) as remaining state-owned oil companies would be hived off, the lock, stock and barrel sale of British Gas in December 1986 (unheralded in 1983) was due entirely to the window of opportunity opened by the stunning success of the Telecom privatisation. Having decided to sell Gas (a natural monopoly utility which was both generator and supplier) the government had to determine exactly how the industry was to be sold off. The Treasury and the Downing Street Policy Unit both urged that the utility be broken up and sold as separate and competing units: This was opposed by both the nationalised board of British Gas and its sponsoring department, the Department of Energy. Although disagreement between Cabinet colleagues on issues of privatisation were increasingly rare, they did occur. The Secretary of State for Energy, Peter Walker, was a Tory of the old school, and often out of sympathy with the broad thrust of Thatcherite policy [52]. While supporting Gas privatisation, he was at one with the nationalised chairman of British Gas, Sir Denis Rooke, a reluctant supporter of privatisation determined to ensure 'his' public industry would not be dismantled but sold (if sold it had to be) intact.

Together, Walker, Rooke and their officials provided a powerful Whitehall lobby against the Treasury plans. As a result of their strong disagreement with this preferred Thatcher\ Lawson strategy, a fierce Whitehall battle ensued. Eventually, Lawson was obliged to accept that the company should be sold en-bloc rather than be broken up. This deal between the Chancellor and the Energy Secretary was brokered by a Prime Minister keen to support Lawson's call for greater competition in a natural monopoly but more eager to ensure the sale of British Gas was achieved in the life time of the 1983 Parliament. As with Telecom, the sale of Gas heralded the further expansion of government policy. At the time of privatisation, publicly-owned British Gas ranked

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[51] In Thatcher's recollection, the 1983 Manifesto "accelerated privatisation" The Downing Street Years, Op Cit p283. It contained an "ambitious programme far more extensive than we had though possible when we cam to office only four years before" ibid p284.

[52] Nigel Lawson writes: "My successor as Energy Secretary was Peter Walker, whose views on the privatisation of British Gas were as different from mine as was his attitude on most other issues. Indeed, my former officials told me it was almost as if there had been a change of government at Thames House [the Department of Energy]" Lawson View from No 11 Op Cit p.215.

among the biggest ten companies in the UK. It had an annual turnover of £8 billion and recorded profits in excess of £700 million. When the entire equity of British Gas was sold by the government on December 3rd the issue duly attracted some 5 million applicants; it was four times over-subscribed and £5.4 billion was raised for Treasury coffers. It was another stunning political success. As Veljanovski argues privatisation was "transformed from a minor plank in Conservative Party strategy to one of its major achievements. The sales of British Telecom and British Gas have made privatisation arguably, the single most potent political innovation of Mrs Thatcher's government" [53].

In June 1987, the Conservative government successfully renewed its electoral mandate and gave notice of its intention to press ahead with further privatisations. The sale of Gas had been followed by those of British Airways (postponed for commercial reasons since the summer of 1980) in February 1987 and Rolls Royce (nationalised by Heath) in May 1987. In July 1987, the British Airports Authority was sold as was British Steel in November 1988. Amid public hostility and technical difficulties made worse by management intransigence, the government had shelved earlier proposals for the privatisation of the water industry in July 1986. The issue was duly resurrected and amidst considerable public disquiet ten Regional Water Authorities were sold in December 1989 and regulatory powers vested within a new public body, the National Rivers Authority. Water had proved perhaps the most difficult privatisation of all; its floatation was beset with difficulties and opposition from a number of sources [54].

The subsequent sale of the electricity industry surpassed even the British Gas flotation. The government divided the utility into twelve English and Welsh regional supply companies, three electricity generating companies, a company controlling the National Grid and two combined Scottish generation and supply companies. For reasons of expense (no private company would bear the eventual costs of decommissioning) Nuclear Electric was retained in the public sector until ins eventual sale in the fag end of the 1992 Parliament. The English supply companies were floated in December 1990 and in excess of 5.7 million individuals applied for shares. Predictably heavily oversubscribed, the offer again raised over £5 billion for the Treasury. The government subsequently sold National Power and Power Gen, two of the three new generating companies, while the third, Nuclear Electric, remained in the public sector until 1996 due to further deliberations on the difficulties that arose from nuclear technology. Further asset sales took place

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[53] Cento Veljanovski, Selling the State, London: Weidenfield and Nicolson 1987 Op Cit p1.

[54] See the interesting case study of water privatisation mounted in Chapter 2 of Saunders and Harris, Privatisation and Popular Capitalism, Op Cit pp33-54.

after 1992; most notably British Coal and British Rail [55].

The opposition of trade unions with members in industries concerned, nor that of the then Labour opposition, came as no great surprise. City opinion was certainly initially divided over privatisation and ministers had to invest great efforts in convincing financiers of it many benefits: In particular, many institutions were unhappy at the idea of increasing the number of individual share ownership. It was only the success of the programme that led the City to swallow whatever misgivings they had and endorse the programme. Privatisation also met with a great deal of opposition from public enterprise management. In a number of cases, most notably British Gas, several nationalised industry boards were reluctant to set off down the privatisation road. In sharp contrast, British Telecom, led by Sir George Jefferson, welcomed and boldly advocated it [56]. Public sector opponents were gradually converted or else sidelined as the privatisation project was relentlessly ground out courtesy of the secure majority the government enjoyed in the House of Commons. Managements were variously enjoined or coerced into acceding to government intentions; those who pressed home their disagreement were replaced in due course by more amenable appointments. Management was mostly concerned with keeping their enterprises intact and opposing breakup or re-regulation. Once the Telecom model had been firmly established and the new paradigm born, nationalised industry managements rushed to escape from government control and convert into the private sector companies which dominated the Thatcherite industrial scene.

It is impossible to ignore the central importance of the Telecom sale to the post-1985 prospects of the privatisation programme. Between 1979 and December 1984, asset disposals provided receipts to the public exchequer of just under £5.5 billion net. Of this figure some £1.3 billion was received from the Telecom sale alone (not including further payments due in 1985/86 and

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[55] The mid 1980s were an unparalleled boom-time, the financial equivalent of the "Roaring Twenties". At the height of the boom in the summer of 1988, some 40% of the nationalised sector comprising well over some £20 billion worth of state assets had been sold to the private sector. Each privatisation was over-subscribed by unprecedented numbers of investors; British Gas four times and British Airways twenty-three times oversubscribed. The total number of shareholders in the UK trebled between the summers of 1979 and 1987. Low pricing of shares together with incentives aimed at the small-scale investor produced a bandwagoning effect as individuals flocked to make a quick profit on a safe investment.

Before the government sold its residual 31.5 per cent holding in British Petroleum on 28 October 1987 the London Stock Exchange had fallen by some 28 per cent by the time of the share issue. Investors avoided the BP issue and underwriters were left with the unsold shares: It was deemed a "flop" as a result. This was a damaging illustration of what critics called the casino economy at a time when a quick financial return on investment was not forthcoming for small shareholders. What would have happened if the market had collapsed just prior to the Telecom sale? As in so much else, luck played a significant part in the Thatcherite successes.

56 Interview with Sir George Jefferson, London August 1986.

further tranches of shares sold in the 1987 and 1992 Parliaments). Of the 400,000 jobs transferred from the public to the private sector in this period, 50 per cent was due to the Telecom privatisation. This was not only the biggest sale in the history of financial markets to date but the moment at which the privatisation floodgate opened. Opposition was circumvented and the government triumphed as privatisation was shown to be achievable in practice. Almost overnight the government had questioned the view that publicly owned monopolies was part of an unavoidable reality as "[t]he issue of ownership, the virtue of privately owned, privately managed and privately rewarding enterprise had fully entered the mode of thought" [57]. Nor only had the government comprehensively rejected the idea that existing publicly owned enterprises should be planned and organised to serve social ends, but ministers demonstrated that what had been previously considered unthinkable had quite easily been achieved. *Selling such a publicly owned industry as British Telecom was proof positive that the so-called collectivist tide could be turned.*

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[57] Cento Veljanovski, <u>Selling the State</u>, Op Cit p67.

Chapter 4.

The Politics of Thatcherism: Privatisation as Case Study.

4.1 Explaining Privatisation.

4.2 Thatcherism as Project and Process: Privatisation as Method.

4.3 Explaining Thatcherism: Objectives and Consequences.

4.1 Explaining Privatisation.

Following Feigenbaum and Henig three types of privatisation can be identified; Pragmatic (promoted as technical solution); Tactical (designed to alter the balance of power); and Systemic (intended to transform an entire society eg the former Soviet Union) [1]. In the case of the UK a strategic justification can also be identified. Deemed a failed social experiment and part of a collectivist cul de sac, public enterprise had "a track record available for critics to attack" [2]. An explanation of privatisation can therefore be placed in the context of the phenomenon against which it was a reaction. While policy reversal can be variously explained as a product of policy ageing; policy disasters; policy decay; change over time; or sclerosis, it can also be the product of policy entrepreneurship [3]. Policies therefore alter not merely because they fail but as they are changed; the judgements and decisions of political actors does matter, not least in the case of privatisation: The political-ideological assumptions which informed the work of the government lay at the heart of the programme.

While theorising an ideal form of industrial and economic organisation was one thing, reforming an entrenched status quo was quite another. Whereas thinking about what needed to be done was necessary, devising the actual means to secure the desired end was much more difficult. The period between 1979 and 1984 was a learning period in which both ministers and, as importantly, public officials, public enterprise management, city financiers (to say nothing of public opinion)

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[1] H Feigenbaum and J Henig, The Political Underpinnings of Privatisation: A Typology, World Politics, Vol 42 No 6 1994.

[2] Christopher Hood, Explaining Economic Policy Change, Buckingham: Open University Press 1994 p53.

[3] ibid.

came to think what had been unthinkable at the same time that government ministers prepared to do the impossible. This 'learning curve' (very significant in this period) cannot be overlooked; it is an important facet in the evolution of privatisation as a coherent programme. As a result privatisation began cautiously, a result of ministerial belief it was a 'leap in the dark', but not one which the government would take without careful preparation. Given the price of failure ministers wanted to be as sure as they could of the probable pitfalls that awaited them. It was important to assess the likely consequences their actions would have on the Thatcherite political project.

As with nationalisation before it, privatisation can be seen to be an end product of contingent factors. Yet it should not be interpreted as wholly a pragmatic response to past policy failure. While a means to secure a desirable outcome, its attraction lay in the fact that it offered an escape for contemporary difficulties; over time privatisation also itself become the objective in sight. In reviewing the arguments relating to the overall objectives of privatisation, John Vickers and George Yarrow suggest that seven interrelated purposes and/or consequences can be identified:

(1). Reducing government involvement in industry; (2). Improving efficiency in the industries privatised; (3). Reducing the Public Sector Borrowing Requirement; (4). Easing problems of public sector pay determination by weakening the public sector unions; (5). Widening share ownership; (6). Encouraging employee share ownership; (7). Gaining political advantage [4].

While Vickers and Yarrow do not rank these factors, this taxonomy seriously understates the political and ideological dynamics of the privatisation programme. For example, while reducing government involvement in industry and improving efficiency were clear political objectives from the outset (and widening share ownership an additional end), the Thatcher government had a wider purpose in mind: Here, while all of the seven purposes identified by Vickers and Yarrow may have had advantages for the Conservatives, the extent to which all these objectives formed part of the overall programme from the outset is at the very least a matter of debate. *These listed purposes suggest only how the privatisation programme gained favour and succeeded rather than explain the phenomenon itself: Privatisation was a coherent 'macro-political strategy' pursued from day one of the election of the Conservative government, several of its 'micro-political elements' (those listed in Vickers and Yarrow's taxonomy) were arrived at through the pursuit of the policy rather than in its original design.*

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[4] John Vickers and George Yarrow, <u>Privatisation: An Economic Analysis</u> London: MIT Press 1988 p157.

The idea that state revenue raising and reducing the Public Sector Borrowing Requirement (PSBR) was a central rationale behind privatisation is a preoccupation of a number of commentators. Given the government's failure to cut the overall level of public expenditure (as distinct from the redirection of specific social programmes), "raising revenue from the sale of public assets was less politically damaging than raising taxes or cutting public spending and was regarded as a more acceptable means of reducing the PSBR" [5]. Fiscal necessity to raise monies for the Exchequer and cut the PSBR were net contributors to the privatisation boom but always secondary to the ideological imperatives which underpinned the government's attitude to politics as well as questions of economic and industrial policy [6]. Throughout, while asset sales were useful in overcoming problems related to fiscal constraints, the central goal of promoting private as opposed to public sector production and consumption remained paramount. Just as attempts to encourage competition within liberalised markets was abandoned in favour of the simple transfer of public monopolies into the private sector, revenue rasing was not a central aim but another extremely welcome spin-off.

Water privatisation had been postponed in 1986 (for political and technical purposes) at a time when Treasury officials had already pencilled sale receipts into their forecasts. The eventual

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[5] David Marsh, Privatisation Under Mrs Thatcher, Op Cit. See also Vickers and Yarrow, Privatisation; An Economic Analysis, Op Cit; Samuel Brittan, The Politics and Economics of Privatisation, Political Quarterly 1984 Vol 55 No2 109-127; Heidran Abromeit, British Privatisation Policy, Parliamentary Affairs 1988 Vol 41 No1 68-85. All argue that state assets were sold because government ministers wanted to raise money without printing or borrowing it given that the government's monetarist commitment to lowering taxes and reducing the borrowing requirement was politically easier to achieve by selling public assets than by cutting public expenditure. In this vein, Christopher Foster rejects political explanations. He makes much of the fact that while the sale of council housing was deliberately designed to increase the number of Conservative voters, few examples can be found to demonstrate that the expansion of share ownership was a similar objective. Rather, the driving force behind privatisation was macro-economic; the need to bring down public expenditure and to cut public borrowing at a time of economic crisis without raising taxation Christopher Foster, Privatisation, Public Ownership and the Regulation of Private Monopoly, Oxford: Basil Blackwell 1992. The former Tory Prime Minister, Harold Macmillan, charged ministers with "selling the family silver", disposing of assets to cover present expenditure: "First of all the Georgian ......silver goes, and then all the nice furniture than used to be in the saloon. Then the Canaletto's go" The Guardian 9 November 1985.

[6] In the case of Vickers and Yarrow's fourth identified rationale (easing problems of public sector pay determination by weakening the public sector unions) David Heald, suggests that privatisation avoided "the obligation placed upon public bodies to be "good employers"; by facilitating anti union tactics and employment practices which statutory provisions and political pressures make unacceptable within the public sector and by disengaging government from the intractable questions surrounding public sector pay" Privatisation and its Political Context, West European Politics Vol 11 1988 pp31-48 pp30-31. Of course this was a happy secondary consideration for a government determined to shackle the power of trade unions and generally drive down levels of pay for public sector workers: As such it was a bonus and not an intended benefit of the privatisation boom.

decision to dispose of assets by means of fixed price sales demonstrates that revenue raising was never a central aim: The government was not simply concerned with maximising sales proceeds: The Labour Opposition estimated in 1988 that privatised assets had been underpriced by as much as £2.5 billion (before water and electricity were sold off) [7]. Unlike the decision of the Callaghan-led Labour government to sell British Petroleum shares in 1977 to reduce borrowing and cut public expenditure at the behest of IMF, the original flotation of Amersham International, Britoil, the National Freight Corporation or even British Telecom and British Gas were not intended simply to raise revenue [8]. Similarly, the argument that privatisation was simply about maximising revenue receipts sits uneasily with the fact that assets were so woefully underpriced.

As with the claim that revenue raising was at the heart of the privatisation drive, the notion that it was a device to gain political advantage has also to be put in context. Electoral imperatives were not merely a side issue but an unrelated initiative. The encouragement of wider share ownership through the sale of public assets was also incidental. While the sale of Gas and Telecom (and subsequent public enterprises) marked the progression of the 'popular capitalism' strategy to centre stage, this strategy had a great deal to do with making the sale successful. Because small scale investors were guaranteed a profit from their investment (it was a winning lottery where everyone made a small gain; only principled objectors could refuse to take part) the share issue would thus be well subscribed and the flotation secured without underwriters having to come to the assistance of the government. For this reason, part of privatisation issues were deliberately targeted at the general public and the relevant workforce (when employees registered for free shares it was difficult for trade unions to argue the workforce was fundamentally opposed to privatisation).

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[7] Cf Gordon Brown, Where there's Greed, Edinburgh: Mainstream Press 1988. Ministers accepted the fixed price sales had to be kept low in order to attract investors. From this point of view it was imperative that shares should trade at a profit once dealing began. Budget maximisation? The sale of British Gas in 1986 raised £5.2 billion in net proceeds to the government but the state lost £503 million from the underpricing of shares. In addition costs of the sale were £384 million including £220 million spent on a discount share scheme for consumers (itself some 4% of the actual proceeds); an advertising budget of £29 million and underwriting and banking costs of £93 million. By 1990, the National Audit Office estimated that privatisation had cost the taxpayer £2.4 billion in sales expenses and underpricing (David Marsh, Privatisation Under Mrs Thatcher, Op Cit p465). A particular defaulters included the privatisations of water in 1989 and electricity in 1990-91.

[8] In a riposte to Vickers and Jarrow,, Alan Walters, Thatcher's former economic adviser, argues that "there is no warrant for asserting that the PSBR was the dominant motive for privatisation". Alan Walters, Privatisation in Britain, in Paul MacAvoy (et al eds) Privatisation and State Owned Industries, Klewer Press: Boston MA 1989 p247. In his view: "The underlying motives for privatisation were, first and foremost, the reduction in politicisation of the economy and, second, the view that it would increase the net wealth of the country as a whole" ibid p250.

The government was also anxious to further secure their electoral flank at the same time it continued its policy and it was hoped a new, "popular capitalism" would create a "share owning democracy", one which could win converts to the Thatcherite cause. Conservative ministers also hoped that wider share ownership would make re-nationalisation under any future Labour government more difficult and therefore less likely. Underpriced share issues (and a large-scale take up by members of the public and trade unionists) would deter Labour, if given the chance to do so, from reversing the privatisation programme. As such, one "major objective became to maximise the number of 'founding shareholders' and employee shareholders (as opposed to financial institutions), partly in the belief that such events would make re-nationalisation more difficult" [9].

The initial phrase 'people's capitalism' was rejected by Margaret Thatcher as too reminiscent of the People's Republic of China [10] and replaced by the preferred 'popular capitalism'. The idea was dressed up post-hoc: Rather than restrict the franchise to those who have property (in the manner of nineteenth century conservatives), the New Right called for (some element) of ownership of property to be extended to a larger number of those that have the franchise. As property owners, the mass would more closely identify with society, have a stake in both the present and the future and develop an inbuilt resistance to revolutionary change which was usually defined as left-leaning reform. In actuality, privatisation was designed to transfer public enterprise to the private sector, not encourage popular capitalism which was a device to successfully sell the asset and ensure its transfer to the private sector would have some public support. The sale of shares to employees and individual investors was secondary to the overall sale. At best popular capitalism was considered a mechanism by which popular support for an enterprise culture *could* be secured, one which might foster a greater public understanding of capitalism and the free market to the benefit of Conservatism. It was a spin-off, as much accident as it was design, a subsidiary

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[9] Heald, Privatisation and its Political Context, Op Cit p39. For Lawson; "..the more widely the shares were spread, the more people who had a personal stake in privatisation, and were thus unlikely to support a Labour Party committed to renationalisation. And if this forced Labour to abandon its commitment to renationalisation, so much the better. For our objective was, so far as practically possible, to make the transfer of these business irreversible" Lawson, View From No 11, Op Cit p 208. Cf John Vickers and George Yarrow, Privatisation in Britain, in Paul MacAvoy (et al ed), Privatisation and State Owned Enterprise, Boston MA: Kluwer Press 1989 agree; "The strategy for selling state assets has created difficulties for the Labour Party, because the prospect that they might return privatised firms to public ownership(or introduce tougher regulation) affects the values of the shares held by the millions of new shareholders. Therefore, in the second phases of the privatisation programme, which has emphasised the goal of wider share ownership, short term political advantage has gone hand-in-hand with any philosophical desire to push back the frontiers of the state" p245.

[10] Nigel Lawson, View from No 11, Op Cit p224.

objective to the overall political project [11].

While prepared to trim in the face of electoral necessities, the Thatcher government was not prepared to make unnecessary concessions to electoral opinion; whenever possible the government and not electors (or the opposition) set the political (and hence, electoral) agenda. Rather than pursue privatisation in order to secure electoral benefit, the Thatcher government was determined that the political, economic and ideological benefits of privatisation should not be outweighed by an electoral cost. That individuals could benefit from privatisation was a welcome spin-off, one that made an asset sale easier and made other more likely. The political and electoral gains of privatisation were matched and the principal fear that privatisation would be electorally damaging for the Conservatives (as opposed to unpopular in itself) was unfounded. Rather than privatisation itself, popular capitalism was the late entrant on the governmental stage, the hand servant of the primary Conservative project.

In short, 'popular capitalism' was designed to make 'existing capitalism' more 'popular', not empower the mass to usefully participate in a new form of capitalism. The preoccupation was to sell each asset successfully given that an unsuccessful floatation would have had serious consequences for future sales. Each sale (particularly Telecom and Gas) had to be a success and shares had to trade at a substantial premium. Political risks required cautious pricing and so maximising revenue was not an objective (but generated revenue was a considerable bonus). A successful sale was the objective, the be-all and end-all of each particular initiative.

Faced with considerable political pressures to deliver an effective policy, tied to monetarist principles in 1979-1982 and faced with various political pressures particularly in 1980-81, the government could not afford to press ahead with privatisation at anything approaching a fast pace. The first and easiest task was to dispose of profitable undertakings already operating in competitive markets. Nonetheless, considerable time was spent in deciding priorities; to say nothing of the various needs to "prepare legislation, secure parliamentary assent and then organise the floatation" [12]. One insider, Margaret Thatcher's economic adviser, Alan Walters, contends that the course of privatisation was dominated by the great "legal, administrative and political

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[11] For Nigel Lawson writing in 1992: "Although the primary aim of the privatisation programme was to improve the performance of the former state owned industries, there was a substantial spill-over in the opportunities it provided for widening share ownership" ibid p206.

[12] David Heald, Privatisation and its Political Context, West European Politics 1986 Vol 9 pp235-252 p236.

problems and obstacles to the process" which brought a number of delays in getting the actual project off the ground [13]. According to Treasury rules, public enterprises had first to be converted into specific assets before they could be sold. Legislation changed public corporations into public companies with a demonstrated commercial track record that made them appear worthwhile and profitable investments. The various type of public enterprise included the public corporation; the publicly owned Companies Act company; the large public shareholding in a Companies Act company; and the state holding company model. Each sale of any public asset was a time consuming and extremely convoluted process [14].

In 1979, there was no existing blueprint which could provide for privatisation; ministers and officials had to start from scratch. As argued above, careful planning was the order of the day while the government gingerly climbed its learning curve by discovering what was possible and what was problematic. Generally speaking, Cabinet Ministers were faced with three forms of constraint; (1) technical; (2) internal to government; (3) external to government. The internal and external constraints facing the government involved political circumstances and technical constraints usually involving the question of how privatisation should proceed. In deciding what should be done, ministers and, as crucially, officials came up against the problem of determining exactly how it should be done. One primary technical question was weather a particular nationalised enterprise was a serious candidate for privatisation. If so, how was the industry to be structured, the regulatory environment designed and the asset actually disposed of? Such questions dealing with prioritisation were heavily influenced by other constraints (both internal and external) that the government was subject to at any particular time [15]. The feasibility of privatisation was a subject of constant concern given the fact that the government was dealing with unchartered territory; government activity in the initial phases was as a result unsurprisingly "relatively modest and exploratory" [16].

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[13] Walters in MacAvoy (et al ed) <u>Privatisation and State Owned Enterprises</u> Op Cit p247.

[14] The chairman of the National Freight Corporation who led the relatively straightforward management and employee buy out claimed that; "500 staff meetings, 30 lawyers, 25 civil servants, 6 management briefings, 3 Queen's Counsels, 2 Secretaries of State, 1 Act of Parliament and 4 months later, I [came] to realise that [privatisation] wasn't as simple as I thought". Quoted in Ian McLachan, <u>The National Freight Buy Out: The Inside Story</u>, London: Macmillan 1983 p76.

[15] See Michael Beesley and Stephen Littlechild, The Regulation of Privatised Industry in the UK, <u>Rand Journal of Economics</u>, 1988 Vol 19 pp454-472.

[16] David Heald, Privatisation and its Political Context, Op Cit p36.

With regard to the actual mechanics of selling the asset, detailed technical discussions took place on the various methods by which privatisation could be enacted. These variously concerned the question of the tender method v fixed price sale in the form of floatation. The problems that arose as a result of the dramatic underpricing of nuclear isotope manufacturer Amersham International led ministers to briefly doubt the wisdom of fixed price sales. As a result the next privatisation, Britoil, was deliberately put out to tender when the British National Oil Corporation was sold off under the Oil and Gas (Enterprise) Act enacted in June 1982, although this too encountered its own problems [17]. As a result, there was considerable experimentation with different methods of flotation between 1979 and 1983 as a case of learning by doing: Where, for example, "Britoil (1982), British Petroleum (1983), Enterprise Oil (1983) and Cable and Wireless (1983) were tender offers; British Aerospace (1981), Amersham (1982) and Associated British Ports (1983) were offers for sale at a fixed striking price; British Sugar was a private placing; and National Freight was a employee buy out. Later flotations [were], however, been dominated by the offer for sale method" [18]. Hence, the 1981-82 period can be likened to a search for a method.

Policy change has to be considered in the light of the interaction of three variables: (1) socio-economic political context; (2) the motivations of individual actors; and (3) the independent role of political institutions. Dependent on context, both actors and institutions either contribute to or mitigate policy change. If environments matter, so do actors and institutions; we place too great a store upon the concept of structure at the expense of relatively autonomous agencies. Privatisation brought about significant (if relatively marginal) changes in the rules, routines, procedures, conventions, and organisational form of the British state by reworking the public sphere. Given that political institutions to some extent define the framework with which politics takes place, privatisation as an instrumentalist change was enacted endogenously from within the state with the approval (and willing assistance) of the state bureaucracy. Institutions do not "only respond to their environment but create their environment at the same time" [19], the environment

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[17] The £71 million share issue for Amersham International was 24 times over subscribed and shares delivered a premium of 35% when dealing began. Profitable speculation was a serious charge levelled at ministers accused by opponents of wastefully giving away public assets. By contrast the fixed offer for Britoil was 73 per cent undersubscribed as a result of oil prices having fallen after the tender price was agreed prior to the floatation date. The share price was discounted by as much as 9 per cent when trading began. Although a disappointment to ministers, the sale was offered to institutional investors only and as such only a temporary setback.

[18] John Vickers and George Yarrow, Privatisation in Britain, Op Cit p220.

[19] James March and Johan Olson, Rediscovering Institutions: The Organisational Basis of Politics, New York: St Martin's Press 1989 p162; Cf James March and Johan Olson, The New Institutionalism: Organisational factors in Political Life, American Political Science Review Vol 78 1984 pp734-45.

can be reshaped from within.

However significant institutions may be in determining political process, actors with intentions and the opportunity to act do matter. Equally, institutions do not alone determine interests not structure the behaviour of actors. While, as new institutionalist theorists March and Olsen argue, "[t]he policy alternatives of leaders are not defined completely by exogenous forces, but are shaped by existing administrative agencies" [20], it is also true that the policy alternatives of existing administrative agencies leaders are not defined completely by endogenous forces, but are shaped by leaders and other related exogenous forces. Here, while institutions may not be "the simple reflection of current exogenous forces or micro-behaviour and motives....[because] they embed historical experience into rules, routines and forms that persist beyond the historical moment and condition" [21], these "rules, routines and forms" are of course neither fixed nor unchanging; institutions do not simply change themselves but are refashioned over time resulting from the interactions of actors and ideas enacted within institutions and influenced by the opportunities granted by circumstances.

The opportunity for privatisation arose with the perceived failure of public enterprise.[22] policy destruction led to privatisation when public enterprise had become a problem about which something had to be done. Privatisation was conceived of the fact that public enterprise was something Thatcherism did not favour and should do something about. The possibilities of privatisation had first to be evaluated. One key privateer as a junior Treasury minister and a departmental minister, John Moore, acknowledges the set assumption pre-1979 was that the state could not be taken out of economic ownership and that would-be enthusiasts for privatisation believed this to be the case; "it was not that it was not desirable, but that we were not sure it was possible" [23]. An eagerness to challenge key social democratic assumptions combined with the move to promote market solutions in economic policy provided the political drive behind the emergent privatisation programme. From this perspective privatisation is an ideological based reaction to public enterprise driven by a commitment to market-led reform. Although Maurice Dobeck suggests that the rationale behind privatisation were both political and electoral and

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[20] ibid p164.

[21] ibid p167-168

[22] Christopher Foster, <u>Privatisation, Public Enterprise and the Regulation of Natural Monopoly</u> Op Cit.

[23] Interview with Lord Moore, London January 1996.

therefore policy objectives which had to remain unstated (he suggests that privatisation was a product of policy entrepreneurs who had hit upon a new instrument for expanding the political and electoral base of the Conservative Party) [24], the objective of privatisation was ideological and economic in character. Any short term political gain or electoral benefit for the Conservative government was more than welcome but, should this have been forthcoming, it would have been a welcome bonus; it was not the central objective (provided that the policy did not cost votes, any electoral benefit was essentially a welcome side effect).

In this regard privatisation, while a technocratic innovation, was both ideological and a form of statecraft. The course of privatisation cannot be considered in isolation from the whole Thatcherite project. The government's political case centred upon a desire to root capitalist values and the market ethos more firmly within society. Political bargaining and governmental co-ordination were to complement not replace the free market; physical state intervention did not work. Thus, where many analysts argued that privatisation could not in itself solve the problem of economic growth (nor ensure revival or prosperity), Thatcherism automatically associated markets with efficiency and public ownership with inefficiency and was very much aware that privatisation was primarily a political and not simply a economic question. While dealing with economic freedom and efficiency (the state as consumer rather than producer), Thatcherism's pursuit of individualism at the expense of collectivist social democratic values was a political objective, one greatly influenced if not wholly determined by ideological preconception.

4.2 Thatcherism as Project and Process: Privatisation as Method

It is often suggested that the motives behind privatisation changed over time. Dissatisfied with the performance of state enterprises, ministers encouraged asset sales as a result of "short term budgetary considerations" to widen "share ownership and [achieve] distributional objectives" [25]. While the aims pursued by the government in relation to privatisation did change over time (particularly the advent of popular capitalism in which the government offered incentives to ensure successful asset sales and broader share ownership in return for hoped for electoral benefit), these aims were broadened out in view of the proven success of the overall strategy. Where David Marsh takes issue with "the coherence and consistence" of privatisation and accuses certain writers of neglecting "the economic context within which the programme was developed

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[24] Mariusz Dobeck, Privatisation as a Political Priority: The British Experience Political Studies Vol 41 No 1 1993 pp24-40.; Mariusz Dobek, The Political Logic of Privatisation: Lessons From Great Britain and Poland, Westport CT: Praeger 1993.

[25] John Vickers and George Wright, The Politics of Privatisation in Western Europe, Op Cit.

and pays insufficient attention to the political, and particularly electoral, imperatives which shaped much of its detail" [26], he greatly overestimates what he describes as the "inconsistencies and contradictions in the policy" [27].

Indeed, the very opposite to Marsh's account is the case. As Stephen Young makes clear: "The idea that there was an overall strategy is further shown by the way in which privatisation policies were pursued even when they cut across other cherished government aims" [28]. The government was never presented with a simple choice between ideology and pragmatism. While the questions of enforcement and securing public consent were foremost in ministers minds for electoral purposes (as were the questions of viability and feasibility on economic or administrative grounds), the government adopted pragmatic measures whenever it was considered necessary to do so to secure its wider purpose. Privatisation may have emerged and evolved incrementally but it did so as a significant part of a wider political strategy. The overall shape of that programme was dictated by ideological concerns as they were influenced by the various strategic political judgements made by politicians; where such judgements were made in the hope of securing favourable electoral consequences for the government and in the light of prevailing political circumstances.

During the first stage of privatisation, the sell-off of several industries, (most notably British

[26] David Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanations, Political Studies Vol 43 1996 p599.

[27] David Marsh, Privatisation Under Mrs Thatcher Op Cit. pxx. In criticising Joel Wolfe's analysis of privatisation (Joel Wolfe, State Power and Ideology in Britain: Mrs Thatcher's Privatisation Programme, Op Cit) Marsh objects to the contention that "ideology shapes institutions" and that "the transformation of ideas and practices in the "Thatcher" period was underpinned by New Right ideology" Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanations Op Cit 1996 p599. He suggests that Wolfe "overestimates the coherence and the consistency of the privatisation programme...he neglects the economic context within which the programme was developed and pays insufficient attention to the political, and particularly electoral, impulses which shaped much of its detail" p599. Marsh erroneously assumes that the privatisation policy "while radical was not totally novel"and certainly overestimates his assertion that "the major emphasis on privatisation developed after 1983". This was not the case (for reasons explored in the text). Neither did "the aims of privatisation "changed significantly over time" as Marsh also claims (ibid).

[28] Stephen Young, The Nature of Privatisation in Britain, West European Politics Vol 9 1986 325-252. The policy has been pursued when it doesn't promote competition or when the cost of privatisation has led to increased public expenditure. The government did not object to public expenditure per se; it was the direction of public expenditure (what it was spent on) that they objected to. This argument is deepened in a number of places most notably; Stephen Young, The Nature of Privatisation in Britain, 1979-1985, West European Politics 1986 Vol 9 235-252; David Heald, The United Kingdom: Privatisation and its Political Context, West European Politics 1988 Vol 11 31-48; Stephen Edgell and Vic Duke, A Measure of Thatcherism: A Sociology of Britain, London: Harper Collins 1991.

Shipbuilders and British Airways) were repeatedly postponed due to the recession and the financial state of the industries concerned. In terms of micro-strategy, the sale of British Telecom was a radical innovation resting on a party commitment. It was not significantly restructured before privatisation (with the exception of the original hiving off telecommunications from the Post Office) and, although partial liberalisation took place prior to the sell off (certain barriers to some forms of competition were introduced and the tiny Cable and Wireless subsidiary, Mercury Communications, was given a license to trade), Telecom was effectively sold off as a total monopoly. This was because the Telecom Board were implacably opposed to any attempt to break-up the company. Faced with trade union opposition to privatisation, ministers were prepared to meet management demands in order to secure their support: Without it privatisation would have been much more difficult. Hence the government chose to protect Telecom from competition in the wider interest of ensuring that the sale was a commercial and therefore a political success. The sale of water is another case in point.

Although restructuring industries prior to privatisation was essential for post-privatisation competition, liberalisation would have threatened each successful sale with incalculable consequences for the entire programme: "Where a successful disposal at a good price conflicts with liberalisation, it is liberalisation which loses out" [29]. In the case of the public utilities sold as monopolies, asset disposal was combined with the establishment of a regulatory framework overseen by new agencies. As the government rolled back the boundaries of the social democratic state as it immediately rolled forward the boundaries of its neo-liberal successor by setting up regulatory bodies to ensure some form of fair play between the industries and the consumers on the one hand, and between the industries and their potential competitors on the other. Nonetheless, the status quo was reformed.

In contrast to privatisation, the idea of reforming public enterprise was never seriously considered. Given that the perceived failures of public enterprise was central to privatisation as a reform, successful public enterprise would have proved an obstacle. On such questions as efficiency and productivity, as well as profitability, nationalised industry were increasingly the subject of the sustained criticism and the object of much public unpopularity. That said, dissatisfaction with the performance of public enterprise was not in itself the operative factor behind the eventual privatisation boom: If so, then attempts at reform could have been pursued. A far more political project utilised the opportunity offered by the apparent failures of the marketable public sector. Privatisation was given a practical boost by the government's

[29] C Graham and T Prosser, Privatising Public Enterprises, Oxford: Oxford University Press 1991 p81.

assumption that it was not worth trying to improve the efficiency of nationalised industries without a change in the nature of ownership. Nigel Lawson's jibe that the idea of reforming nationalised industries retained in the public sector was analogous to painting strips on a mule and calling it a zebra stuck [30]. As Chancellor of the Exchequer, Geoffrey Howe recalls that the government developed two initiatives in 1981 to reform public enterprises. "First, a search for new ways of financing some nationalised industry borrowing for investment by means of private capital....second, a fundamental shift in the relationship between sponsoring ministers and the boards and chairman of industries such as might transform their performance beyond recognition [31]

In the summer of 1981 a Centre for Policy Review Staffs (CPRS) report on improving the efficiency of nationalised industries was fiercely attacked by privateers within the government. Among other vague attempts at reform it was proposed that nationalised industry should borrow funds directly from either capital markets or the public in the form of bonds (the so-called 'Buzby bonds' to raise monies for modernising the Telecom network) but this was deemed unworkable. By 1982-83, the rejection of these (and other) initiatives helped swing government (and eventually Whitehall opinion) firmly behind privatisation as the solution to the problems of the nationalised sector. Cabinet Ministers (most notably Thatcher herself) were tired of attempting (as they saw it) to square the circle of making nationalised industry competitive. Attacks on the public sector were often an ideological critique dressed up for public consumption. Although the period 1979-82 saw vague, half-hearted attempts by the government to address the problems of nationalised industries from within the public sector, reform was considered no substitute for moving industries and utilities into the private sector. Existing public enterprises were described as inherently wasteful and inefficient and privatisation the only possibility of transforming public sector concerns into competitive and dynamic enterprises.

As a result, the course of privatisation was essentially a process enacted over time. David Heald usefully suggests a three stage process beginning with 'limited horizons' on the part of ministers, through 'growing ambition' to proposals designed at 'finishing the job'. First, profitable fringe companies were sold off together with minority holdings in companies that operated in a competitive sector. Second, ministers very cautiously began denationalising public monopolies and other utilities. Third, residual shareholdings were sold off and preparations made for future

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[30] Nigel Lawson, View From No 11, Op Cit p203-4.

[31] Geoffrey Howe, Conflict of Loyalties, Op Cit p255.

disposals [32]. Accepting this scenario, two phases in the emergence of the privatisation programme may be identified; Firstly, selling off financially successful enterprises and secondly, privatising public sector utilities and other (formerly loss-making) assets. As a political project the course of privatisation may be periodised in two forms:

Phase One, 1979-1985: Preparation and Experiment; Phase Two, 1985-1997: Execution and Enactment.

Here, the period 1982 to 1988 was central: The privatisation of British Telecom in November 1984 was make or break for the entire programme and it was the period after the successful Telecom sale that witnessed the fundamental shift in the public-private boundary [33]. This would not have been possible without the preparatory stage within the first phase; namely 1979-1984 and pre-1979. In its gradual pursuit of privatisation the government trod a careful path between contingency and circumstance beginning, as David Heald suggests, at the margins and working inward. Over time any opportunity to advance the privatisation strategy was taken as ministers came to recognise the possibility of privatising the whole of the marketable public sector. In retrospect one can see the pre-1984 period as being a preparatory stage, one superceded by the successful attempt to hit on a winning formula; the jackpot numbers came up in the form of the 1983 Election and the perhaps undreamt of political success of the privatisation of Telecom.

While sponsoring departments were responsible for privatisation, the centre of the Whitehall village, principally Downing Street and the Treasury, were ultimately responsible for the bandwagoning effect that saw the policy take off. Working in close association with the Prime Minister's Policy Unit, the Treasury, the 'departments of departments' at the 'heart of our whole administrative system', played the significant role. Nigel Lawson, Chancellor from 1993 to 1989, describes the Treasury as "not simply a finance ministry. It is also both in name and reality the central department with a finger in pretty well every pie that the government bakes"[34] The power of the Treasury within government derives from its fivefold responsibilities ranging over the entire remit of policy: (1) directing the nation's economic affairs; (2) the financial management

[32] David Heald, The United Kingdom: Privatisation and its Political Context, Op Cit.

[33] As is nicely illustrated by Saunders and Harris, Privatisation and Popular Capitalism Op Cit.: "Total revenue from sales during the government's first term in office amounted to just £1.3 billion in offers to the public and a further £207million in trade sales and buyouts. To put this in perspective, between 1979 and 1983 the government raised less than 4 per cent of the amount it collected during its next two periods in power between 1983 and 1992" p12.

[34] Nigel Lawson, View From No 11, Op Cit p586.

of government (getting and spending); (3) the regulation of government activity; (4) ensuring the efficiency of government; and (5) Co-ordination of the governmental machine. With regard to privatisation, it was the department with responsibility for nationalized industries, controlling policy relating to all public enterprises. This granted the Treasury the authority it needed to exert an influence, one greatly enhanced when Nigel Lawson, a keen privateer at the Department of Energy in 1981-83, became Chancellor following the 1983 General Election.

The principal question facing privateers in 1982-1984 was how to move away from the status quo? Certain Treasury officials (as well as departmental heads) believed that nationalised industries had to be retained in the public sector because they were unsuccessful loss makers which had to be kept under control: The objective was to convince them otherwise. From October 1983 (as the sale of Telecom continued apace) a coherent policy for extending privatisation into the heartlands of the public utilities was slowly worked out. A plan of action was needed, one which would reflect a 'theory' of privatisation with a view to outlining a rolling programme over a five year period [35]. The sale of Telecom was key; a large scale utility which had always existed in the public sector- if it could be sold successfully, anything could. This work was based on the experiences of the 1979 Parliament; it was designed not to initiate the policy but to deepen and broaden it, pushing it forward into as yet uncharted territory. The years 1983-1984 were very important because before 1983, privatisation had been a case of individual ministers tackling individual issues in individual departments: "Pre-1983 there was no coherent programme; a policy existed but a coherent programme was needed" [36].

In a number of policy areas the Conservative government strengthened the centralised state

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[35] In a number of published speeches and private memorandum, Treasury ministers and officials set about thinking the policy through to construct a coherent framework for future privatisations. In mapping out an extensive privatisation programme, a Treasury Unit visited departments throughout Whitehall. From the Treasury, John Moore, Financial Secretary to the Treasury and third ranking minister in that Department, liaised closely with John Redwood, the staffer responsible for privatisation in the Downing Street Policy Unit, in order to ensure that Thatcher was keep fully involved. At this time, numerous Treasury press releases sought to press home the benefits in privatisation. These were invariable in the form of speeches drawn up by civil servants in the "privatisation committee" in the Treasury and delivered by John Moore or else Nigel Lawson. Cf John Moore, Why Privatise?, London: Conservative Political Centre 1986; John Moore, The Value of Ownership, London Conservative Political Centre 1986; John Moore, The Success of Privatisation, in J Kay, C Mayer and D Thompson (eds), Privatisation and Regulation: The UK Experience, Oxford: Clarendon Press 1986. Moore's speeches, articles and press releases of 1983-86 were all drafted by the "privatisation unit" he headed within the Treasury. They played a significant role in propelling the privatisation bandwagon forward. Gerry Grimstone, a Treasury official working in this Unit claims that after 1983 "the burden of proof was to show that something could not be privatised rather than it could be" Interview, August 1996.

[36] Lord Moore, Interview London January 1996.

because it was politically expedient for it to do so; its objectives were not intended to 'roll back the frontiers of the state' per se. Rather it was the social democratic state it wished to roll back and no other. While greater powers and responsibilities were given to both the free market and the private firm, the state continued to be "provider, regulator, entrepreneur, purchaser and umpire in industrial affairs, imposing a corset on some actions and providing a safety net for others" [37]. Nonetheless, the overall political-ideological project at the heart of Thatcherism fuelled the privatisation boom: The government did not fashion a Spencerian nightwatchman state, they continued to preside over an economy in which government policy remained significant even if it was conducted to different ends as previously.

Throughout ideological purpose, political statecraft, and technical feasibility all combined to produce the form that post-1982 privatisation took. Ideological commitment joined with the search for party advantage; ridding the state of nationalised concerns prevented the Public Sector Borrowing Requirement from rising and so could be presented as a government necessity. Imprecise and uncertain beginnings should not detract from the overall purpose of finding a means to an end. *Privatisation policy should therefore be considered in the light of the interaction between two variables; Firstly, an ideologically based economic solution (new right prescriptions for a new capital accumulation regime) and, secondly, a political opportunity (the legitimation crisis of social democratic politics as evidenced by the collapse of corporatism). These two variables are mediated by a third, the political leadership necessary for any willing entrepreneur to pursue a series of objectives for political and electoral purposes.* Hence, as did Thatcherism, privatisation developed as a process over time.

The key periods in the evolution of the policy (as opposed to its full-blooded execution) are before 1979 but particularly between 1979 and 1983. Before 1979, the major reappraisal of political strategy conducted within the Conservative Party provided the dynamic that would eventually fuel the drive to privatisation. Within this ideological reappraisal, the period after 1979 and before 1983 was a learning period in which both ministers and, more importantly public officials, public enterprise management, city financiers (to say nothing of public opinion) came to think what had been unthinkable at the same time that they prepared to do what was also said to be the impossible. This learning curve (very significant in this period) cannot be overlooked; it is an important facet in the overall evolution of privatisation as a coherent programme. There was an experimental approach to Conservative thinking but throughout key ministers saw privatisation in some form as the eventual goal. The policy emerged over time in line with the

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[37] David Heald, Privatisation and its Political Context Op Cit.

political and ideological objectives pursued by the government. If it was not the outcome of a step by step approach developed in opposition and carried out in power one should not underestimate the clarity of general thinking undertaken in opposition and the careful if incremental preparation undertaken in the early years of government.

Informed by a theory of how the world is and how it should be, privatisation is not the product of a blueprint but the outcome of the learning curve followed by governmental actors within institutions. The enactment of this policy was the result of strategic learning, opportunity and chance as much as it was of ideological commitment. As an instrument of Thatcherism, privatisation was constructed over time as the result of a developing political agenda. It reflected both the ideological predilection of the Thatcher (and later Major) led Conservative governments as they were affected by the experience of office after 1979. As a principal feature of institutional life continuity is the rule to which exceptions take the form of either adaptation or alteration over time. While politically difficult institutional change at the margin does occur- the state is reordered at the periphery rather than the centre. As a feature of political change, privatisation was an "intentional radical shock" [38], a form of marginal adaptation over time and as such a policy which developed an "incrementalist momentum" [39] of its own when related to the wider set of government policies.

More than an administrative reorganisation, privatisation was a reordering of the public sphere itself. It illustrated more than a search for internal reform of the public sector by utilising private management models, part of the shift from 'administration' to 'management', involving decentralisation, deregulation, agencification, marketisation, and public enterprise reorganisation [40]. As a means of reordering the public sphere by the physical transfer of assets to the private sector, privatisation rolled back the frontiers of what was considered a wasteful, inefficient and unproductive state sector. While concerned with questions of administrative efficiency, financial economy, organisational effectiveness, one should not lose sight of the political motivations

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[38] James March and Johan Olson, Rediscovering Institutions, Op Cit p64

[39] ibid p66-67.

[40] Part of the shift away from administration to management: "Substitution of taxes by charges; the use of contracting on the basis of bidding by several suppliers, private or public; the employment of private management techniques within bureaux....; the creation of competition within the public sector by means of systematic cost comparisons and efficiency criteria" Jan Erich Lane, The Public Sector, London: Sage 1996 p186. Cf Christopher Hood, A Public Management for All Seasons, Public Administration Vol 69 1991 p3-19, Patrick Dunleavy and Christopher Hood, From Old Public Administration to New Public Management, Public Money and Management, Vol 14 No 3 1994 p9-16. RAW Rhodes, The New Governance: Governing Without Government Political Studies Vol 44 No 4 1996 pp652-667.

underpinning this specific change. For Margaret Thatcher it involved far more than simply improving Britain's economic performance: "It was one of the central means of reversing the corrosive and corrupting effects of socialism" [41]. Thatcher came to believe that just as nationalisation had been "at the heart of the collectivist programme", privatisation was "at the centre of any programme of reclaiming territory for freedom"; this was "the fundamental purpose of privatisation" [42]. Equally, the receptiveness of ideas, what Peter Hall calls their "administrative viability...the degree to which the new ideas fit the long standing administrative bias of the relevant decision makers and the capacities of the state to implement them" [43] is also important. The success of the policy proved its viability; civil servants welcomed it [44].

Privatisation was conceived, carefully tested and, once proved workable, enacted. While few, if any, political actors possess a master plan (Messrs Incrementalism and Contingency can play as active a role in policy outcomes as political foresight). Timing, personality, circumstance and chance all played their significant part in explaining this policy change. The form the policy took was certainly not devised in opposition prior to being carried out in government. While it is wrongheaded to overestimate the coherence and the consistency of that programme in its early years, it is equally misguided to suggest that the policy was the product of circumstance or else the result of a lucky accident. In short, privatisation demonstrates the preparedness of Thatcherite actors to take steps to liberalise the free market as the means to roll back the frontier of the social democratic state. as John Redwood has recorded; "The years 1983-1987 saw privatisation move from being a minority taste to becoming a mass movement" [45]. The big success badly needed was the sale of Telecom which proved privatisation possible and downgraded the negatives: the success made the policy. Planning and preparation was the key and here, as elsewhere Telecom was the key to the entire programme.

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[41] Margaret Thatcher, The Downing Street Years, London: Harper Collins 1993 p676

[42] ibid p676-677.

[43] Peter Hall (ed) The Political Power of Economic Ideas, Princeton NJ; Princeton University Press 1989 p317.

[44] Throughout the development of privatisation the civil service played a very significant role in its enactment; indeed, the very emergence of the policy was in no small part due to the work of small groups of Treasury and departmental officials thinking through the idea in practice: As one such official, Gerry Grimstone, a Treasury civil servant until 1986, observes: "Ministers may have set the parameters, but the mandarins developed the policy" Interview, London August 1996.

[45] John Redwood Popular Capitalism and World Politics in JCD Clark (ed) Ideas and Politics in Modern Britain London: Macmillan 1990 p213-233.

Shirley Letwin argues that the "essential feature" of Thatcherism is that it is a "form of practical politics devoted to achieving certain concrete results" [46]. Drawing upon a distinction between idea generation and policy-engineering, Thatcherism in practice can be seen to be both a generator of ideas, able to encourage popular support for the ideas adopted as its own whatever their particular provenance, and a policy engineer. These distinctly different but obviously complementary approaches are interdependent, in successful policy development (particularly where an actual departure in policy is involved) one could not exist without the other. As a result the intention (not always the end result) of ministers was to design policy to meet a particular end and so find a way to convert an aspiration into a reality. Thus it was with privatisation: *Hence, theorising an ideal form of industrial and economic organisation was one thing, reforming an entrenched status quo another. Whereas thinking about what needed to be done was necessary, devising the actual means to secure the desired end was much more difficult. With regard to privatisation, the Conservative government faced the age-old dilemma facing all serious political actors: Put crudely, having decided (or, at worst discovered) where they wanted to go, ministers had to discover how and if they could actually get there.*

Political and electoral factors external to government were a series of specific constraints. *A second set of constraints concerned political and administrative factors internal to government. Here, electoral politics, the internal politics of the government, and the administrative practicality of the reforms it came to impact upon what the government could, could not do, and what it actually did in regard to privatisation. Together these factors acted as a series of 'filtering mechanisms' that limited the ambitions of the Thatcher and Major governments.* Whatever their changing tactics, the overall strategy of the Conservative Party remained constant. Despite the short term vagaries of political life (even in the dark, dog-days of 1981 and 1984-86), privatisation is an example of a new policy advanced by a set of political actors who grasped the opportunities granted them. The perceived decline of the UK within the global economy encouraged the Conservative government to pursue the ideologically based free market solutions they had come to favour. Central to this task was the overthrow of key assumptions which had informed post-war political life and with them challenge the institutional framework upon which it had for so long rested. For proponents of Thatcherism the primary task was to *roll back the frontiers of the social democratic state*. Here, privatisation as a tool of Thatcherism came into its own.

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[46] Shirley Letwin, The Anatomy of Thatcherism, London: Harper Collins 1992 p39.

4.3 Explaining Thatcherism: Objectives and Consequences.

Margaret Thatcher was initially interested in the trappings of office not necessarily for its own sake, but for the powers it conferred and the opportunities it granted. In 1979, in imploring electors to not allow the Conservatives to 'pull everything up by the roots', Jim Callaghan conjured up a lurid image of a radical and extremist Conservative government prepared to reinvent Britain by turning the clock back to the 1930's. This last throw of the dice was an attempt by Callaghan to present himself as leader of a conservative, incrementalist, 'steady as she goes' party. In sharp contrast, Thatcher ran for office firmly against the status quo. While careful not to give any hostage to fortune to detractors (within the electorate or even the then Conservative Shadow Cabinet), implicit within the somewhat cautious 1979 Tory election manifesto was the recognition of the necessity to make a break with existing practice (an approach strengthened in 1983 and 1987): Strongly disavowing any claims of extremism, Margaret Thatcher led a party which did indeed threaten, if it were at all possible, to make attempts to 'pull certain things up by the roots' in order to expiate the politics that ultimately found representational form not simply in the politics of Jim Callaghan but, more particularly, the Labour Party he led and the state over which he presided.

Thatcher claimed that "Britain had to cope with the poisonous legacy of socialism", a legacy which manifested itself in "nationalisation, trade union power, a deeply rooted anti-enterprise culture" and pledged herself in office to rooting it out. From day one the Thatcher government was committed to reforming the political status quo. Thatcherism reflected a belief that post-war politics lay at the heart of Britain's problems; it had engendered the cumulative political and economic crisis and proved the point that corporatist state interventionism and semi-collectivist practices needed to be swept away. In 1975, Thatcher had questioned the "progressive consensus" (she called it a doctrine)[47] that she believed had been shared to varying degrees both by members of all political parties and by commentators more generally. For her, this consensus had determined the course of post-war British politics and at its centre lay the belief that the state should be active on many fronts in curbing the autonomy of the free market by the use of public expenditure, progressive taxation and centrally financed public services[48]. Only eight months into her leadership, Thatcher argued that the expansion of the state was causing irreparable damage

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[47] Margaret Thatcher, The Downing Street Years, Op Cit p159.

[48] Margaret Thatcher Speech in New York, 15 September 1975) in Alastair B Cooke (ed) Margaret Thatcher, The Revival of Britain: Speeches on Home and European Affairs 1975-1988 London: Aurum Press 1989 pxxi.

to the national economy: "Government must therefore limit its activities where their scope and scale harm profits, investment, innovation and future growth. It must temper what may be socially desirable with what is economically reasonable" [49]

Writing of the politics which characterised the post-war period, she commented: "No theory of government was ever given a fairer test or a more prolonged experiment, yet it was a miserable failure" [50]. The Thatcherite agenda was as implicitly a repudiation of the record of the Heath Government as it was of the administrations led by Wilson and Callaghan, a view eventually reflected in Thatcher's post-hoc recollection of her time in the Heath Cabinet between 1970 and 1974: ".....Ted Heath's government....proposed and almost implemented the most radical form of socialism ever contemplated by an elected British government. It offered state control of prices and dividends and the joint oversight of economic policy by a tripartite body representing the Trades Union Congress, the Confederation of British Industry and the Government in return for trade union acquiescence in an economic policy" [51]. Over time the governments of Harold Macmillan and Alec Home came also to be seen as part of the problem diagnosed by the Thatcher governments. As a radical project, Thatcherism was as opposed to the philosophy of actually existing One Nation Conservatism as it was to the practical results of social democracy (indeed little distinction was made between the two within the tight confines of the Thatcherite circle).

Leading Conservatives came to endorse the observation that "there is at least a case for saying that the most impressive social democratic politician of the last thirty years was the author of The Middle Way, Harold Macmillan" (of course "impressive" would not have been the adjective employed) [52]: For the nascent Thatcherite this was a criticism and not praise. Much was made of the fact that in Macmillan had once emphasised the desirability of a system based upon both private enterprise and collectivism; "an industrial structure with the broad strategic control in the hands of the state and the tactical operation in the hands of private management, with public and private ownership operating side by side" [53], a view anathema to the Thatcherite crowd. For

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[49] ibid p16.

[50] Margaret Thatcher, The Downing Street Years, Op Cit p7.

[51] Margaret Thatcher, The Path to Power, London; Harper Collins 1994 px? For a more reasoned assessment of Conservatism immediately preceding 1975 Cf John Ramsden, The Winds of Change: Macmillan to Heath 1957-1975, London: Longman 1996.

[52] David Marquand, Has Social Democracy a Future? The Spectator 29 September 1979.

[53] Harold Macmillan, The Middle Way, London: Macmillan 1938 quoted in Harold Macmillan, The Winds of Change: Memoirs. 1914-1939, London: Macmillan 1966 pp223-224.

Keith Joseph, Thatcher's key lieutenant in opposition before 1979, the 'middle ground' carved out in the post-war settlement had served to force the Conservative Party ever leftward because it was determined by the policies of state intervention and the mixed economy, which proved itself "a slippery slope to socialism and state control" [54]. The endorsement of successive Labour and Conservative governments saw "the middle ground moved continually to the left by its own internal dynamic" as Tory ministers followed where Labour predecessor led.

Joseph argued that Conservative governments of which he had been a member "were inhibited because we had accepted these policies as the middle ground, so that to criticise them would be regarded as 'immoderate', 'right-wing', 'breaking the consensus', 'trying to turn the clock back', in short, unthinkable, taboo. So, instead of remedying the causes, we tried to suppress symptoms" [55]. The crisis of state authority the Conservative government had therefore to address was one of ineffective governance, itself a product of the failure of the post-war institutional and political framework. In 1976, Joseph suggested that Britain was "over-governed, over-spent, over-taxed and over-manned". He spoke of a "socialist anti-enterprise climate" characterised, by the "indifference, ignorance and distaste on the part of politicians, civil servants and communicators for the process of wealth creation and entrepreneurship" [56]. The post-1975 proto-Thatcherites considered the UK to be unsustainable without the national wealth created by the entrepreneurial spirit, a spirit in their view long stifled by the post-war British state which steadily destroyed the rewards upon which it thrived on.

In his attempts to set a new framework for Conservative politics in the post-1974 period, Joseph drew a clear distinction between analysis and policy making: "Analysis should be in advance of policies, for whereas policies must be circumscribed by what is politically possible at any given moment, what is politically possible is in turn determined by the climate of opinion among other factors" [57]. Joseph saw the failure of the Heath government as originating in its inability to successfully fight the battle of ideas: The nascent Thatcherites thought that the Conservatives should set out their stall and fight for their ideas unashamedly in both government and in opposition: "The climate of opinion.....is shaped by the battle of ideas and by experience. If

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[54] Keith Joseph, Stranded on the Middle Ground, London: Centre for Policy Studies 1976 p20.

[55] ibid p23. Note the famous mea culpa speech delivered in 1974:"I first became a Conservative in 1974....", Other significant Joseph texts include Reversing the Trend, London: Barry Rose 1975; Monetarism is Not Enough, London: Centre for Policy Studies 1975.

[56] ibid.

[57] ibid p26.

socialists, irrespective of their place in the spectrum, press their views vigorously, while we defer to what we believe to be the middle ground consensus, we lose the opportunity to achieve a more congenial climate for what we will need to be doing in the future" [58]. After 1975, "Thatcherism" ran against the status quo; its window of opportunity (explored in the previous chapter) was that the status quo could be discredited and when push came to shove it was.

Historically, the ideas for which Thatcherism stood reflected a anti-social democratic project (defining social democracy as the state project enacted over the previous forty years- not a political practice or theory exclusively associated with the Labour Party), one defined just as much as what it was against as what it was in favour. In displacing social democracy as a state project (the bedrock of the post-war political agenda) it has ushered in a new form of politics characterised by a post-social democratic neo-liberal ascendancy. Of course, Thatcherite policy changes must be put in context: In many ways it has gone with the grain of political developments as it also went against them. Because it stood for the reform of existing political methods and the alteration of political attitudes, not their overthrow, the Thatcherite agenda was not revolutionary but reformist. A certain continuity prevails amid much change.

In the 1990s, the state continues to do many of the things it did in the 1970s, although in certain policy areas it does these things very differently. That said, Thatcherism has sought to successfully redress the balance between the public and the private spheres. Of course, aspiration is different from achievement. In discussing the Thatcherite project, the adjective 'seek' is all important. Thatcherism wanted to alter the world it inherited and when in office tried to do that. In some policy areas the Thatcher government succeeded spectacularly in developing means to

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[58] ibid. As is so often noted, Keith Joseph was as significant a figure as Margaret Thatcher in the slow reorientation of the Conservative party after 1974. In opposition between 1975 and 1979, he headed the Centre for Policy Studies and as Director of Policy within the Shadow Cabinet he made a significant contribution to the return to first principles which lay behind the emergence of the distinctive "Thatcherite" agenda. For many Conservatives (not least Thatcher herself), Joseph's "otherworldliness" made him an unsuitable politician; although he had a significant public profile his contribution to the emergent Thatcherite agenda was not as considerable as is so often suggested. For many, Geoffrey Howe as Shadow Chancellor played as significant a part in the October 1974 Parliament (private information). Although a Thatcher insider, Joseph's star clearly waned in government. He had a reputation as a relatively ineffective minister and a noted propensity to abide by the mainstream view of his department (notable in securing subsidies for so-called "lame duck" industries as well as for British Leyland). Although still "one of us" in government, he steadily moved from centre stage after 1979. As Secretary of State for Industry he was considered a grave disappointment by the more radical shock troops of the New Right and at the Department of Education and Science after 1981 he was embroiled in teachers disputes and an ineffective search for a workable voucher system before finally leaving government at his own request in 1986. A full biography of Joseph is much overdue. For a rudimentary introduction Cf Morrison Halcrow, Keith Joseph: A Single Mind, London: Macmillan 1989. For an introduction to the Centre for Policy Studies see Michael Harris, The Centre for Policy Studies: The Paradoxes of Power, Contemporary British History Vol 10 No 2 1996 pp51-64.

secure its designated ends, elsewhere it failed or else fell short of developing coherent or rational objectives. Policy development was often a reactive form of fire fighting designed only to paper over cracks in the body politic or to secure short term gain for the government.

Although Herbert Morrison could foolishly (and typically) claim that socialism is defined by whatever a Labour Government does, the temptation to define Thatcherism as the end product of whatever the post-1979 Conservative party did should be resisted. As an ideologically informed project, Thatcherism offered the means to alter political relations. To reiterate: Thatcherism was a reaction against a status quo, a mix of prejudices with both positive and negative characteristics. Given that knowing what you are against is as significant as knowing what you are for, Thatcherism can be initially defined in terms of what it was against just as much as what it was in favour of. It popularly conceived itself as being against the political form that post-war politics had taken. *At the very heart of Thatcherism was an anti-statist project concerned with rolling back the frontiers not of the state per se but of the actually existing social democratic state.*

Thatcherite Conservatives were not against the state; they believed in its use for purposes they supported rather than reasons they did not agree with (securing a neo-liberal approach to the economy and neo-conservative ends such as hierarchy; law and order; and secure defence. Thatcher personally denied the charge that she was an anarcho-conservative: "Never let it be said that I am laissez faire. We are strong to do those things which government must do and only government can do" [59]. Defence expenditure soared under the Conservatives. In the slightly more mundane field of housing Thatcher was personally implacably committed to the defence (if not extension) of mortgage tax relief, a state subsidy strongly opposed by the Treasury. Simon Jenkins describes mortgage tax relief as "the most glaring instance of her belief in the dominance of politics over economics and of social policy over the free play of market forces" [60]. Geoffrey Howe, Nigel Lawson, even Nicholas Ridley, all unsuccessfully attempted to win Thatcher over to its abolition. As Jenkins makes clear, Thatcher had little objection to public sector housing or to housing subsidy "[She] was devoting more public money, including tax relief, to housing in real terms when she left office than in 1981" [61] She was pro-subsidy for private ownership and renting in the Housing Association sector but objected to the promotion of local authority state-

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[59] A phrase quoted in Peter Hennessy, Whitehall, London: Fontana 1989 p629.

[60] Simon Jenkins, Accountable to None, Op Cit p181.

[61] ibid p182.

owned council housing typifies by the pre-1979 status quo. Through the right to buy scheme and the sale of council housing the Thatcher government encouraged home ownership at the expensive of housing provided directly by the state through local government.

This dichotomy is effortlessly captured by Andrew Gamble's distinction between the 'free economy' and the 'strong state' [62]. The Thatcher and Major governments were committed to direct intervention in a number of social and economic fields and, as Gamble demonstrates, Thatcherite ministers were committed to active interventionist government in the pursuit of their political aims in the use of the power of government and the state in the effort to secure designated ends: "The problem for the Thatcher government was that its own diagnosis of the crisis of state authority constantly impelled it toward intervention" [63]. Rather than oppose the state per se, Thatcherites frequently demonstrated a strong belief in the efficacy of the state as a mechanism to achieve certain economic, political (and military) ends; no Spencerian nightwatchman state for them. While continuity prevailed in most areas, it was the ends to which the state was a means that distinguished elements of Thatcherism from its predecessors: *The reordering of the public sphere lay at the heart of the Thatcherite agenda.* Thus, David Marsh's criticism of uni-dimensional approaches to Thatcherism is well taken:[64] The economic dimension to Thatcherism does not over-determine the political or the ideological; nor does any one facet limit the contribution others made to the overall phenomenon. Each is inter-related. Where one dimension predominates it did so in tandem with other facets of the Thatcherite character: Of course, the ideas of the New Right were " far from irrelevant to the content of [its] political practice" as Desmond King puts it [65].

The ultimate objective of Thatcherism in government was to use the state to promote neo-liberal informed reforms in economic strategy. This anti-corporatist strategy came over time to be characterised by privatisation, deregulation and commercialisation of the state sector; accepting the primacy of market forces in the governance of the economy and all state-centred activity; encouraging the growth of the City and inward and outward capital investment; a flexible labour market; legislative control over trade unions. Redefining the role of the state (in light of its redefined- post social democratic- tasks) was a necessary consequence of this. If Thatcherism is

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[62] Andrew Gamble, The Free Economy and the Strong State, Op Cit.

[63] ibid p251.

[79] David Marsh, Explaining Thatcherism: Beyond Uni-Dimensional Explanations, Op Cit.

[80] Desmond King, The New Right, London: Macmillan 1987.

one response to the supposed devaluation of the social democratic paradigm (as defined by its inability to deliver economic growth, full employment and welfare policies), it sought to reallocate the costs of economic decline and restore economic fortune. It attempted to do so by means of (initially) the (existing) state (for example curbing public expenditure etc) and then later recasting the state (where it could be recast) in as close a neo-liberal (ie non social democratic) guise as was politically possible or administratively practicable. Thatcherite policy may not have been uniform (and on occasion was directed at short term electoralist goals), but it was relatively consistent it the goals it set (if not in terms of the ends it achieved).

Thatcherite desires to recast the public sphere (as defined at three levels centre; periphery; local) in time came to embrace a strategy to in part privatise the state; hiving off its social democratic appurtenances in the form of the nationalised industries and elements of the pre-1979 public sector. It was easier to hive off the public sector than it was to deal with local government. The public sector (at the periphery of the central state) was under the direct control of the centre where local government was not. Here, three related objectives can be identified:

1. **Re-defining the economic role of the state by dismantling its corporatist features.**
2. **Recasting the industrial form and political purposes of the state.**
3. **Recapturing for the central state control over the capacity of the state (that which was to be exercised in a neo-liberal form).**

Thatcherism's criticisms of the inherited post-war state was a strategy to arrest the politics of decline and cure the supposed ills of collectivism. Policy was a method to reform the state regime and secure alterations in its role and function just as twentieth century collectivism century reformulated the role of the state to regulate the market in a social interest. In contrast, Thatcherism displayed a neo-liberal attitude to the state, conceiving of its role as being to empower the market in an economic interest and (where possible) in a social interest (in that order). It was as much 'anti-social democrat' as it was 'pro-neo-liberal'. The negative agenda of Thatcherism is significant as its positive agenda. It can be measured by what it is against just as much as what it was for: Anti-corporatism; anti-trade union; anti-public enterprise; anti-Keynesian. The deregulation, commercialisation and privatisation of the state sector was part of a neo-liberal state project, a policy of partially disengaging the state from the established social democratic forms of economic management.

One principle above all others underpinned the Thatcherite approach to politics and therefore government: that a measure of economic liberalism required the direct role of the state in

economic life to be limited so as to provide the maximum opportunity for the free market to determine the production, distribution and exchange of those goods and services the state was not obliged to provide. As Jessop et al suggest "The hopes of radical Thatcherism rested on developing and confirming the entrepreneurial society and popular capitalism as a hegemonic alternative to the Keynesian [their phrase] welfare state" [66]: Here, empowering the market required a redefinition of the purposes for which the state would intervene in the economy (for example: anti-inflation strategies rather than to secure full employment).

One former supporter of the New Right, John Gray, describes Thatcherism as "a modernising project with profound and irreversible consequences for political life in Britain". In his view its impact has been such that it "has permanently changed the terms of political trade...[and] ruled out any return either to traditional conservatism of the right- One Nation Toryism, say- or to social democracy- a species of Croslandism or of Owenism, perhaps- on the left. There can be no going back to Butskellism" [67]. In his view, the post-"Thatcherite" outlook is therefore one that has to take on board the realities of the present situation, an economy and polity reshaped by global forces with the result that "Keynesian macroeconomic policies and the Bevridgean welfare state are pillars of a status quo ante that has been destroyed irrecoverably" [68]. While Gray's normative suggestions for reform of this status quo need not concern us, his argument that the social-democratic project "belonged to a historical niche that is gone beyond hope of recovery" [69] does given it is a view shared by mainstream political opinion.

Whatever else, the idea that "the remains of social democracy [cannot] be salvaged from the ruins of Thatcherism" indicates that Thatcherism has redefined the nature of politics (even if Gray himself places more emphasis on the consequences of the global bond market than the activities of political actors and economic circumstances). *The Thatcherite phenomenon is neither inevitable nor are its policy prescriptions more modern that the outdated nostrums of the social democratic paradigm. There are no such inevitabilities abroad in political life. The status quo 'actually existing' Thatcherism engendered (or, for more structuralist minded analysts, that engendered it) is the starting point for any successor project of reform (or, more likely, the object*

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[66] Bob Jessop et al, Farewell to Thatcherism: Neo-Liberalism and New Times, Op Cit p 85.

[67] John Gray, After Social Democracy, London: Demos 1996 p10. Reprinted in John Gray, Endgames, Cambridge: Polity Press 1997.

[68] ibid p28.

[84] ibid.

of administration as well as incremental tinkering by successor governments). Rather than being a product of modernity, a historical inevitability, one that reflects "trends in the world economy which no government directs or controls" [70], Thatcherism made itself at the same time it was made. It is precisely because the phenomenon variously derives from (1) the successful application of ideological doctrine to (2) develop practical means to (3) secure identifiable ends, that Thatcherism made a major contribution to the fashioning of a new status quo. In certain areas it succeeded, in others it failed- overall, it managed to renegotiate the constraints it faced but only in a limited fashion.

Despite its many failures (and the unintended outcome of a great many of its policy programmes), Thatcherism helped redefine 'the art of the possible', its actual consequence (as opposed to being its identified objective) is:

4. The establishment of a neo-liberal economic and political agenda as the dominant paradigm to characterise British politics.

Having run with the grain of ideological developments (if against that of political demands), the argument that the legacy of Thatcherism is a reconstructed 'state project' is an impressive one. For the most part experience shows that most past Cabinet Ministers are totally unaware of what an 'accumulation strategy' was and unsure if they were in favour of it or not......"[71]: But while there are a number of problems with the terms state theorists employ (not necessarily the concept they denote) this position goes some way to accepting the fact than Thatcherism reflected an altered ideological discourse, one which encouraged the process of political change; its most potent appeal, the claim that there was or is no alternative to its vision of society. Its consequences are such that the ideals and prescriptions of the New Right have come to dominate the ideological playing field in terms of political economy and the distinction between the antonyms of state and market, individualism and collectivism. It is in the impact that Thatcherism has had on both practical politics and the political elite (none more so that its chief party political opponent) that it has had its greatest influence. The strategy of the Conservative party was to win elections and implement policy; if it could make ideological converts among electors all well and good, if not, so long as office was secured, all was well and good.

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[70] ibid p11.

[71] Bob Jessop et al passim.

Hegemony, as an explanation of Thatcherism conceptualised by Stuart Hall, has to engage with the political, electoral and economic objectives of the phenomenon rather than satisfy itself with an abstract theory of ideology wrongly suggesting that the success of Thatcherism lay entirely in its reconstruction of the political attitudes of civil society. It did not. Thatcherism did however succeed in remaking elite discourse: Creating Thatcherites many of whom may will be politically active until, say, the year 2030. While the Conservative party may be exhausted, its electoral crisis evidenced in May 1997 symptomatic of a wider malaise Thatcherism (and the neo-liberal politics it embraced) continues apace. The Conservatives were at one level only a vehicle for the type of politics it was keen to enumerate.

In accepting that politics was indeed an 'art of the possible', the Thatcher government deployed a radical strategy often enacted (but not always) by pragmatic tactics; a 'flexible response' in which, once the government had determined to strike out in a particular direction, prescriptive remedies were introduced according to time and circumstances. All the time a common purpose underpinning government activity in the round was clearly at work. As Shirley Letwin suggests, most critics and supporters alike agree that "Thatcherism amounts to something and that it has been going somewhere, or at any rate trying to go somewhere"[72]. Indeed, in identifying several objectives and a series of means to secure these designated ends, the Thatcher and Major governments discovered many others on their journey (and in so doing constructed different means to reach other identified ends). As such leading Thatcherite actors began their careers in government in 1979 with (1) an awareness of what they believed was wrong with the Britain they had been elected to govern and (2) an appreciation of the general direction in which they would like to steer the ship of state. Although they had the aspiration to reach a destination (and had an ideological perspective to structure their appreciation of it) they did not in 1979 (or in 1983) know how to get to where they would like to be, let alone know if it would be possible to get there.

In calling for "a more rounded theoretical analysis" of 'Thatcherism', David Marsh offers the criticism that too many authors "rely for their empirical evidence upon broad, even heroic, generalisations rather than a through consideration of policy initiation and evolution"[73]. Despite this author's disagreements with Marsh's approach to Thatcherism, one can only agree with this. To understand what Thatcherism is requires a close examination of what it did and why it did it:

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[72] Shirley Letwin, The Anatomy of Thatcherism, Op Cit p29.

[73] David Marsh, Explaining Thatcherite Policies: Beyond Uni-Dimensional Explanations Op Cit p596.

"'To avoid, the proliferation of vapid and unsubstantiated theoretical frameworks purporting to analyse these developments requires the formulation of sustainable arguments on the basis of original research" [74]. Case study analysis is very important to any exploration of "Thatcherism": Privatisation offers such a case study and it is the subject of the following chapter. It was simultaneously a political project and an economic strategy, a policy (when fully thought-out and operationalised) enacted in government by a political elite who saw it (together with other measures) as an electoral and political asset in the battle of party competition, a method which in so doing contributed to the ideological re-orientation of British politics.

As argued above, because Thatcherism is an inherently unsatisfactory term an initial distinction should be made between Thatcher and Thatcherism; between Thatcherism and Thatcherite; between neo-liberalism and neo-conservatism; and between policy arising from 'design' or 'project' and that which was 'accident' or 'pragmatism'. Five elements of Thatcherism combined to drive it forward as a political project after 1979:

(1) a response to economic and political crisis; (2) a reaction against the political status quo; it had (3) an identified political objective (a strong state restoring the autonomy of the governing centre); which was coterminous with (4) electoral objectives (a strong state dominated by the Conservative Party).

As a programme to secure these objectives, Thatcherism was informed by:

(5) a series of New Right ideological prescriptions, the success (in broad terms) of which benefited from the opportunities granted it by a discredited status quo.

Gradually, after 1979, Thatcherism came into its own. Policy development not only reflected these five elements but was also heavily influenced by questions of political and technical feasibility and electoral desirability. Thatcherite policies were shaped by political actors at the same time as they were the product of a developmental process; political actors learnt from experience and grew more bold in their approach. While the Thatcher period is one of immense change commentators need to appreciate the continuities as well as the discontinuities. However a great many policy reforms of the Thatcher and Major governments were indeed novel and new. Such was the force of the "Thatcherite" tide (and the ideological wind that helped propel it forward), that the mould of the political agenda was to be broken. During the course of the 1980's

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[74] Desmond King, The New Right and Public Policy, Op Cit p490-491

political wilderness. In the century long tension between individualism and collectivism, individualism advanced while collectivism retreated.

Under the tutelage of successive Conservative governments, neo-liberal prescriptions were to become for the 1990s what social democracy had been for the 1950s. Neo-liberalism was a philosophical doctrine utilised by the Thatcher leadership in its campaign against the supposed evils of the post-war collectivist state and its supposedly socialist works: The experience of the 1970s were the formative years of Thatcherism (as with its political alter ego 'Bennism') while the 1980s proved the occasions to put ideas into effect in the form of policy. The proof of the pudding is in the post-Thatcherite eating: the political agenda of contemporary politics has altered and, in the context of the UK, this is in large part the result of Thatcherism (as agency reflecting structural imperatives, a project enacted as a process over time). These changes did not happen automatically nor by chance. Although engineered under favourable circumstances with a fair wind and a generous tide, Thatcherism 'worked' because 'socialism' (read social democracy) was deemed to have failed (and Labour's "Bennite" alternative was rejected). The Thatcherites won a short term battle of ideas fought out on a political terrain influenced by strategic imperatives and short or long term events, judgements and decisions. A political agenda informed by neo-liberalism prospered as social democracy withered and, in the war of ideas fought out in the twenty five years after 1973, the politics favoured by contemporary Conservatism won out over the alternatives brought to bear against it. *This is where the impact of Thatcherism is to be felt most keenly. The long term influence of the politics it pursued is a result of the impact of Thatcherism as process, a political project simultaneously informed by an ideological doctrine and constrained by the dictates of statecraft, one eager to enact policy to reconfigurate both state and society but responsive to political realities and electoral pressures.*

Chapter 5. The Transformation of the Labour Party, 1979-1997.

5.1 Modernisation: The Extent of Labour's Transformation.

5.2 Policy Re-Evaluation I: Abandoning Public Ownership

5.3 Policy Re-Evaluation II: Accepting Privatisation.

5.1 Modernisation: The Extent of Labour's Transformation.

At the 1997 General Election Labour returned from the political wilderness. Its electoral landslide gifting it a Commons majority of 177, the largest in the party's history on 43.2 per cent of votes cast. Nonetheless, with certain exceptions involving the Constitution, Europe and supply side modernisation, the contemporary agenda of the new Labour government bears uncanny resemblance with policy pursued by the Thatcher and Major governments. Critics of the new Labour government charge that its political agenda is not far removed from that of its Conservative predecessor. Political values preached by Conservative ministers -enterprise, self reliance, anti-statism- find contemporary reflection in the political utterings of Labour ministers. The privatisation of nationalised industry, utilities and public sector companies; the divestment of public housing; the introduction of market liberalism to both the public sector and the non-market public sector; the binding of trade unions; the erosion of local government all collectively represented the wide-ranging redefinition of British political life engineered in the 1980s and 1990s and so serve to structure what Labour in government does.

Indeed, in sharp contrast to past appeals, Labour's 1997 Manifesto echoed the economic priorities outlined in the 1979 Conservative Manifesto. Then the Tories committed themselves to: controlling inflation as first priority; curbing public expenditure; reducing the level of public borrowing; opposition to increases in direct taxation; restoring incentives to business and enterprise; and regulating trade union activities. In endorsing this the Blair government has taken up the economic objectives of the Thatcher and Major governments organised around four primary areas of policy reform: (1) Ensuring financial stability by promoting sound money and placing the reduction of inflation at the heart of both monetary and fiscal policy; (2) Placing the market at the centre of economic life through deregulation and the rejection of direct state intervention; (3) Privatisation of state owned industries and utilities so withdrawing the state from direct control over economic activity; (4) Controlling trade union activity by legislation and (together with other measures) so disciplining the labour market.

The long march from the Labour Party led by Michael Foot to that led by Tony Blair is usefully explored in terms of a gradual, staged process. Labour's transformation is evidenced in alterations in its programmatic stance and stated political objectives. It was born of a belief that the second, third and fourth successive Conservative victories in 1983, 1987 and 1992 illustrated a deep crisis facing Labour and the left of British politics, one which was to forge the belief that the party had to change and change quickly. Where the 1983 appeal came to be considered as dangerous and extremist, one that supposedly promised 'no compromise with the electorate', that of 1992 and 1997 were considered more suitable to offer Labour an electoral key to access the corridors of Whitehall. The period 1983-97 is one in which explanations of the changing Labour Party are to be found and understood; taken in the round Labour did not so much change or modernise itself as it was changed by the impact of events: In short, where Thatcherism has led, the Labour Party of Kinnock, Smith and Blair has followed.

The post-1983 period can only be understood in relation to the pre-1983 period. The election of 1979 saw the electorate turn out a Labour government that had been in office (however precariously) since 1974. The 1979-1983 period was a dramatic reaction to the 1979 defeat and the governmental record that preceded it symbolised by a left-wing sponsored grassroots revolt assisted by trade union discontent with the Callaghan leadership. Headed by Tony Benn, a high profile Labour figure who had opposed the direction of the Wilson and Callaghan governments from within the Cabinet, the Labour left wanted to commit the party to radical pledges to dramatically take British politics to the left. Whatever else may be said about the so-called 'Bennite' left (as problematic a term as Thatcherism), it too was a 'modernising' movement, one keen to advance a programmatic agenda and put right past failings evidenced in Labour's record in office in 1964-70 and 1974-79. Here, Labour's policy stance was based upon a root and branch rejection of everything the Thatcher Cabinet stood for. In its own way, Benn's argument was as radical as that offered by Thatcher: Labour had failed because its tried and tested prescriptions were no longer up to the job: by itself the existing mixed economy and public expenditure had proved illusory at a time Labour widely believed that the capitalism was no longer capable of sustaining the welfare politics upon which post-war Britain depended: Actually existing moderate social democracy had proved far too cautious for Labour to deal with the political and economic crisis it faced.

Without recounting an often retold and well worn story, both the National Executive Committee (NEC) and the Labour Conference came to represent alternative powerbases to the Parliamentary leadership. Encouraged by the weakness of the Labour leadership and a demoralised right wing (the two being virtually synonymous), the Bennite left pursued policy changes hand in hand with

far reaching constitutional amendments to secure the predominance of the extra-Parliamentary party by limiting the powers of the Parliamentary leadership. Faced with the perceived necessity to ensure its leaders would deliver on policy promises in the future, the left organised around a constitutional agenda embracing the mandatory reselection of MP's; the election of the leader and deputy leader under a wider electoral franchise comprising party members, trade union affiliates and Labour MP's; and granting control of the party manifesto to the Executive at the expense of the Cabinet or the Shadow Cabinet [1].

These were all devices to bind the parliamentary leadership to the wider party and to ensure that Conference policy would be implemented by a future Labour government. The first two were successful by 1981, the third failed; in the event none would prove to have the significance many left activists had placed in them. With the exception of reselection these constitutional proposals were extremely moderate despite the excitement they generated at the time. By 1997 even the Conservative Party has committed itself to involving its membership in future leadership contests. Of course, at the time many of the proposed changes dealt with the likelihood of eventually changing the composition of the Parliamentary Party: reselection in theory could provide for the replacement of rightwing Labour MP's by leftwing party activists. Also, the extension of the franchise for the election of the leader was intended by many advocates to grant Tony Benn (or another left winger) a greater advantage in any leadership contest given his disadvantage were any election to be confined to the right of centre Parliamentary Party. In the event this advantage was to be conferred not on Benn but on Neil Kinnock in 1983.

As is well known, Callaghan's government was the subject of heavy criticism from all sections of the Labour movement after 1979, The Parliamentary leadership was held to account for past misdemeanours perceived by the party at large. By winning trade union support the constituency based left made the running at Labour Conferences between 1977-1982 typified by the adoption of unilateral nuclear disarmament and withdrawal from the then EEC as policy in 1980: the adoption of the Alternative Economic Strategy had long been party policy (while it had not been supported by the Wilson or Callaghan governments). Although Labour's adoption of unilateralism

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[1] For different interpretations see: Eric Shaw, The Labour Party Since 1979: Crisis and Transformation, London: Routledge 1993; Eric Shaw, The Labour Party Since 1945, Oxford: Basil Blackwell 1996; Richard Heffernan and Mike Marqusee, Defeat From the Jaws of Victory: Inside Kinnock's Labour Party, London: Verso 1992; Stephen Fielding, Labour: Crisis and Renewal, Manchester: Baseline Books 1995;Patrick Seyd, The Rise and Fall of the Labour Left, London: Macmillan 1987; Maurice Kogan and David Kogan, The Battle for the Labour Party, London: Fontana 1982; Paul Whiteley, The Labour Party in Crisis, London:. Methuen 1983; Lewis Minkin, The Contentious Alliance: Trade Unions and the Labour Party, Edinburgh:Edinburgh University Press 1991; Leo Panitch and Colin Leys, From New Left to New Labour: The End of Parliamentary Socialism. London: Verso 1997.

was out of keeping with its traditional stance on defence matters (the party had only briefly supported unilateralism in 1960-61), Europe was never a clear cut left-right issue. Conference had opposed joining the EEC in 1971 by a majority of 5:1 and, despite the majority of the Labour Cabinet being in favour of continuing membership, had supported withdrawal in the 1975 referendum by a 2:1 majority. As the left made the running, the Labour right was very much on the defensive. His authority weakened by his ejection from office, Jim Callaghan and his supporters found themselves in a minority on the NEC. Able only to object to its decisions rather than influence its deliberations, they were incapable of seizing Labour's internal agenda.

Once Callaghan finally stood down as leader in October 1980 Michael Foot beat Denis Healey for the succession. Foot, a man of the left who had drifted to the centre, owed his margin of victory to the fact that he was considered a 'unity' candidate and that Healey was thought too divisive by sufficient of his natural supporters. Callaghan timed his departure to forstall the election of any successor under the wider franchise to be agreed at a one day Conference in January 1981; in particular he wanted to deny Tony Benn a successful run at the leadership. Aware he could not win any election confined to Labour MP's, Benn declined to stand and backed Foot against Healey but once the electoral college for leadership elections was established he sought the deputy leadership, the consolation prize gifted Healey the previous autumn. Widely portrayed as a battle for Labour's soul, the contest which ensued between Healey, bete noir of the left, and Benn brought about an extended period of vicious Labour infighting which greatly exacerbated internal party tensions. Despite his efforts and his command of the support of Labour activists, Benn lost very narrowly by a margin of less that one per cent. While Benn's challenge had been welcomed by the broad left coalition he had assembled, it did divide the Tribune Group and helped create a group of 'inside leftists' led by Neil Kinnock. Their abstention in the deputy leadership ballot paved the way for Healey's narrow victory [2].

Labour's year of living dangerously, 1981, also saw the widely predicted defections of Labour's 'hard right' led by the self styled 'gang of three', David Owen, Shirley Williams and Bill Rodgers, in concert with Labour's long standing would be leadership contender, Roy Jenkins (then coming to the end of his time as President of the European Commission). In examining the origins of the SDP, Anthony King and Ivor Crewe quickly identify the Labour left (particularly the "far left- the

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[2] Cf Tony Benn, The End of an Era: Diaries, 1980-1990, London: Hutchinson 1992 (especially Chapter 2 pp 64-157); Jad Adams, Tony Benn: A Biography, London: Hutchinson 1993; Richard Heffernan and Mike Marqusee, Defeat From the Jaws of Victory, Op Cit; Patrick Seyd, The Fall and Rise of the Labour Left, Op Cit; Maurice Kogan and David Kogan, The Battle for the Labour Party Op Cit. The BBC television documentary, Labour: The Wilderness Years produced by Fine Arts Productions and broadcast in 1995 provides a useful insight into this period.

Trotskyites and their allies" [3]) as a significant element in bringing about the defection of some 10 per cent of the Parliamentary Labour Party. Variously describing elements of the Labour left as "extremists" ("thuggish" extremists to boot, who formed an "unpleasant" "mob" which "appalled and disgusted" the Labour right, particularly those who were "passionate anti-totalitarians" [4]), King and Crewe nonetheless conclude that the principal objection of the would-be defectors was the influence that this left had within the Labour Party: The policy and constitutional changes were not brought about by Trotskyists (of whichever persuasion) or by other would-be revolutionaries but by "trade union leaders and constituency activists who held more or less traditional Labour-left opinions and who naturally wanted to see them become party policy......the shift to the left was what the majority of Labour Party members wanted" [5]. Clearly, the phenomenon of 'Bennism' did have deep roots within the broader Labour movement and Labour's left-wing credentials were widely recognised in the early 1980s.

The contemporary 'modernisation' thesis requires a belief that in 1983 Labour reaped the electoral consequences of straying from its programmatic traditions [6]. However the 1983 manifesto is not the aberration it is often presented as. Shorn of its defence and foreign policy commitments it does not mark a dramatic leftward shift in the party's practice compared to the party's developing policy stance of 1970-79 but it did sit ill with the record of the 1974-79 Labour governments (and the 1979 manifesto written by Callaghan and his adviser Tom McNally). The economic and social programme of the post-1979 policy stance was enacted within Labour's ideological tradition even if it marked a progressive shift to the left. Labour's stance (adopted as much in response to the Thatcher government as a reaction to the perceived failures of the Callaghan and Wilson administrations) grew out of an incrementalist process that acknowledged the deficiency of actually existing social democracy and a need to modernise the reformist socialism established in the revisionist debates of the 1950s and 1960s. Arising from Labour's unsatisfactory experience of office in 1964-70 (and later 1974-79) Labour shifted leftward as illustrated by the policy stances outlined after 1970 in Labour's Programme 1973; the February and October 1974 Manifestos; Labour's Programme 1976. Both the interim manifestos 'Peace, Jobs, Freedom', Labour's

[3] Anthony King and Ivor Crewe, SDP, Oxford: Oxford University Press 1996 p119.

[4] ibid. Crewe and King variously described the 1980 Labour Conference as "not only unpleasant but positively insane" p49; and criticised Tony Benn's "demagoguery" and what they see as his "self-sanctimoniousness" p28.

[5] ibid p119-120.

[6] This is a common theme of the Blair leadership, one captured in a number of the leader's speeches in 1994-97. Cf Tony Blair, New Britain: My Vision of a Young Country, London: Fourth Estate 1996.

Programme 1982, and the 1983 Manifesto clearly marked a shift to the left but were still drawn from the same ideological universe as, say, the February 1974 manifesto.

Despite the divisions and infighting which characterised the fightback of the Labour right against the left at this time, it is important to emphasise that Labour in opposition after 1979, left, right and centre, totally rejected the prescriptions of the Thatcher government. Its opposition to Thatcherism ran deep and whatever differences divided 'moderate' and 'Bennite' Labour in terms of their alternative to the Thatcher government, outright hostility to all its works clearly united the party. Labour politicians such as Foot and Neil Kinnock, firmly on the left (although not as left as others within the party or the parliamentary party), were fully committed to the anti-Thatcher (and, essentially, 'anti-Callaghan') left-wing appeal. In sharp contrast to the Thatcherite agenda, Labour's post-1979 economic policy reaffirmed a state-centric economic alternative, one that would manage the market economy by providing a framework to restrain capital and harness its power in order to solve social and economic problems. Rather than being the demand for a Soviet style command economy it is often portrayed as, Labour's economic policy was to be enacted within a market framework. As Eric Shaw suggests: "Labour's programme in 1983 amounted to a move toward accepting a predominantly privately owned economy, albeit one which subjected market forces to a complex system of state regulation" [7]. It was an approach which contained well aired traditional Labour policy measures such as public sector-led reflation, a corporatist state strategy, an interventionist industrial policy based upon government planning, competitive public ownership, and increased levels of public expenditure [8].

While much has been made of the 1983 manifesto, the so-called 'longest suicide note in history', Labour's unashamedly left of centre economic programme was not fundamentally at odds with the general stance of Labour's Shadow Cabinet (with its right wing non-'Bennite' majority) and the TUC General Council. Despite the continuing concerns of the Parliamentary Party (the redoubt of the Labour right not affected by the rise of the left), mainstream politicians like Denis Healey, Roy Hattersley and Peter Shore, then Shadow Chancellor, although extremely hostile to the 'Bennite' Left (and to Benn personally) and to policies such as unilateral nuclear disarmament, were broadly supportive of the economic programme of 1983 (if critical of the emphasis placed

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[7] Eric Shaw, The Labour Party Since 1979: Crisis and Transformation, London: Routledge 1994 p13.

[8] Cf. The Labour Party, Labour's Programme 1976, London: The Labour Party 1976; The Labour Party, Peace Jobs Freedom: Labour's Draft Manifesto, London: The Labour Party 1980; The Labour Party/TUC, Economic Planning and Industrial Democracy, London: The Labour Party 1982; TUC, Programme for Recovery, London TUC 1982; The Labour Party; The New Hope for Britain: The Labour Manifesto, 1983, London: The Labour Party 1983.

on expanding public ownership, planning agreements, disengagement from the then EEC, and other radical positions associated with an Alternative Economic Strategy). *Whatever else divided them, left and right, Shadow Cabinet and backbenchers alike were committed to expanding the public sector, extending the welfare state and returning to full employment; 'getting more and spending a great deal' through taxation and borrowing was an integral part of Labour's economic case.*

Nonetheless, the Bennite left were to reap the whirlwind of Labour's landslide defeat in June 1983, a defeat which marked the beginning of the end for their campaign to re-found the Labour Party. In hindsight, Tony Benn's narrow defeat for the deputy leadership in 1981 was both the highpoint of the left's fortunes and the beginning of the Labour right's successful efforts to claw back authority stripped away in earlier years. Under Michael Foot's successor, Neil Kinnock (and, in time, Tony Blair), both the organisational structures of the party and its policy and doctrine were transformed. The left was gradually weakened and its power within the party gradually whittled away; denied a majority on the NEC, its Conference base was slowly eroded and it was completely marginalised within the Parliamentary Party. As the left retreated, the revitalised Labour right (its ranks ever swollen by 'realigning' former leftists) advanced. By the late 1980s, Labour had gradually altered the cast of its policy. As a result, in contrast to past appeals, the party acknowledged the role of the state in the economy should be confined to the provision of the fiscal and monetary conditions required to enable the market to facilitate economic activity.

Committed to "enhancing the dynamic of the market, not undermining it" [9], Tony Blair has made it clear that excessive taxing, borrowing and spending were all things of the past as Labour ruled out increasing both personal tax rates and public expenditure in 1995-97. Building on the 1991 pledge of the Kinnock Shadow Cabinet that a Labour government would not "spend or promise to spend what the country cannot afford", Labour under Blair firmly accepted the taxation and expenditure projections of the Conservative government in fiscal years 1997-98 and 1998-99. So called 'tax and spend' policies, for so long the identified evils of Mrs Thatcher's political world view in the 1970s and 1980s, came also to be identified as economic problems no longer solutions by Labour's leadership in the 1990s.

Labour's transformation reflects a seemingly irreversible shift in the balance of power in favour of right-reformist neo-liberal politics at the expense of left-reformist social democratic politics. Its extent is illustrated by the changes wrote in Labour's ideological outlook and evidenced in

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[9] The Labour Party, <u>Because Britain Deserves Better: Labour's 1997 Manifesto</u>, London: Labour Party 1997.

policy. This long drawn out process of change was characterised by piecemeal and gradual policy qualification followed by revision in both the 1983, 1987 and 1992 Parliaments. Labour's policy saw a dramatic alteration in its attitude to the changes brought about by the Thatcher government. Where Martin J Smith defines this transformation as "a post-Keynesian revisionism....for a different era which has learnt the lessons of the 1970's" [10], Eric Shaw more correctly suggests that the period saw "the abandonment of Keynesian social democracy in favour of pre-Keynesian orthodoxy" [11]. Labour has come to embrace the arms length regulated market economy it was once pledged to directly manage and control.

Although cast in the guise of modernisation, the broad economic appeal outlined by 'New' Labour has little historical purchase on 'Old' Labour. Although it retains some affinity with 'Old' Labour, its policy far more closely reflects the preconceptions and prescriptions of the Thatcher and Major governments. In both 1979-83 and (to a far lesser extent) 1983-87, Labour's economic policy was geared toward providing for full employment and better quality public services through government-led reflation, direct management of the economy and an expanded public sector. Between 1983-1987, Shadow Chancellor (and deputy leader), Roy Hattersley demonstrated a marked bias "in favour of public expenditure rather than personal tax cuts" [12]. A private Shadow Cabinet paper in July 1986 underlined Labour's commitment: "The social, economic and political advantages of our proposals is that they will finance substantial improvements in health, education, environment and local government programmes as well as reducing unemployment" [13]. Here, as Hattersley later spelled out, Labour's position could be summed up in the phrase: "Increased public expenditure good; public expenditure cuts bad" [14].

This economic approach would win a Labour MP few friends at the top of today's party in government: Such is the transformation wrought in the party, similar observations now find no echo inside 'New' Labour's high command. Rather than just repudiating Bennism, Labour now

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[10] Martin J Smith, A Return to Revisionism, in Martin Smith and Joanna Spear (eds), The Changing Labour Party, London: Routledge 1992 p27.

[11] Eric Shaw, The Labour Party Since 1945, Oxford: Basil Blackwell 1996 p201.

[12] Roy Hattersley, Economic Priorities for a Labour Government, London: Macmillan 1987 p48.

[13] ibid p6.

[14] ibid p7. Hattersley also indicated his "very strong" belief that: "a socialist economic policy is about the structure of the economic and the power within it. It is not about demand management of the economy". Interview with Roy Hattersley, Marxism Today, October 1985.

casts aside policy advocated by the most right wing members of 'Old' Labour. The personal manifesto issued by Denis Healey in his defence of the deputy leadership against the challenge of Tony Benn in 1981 now makes interesting reading: Other examples abound. Healey, a permanent fixture on Labour's right, committed himself four square behind Labour's then "planned socialist alternative", calling for "real increases in public expenditure" to "implement an alternative economic strategy" the centrepiece of which would be "the restoration of full employment". In the international sphere, this committed Atlanticist described himself as a "genuine disarmer" willing to support "the cancellation of Trident" and the "reduction of the level of defence expenditure" [15]. These traditional Labour commitments, all firmly within the party mainstream in 1981, were all explicitly cast aside by the Labour Party in the late 1980s and 1990s.

In contrast to past appeals a reading of the recent economic statements issued by the Labour Party indicates the extent to which a new economic discourse dominates, one "articulated in the language of competition, efficiency, productivity, economic dynamism, profitability, and, above all, that of individual choice and self fulfilment in the context of a market economy" [16]. Although concerned at the rhetorical level with the promotion of social justice (as are all serious office seeking parties in liberal democracies), 'New' Labour is principally concerned with strengthening the power of capital and allowing competition within the market to secure social reforms by virtue of 'trickle down' economics. Blair's designated image for his Labour Party is that it is a party for and of business, one that is safe, prudent and sensible; not extremist, dangerous, reckless, or profligate. 'New' Labour today presents itself as a party of an ill-defined centre, no longer a party of the left [17]. In economic terms the party has redefined its task as 'improving' the status quo entrenched by Thatcherism in office since 1979, not reforming the prevailing economic system let alone bring about a "fundamental and irreversible shift in the balance of wealth and power in favour of working people and their families" promised (but not delivered) in the 1974 Manifesto.

For the moment, one additional example may suffice to illustrate the extent of Labour's departure from past practice. In September 1985, a number of Tribune Group MP's argued the need for

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[15] Denis Healey, Campaign Statement for the Deputy Leadership of the Labour Party, May 1981. Cf Heffernan and Marqusee Defeat From The Jaws of Victory Op Cit.Chapter 2.

[16] Noel Thompson, Political Economy and the Labour Party,London: UCL Press p273.

[17] The Times 12 April 1996. The Times noted of one particular Blair speech (delivered in New York in April 1996) that "Mr Blair is determined to allay the traditional suspicion among US businessmen of Labour governments in Britain. To most American bankers who have heard Mr Blair's message, he sounds like a solid Tory whose mission is not to undo the "Thatcher revolution" that was widely applauded in the US during the 1980's. One businessman said: "He says he's left of centre, but he could be right at the centre of the Tory party" ibid.

Labour to "restate, develop and argue for socialist values in a way that can build popular support and convince the electorate that socialism is relevant to the problems of modern Britain" [18]. In suggesting that: "Economic power must be made publicly accountable through a system of social ownership, planning and industrial democracy, not merely to make the economy more efficient but to restructure it so that power and wealth are used for the public good rather than for a few individuals", this initiative, would now be considered deeply unfashionable. Part of the effort of a 'soft' Labour left to distinguish themselves from the 'hard' left, the statement was signed by a number of present day 'Blairites', among them (amazingly) Gordon Brown, then a junior front bench spokesperson and now Labour Chancellor of the Exchequer [19].

The name of Tony Blair, although he certainly qualified as a realigning member of the Tribune Group, is notable for its absence. This statement was published in the Conference edition of Tribune and carried next to a two page interview with Neil Kinnock. In addition it also declared a "determination to disengage immediately from the nuclear arms race" and that "Britain should retain the option of withdrawal from the EEC". In addition to Brown, other principal signatories to this declaration who now hold prominent positions in Tony Blair's Labour party include: Margaret Beckett, David Blunkett, Robin Cook, Harriet Harman, Clare Short, Chris Smith, Gavin Strang (all members of the 1997 Labour Cabinet), two Ministers of State, Michael Meacher, Derek Fatchett and Mark Fisher, Labour's General Secretary, Tom Sawyer, and the current Chair of the Parliamentary Party, Clive Soley. Indeed, in 1986, as a rising junior member of the Treasury team, Tony Blair argued that Labour should advocate "a fairer distribution of taxation to ensure redistribution of wealth away from the wealthiest of our community to the poorest" [20]. It is inconceivable that Blair would advance this case today. Indeed, not only does he now argue the opposite; he makes a political virtue of so doing. Blair-led Labour eschews 'old style' redistribution based upon tax and spend policies; instead it is public committed to a low tax economy: At the 1997 election, Blair presented himself as "the entrepreneur's champion" [21] and issued a 20 page 'Manifesto for Business' promising "stable prices with an inflation target of 2.5 per cent or less, coupled with tough rules on borrowing and spending, and no rises in income tax"

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[18] Tribune 20 September 1985 'Democratic Socialism: A Tribune Relaunch Statement'.

[19] ibid.

[20] Labour Weekly 14 March 1986.

[21] The Guardian 12 April 1997.

In 1975, Margaret Thatcher argued that the expansion of the state was causing irreparable damage to the national economy: "Government must therefore limit its activities where their scope and scale harm profits, investment, innovation and future growth. It must temper what may be socially desirable with what is economically reasonable" [23]. This view now finds a great deal of purchase within the Blair government. With regard to policy change, the issue of public ownership offers a useful case study with which the transition from 'Old' to 'New' Labour can be mapped out. In opposition during the 1979, and, to a lesser extent, the 1983 and 1987 Parliaments, Labour's economic stance reflected its continuing desire to extend public ownership and defend the existing public sector from the growing encroachment of Thatcher-led privatisation. This firmly held position altered after 1983 and 1987 as Labour came to reject of public ownership, qualify its opposition to privatisation, and abandon its commitment to re-nationalisation. Where Labour's earlier stance evidenced its long established ideological and practical attachment to the public sector, Labour moved to embrace a great many of the Thatcherite reforms it originally opposed tooth and nail.

5.2 Policy Re-Evaluation I: Abandoning Public Ownership

In an August 1991 interview with The Director magazine (the house journal of the right-wing leaning Institute of Directors), Neil Kinnock stated that "The huge majority of the Labour Party never believed in wholesale nationalisation. But they were tunes of glory that were coming out". He added "Well, we've stopped that nonsense" [24]. Although similar claims have been made by the Blair circle they are all, to say the least, somewhat disingenuous. While Labour never advocated 'wholesale' public ownership, Kinnock, critics said, had a firm track record of cheerleading such "tunes of glory" he now so easily dismissed. In 1983, he had argued "it is inconceivable that we could transform this society without a major extension of public ownership and control" [25]. The

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[22] ibid. In 1995, Blair told the CBI that Penal rates of taxation do not make economic or political sense: They are gone for good. I want a tax regime where, through hard work, risk and success, people can become wealthy" Sunday Telegraph April 6 1997.

[23] Margaret Thatcher, The Revival of Britain: Speeches, 1975-1988, London: Aurum Press 1989 p16.

[24] Neil Kinnock, Interview in The Director, September 1991.

[25] Eric Hobsbawm Interviews Neil Kinnock, Marxism Today, 1983.

observation that "the huge majority of the Labour Party" [26] never gave credence to nationalisation, is news to all Labour historians.

Traditionally, Labour placed strong emphasis on public ownership on the grounds of efficiency, modernisation and productivity just as much as social justice and socialist politics. The retention of the existing public sector and an extension of public ownership was a feature of mainstream Labour politics. Kinnock's strong support for Labour's 1983 election pledges of extending "public ownership and control in the pharmaceutical, construction, electronics, and other industries identified in Labour's [1982] Programme" should be seen in that light [27]. In arguing in his personal manifesto for the leadership in 1983 that industrial "revival and modernisation...justify the need for public ownership and control", part of a strategy "to meet the requirements of a modern economy" [28], Kinnock thus reflected a common belief, typical of a member of Labour's then mainstream left but one also shared by broad swathes of the Labour right.

Yet, todays 'New' Labour considers public ownership and state enterprise hopelessly old fashioned, outdated, and irrelevant to contemporary needs; part of Tony Blair's belief that the politics of 1997 are far removed from those of 1947 or 1967 [29] as support has been abandoned for a state-centred industrial policy in which public ownership and state enterprise play a part. Kinnock's 1991 statement has come to pass as Blair's antipathy to the extension of public ownership has become well established; indeed Clause Four was specifically revised in 1994-95 to demonstrate that fact. After 1994, Blair felt able to declare that nationalisation was a thing of the past and the 1997 Labour manifesto, New Labour: Because Britain Deserves Better, reflected this: "The old Left would have sought state control of industry. The Conservative Right is content to leave it all to the market"[30]. While the 1997 Manifesto acknowledged a need that "government and industry must work together to achieve key objectives", the prime objective identified was that government had to accept its role was "aimed at enhancing the dynamic of the market, not undermining it" and a Labour government would therefore "leave intact the main changes of the

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[26] ibid.

[27] Neil Kinnock, Manifesto 1983, New Socialist March/ April 1983.

[28] Neil Kinnock, Personal Manifesto circulated to Constitutency Labour Parties, July 1983.

[29] The Labour Party, Britain Will Win: The Labour Party Manifesto 1997, London: The Labour Party 1987.

[30] The Labour Party, Because Britain deserves Better: Labour's 1997 Manifesto, Op Cit.

1980s in industrial relations and enterprise" [31]. This was a long road indeed from Labour's opposition to all things Thatcherite.

In a number of speeches Blair has given the impression that Labour's nationalisation policy of the late 1970s and early 1980s was a feature of party extremism. Other than for electioneering purposes (distinguishing 'new' from 'old' Labour), it is unclear why he specifically focuses on this period. In part, it is a received wisdom, a contemporary justification for 'New' Labour by its favourable comparison with the Labour Party of Michael Foot and Tony Benn. 'Old' Labour was of course also the party of Denis Healey and Peter Shore: why should Blair ignore the Labour Party of the early 1970s? Or, for that matter, the Labour tradition of the 1940s, the 1950s and the 1960s? The position of Blair-led Labour on public ownership contrasts significantly with that of so-called 'Old' Labour (be it left or right). Writing of Labour's principle revisionist, Tony Crosland (a leading Labour figure in the 1950s, 1960s and 1970s), David Reisman concludes that he was "a selective nationaliser with a life-long commitment to a substantial public sector" [32]. The same can be said of the Labour Party of which Crosland was a member.

Crosland's revisionism, while firmly based on the belief that state ownership of all industrial capital was no longer a condition of creating a socialist society, acknowledged that nationalisation was a useful economic tool, one particular and specific means to an end where an unjust distribution of wealth could be "cured in an pluralist as well as a wholly state owned economy" [33]. *From the 1950s right through to the 1980s, Labour broadly accepted that a combination of existing public ownership (the public sector fashioned by the Attlee governments and its predecessors and successors) augmented in a variety of forms and when necessary extended could (in concert with public expenditure, demand management and a system of planning) provide the means by which a progressive Labour government could bring about fundamental social, economic and political reform: While not an end in itself, a pluralist public sector granting the state the means to manage the market economy was an essential part of democratic socialist policy* [34].

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[31] ibid.

[32] David Reisman, Anthony Crosland: The Mixed Economy, Basingstoke: Macmillan 1997 p153.

[33] Anthony Crosland, The Future of Socialism, London: Jonathan Cape 1956 edition pp496-7.

[34] In 1960, Hugh Gaitskell made clear the role that public ownership was intended to play in Labour's economic policy: "Common Ownership takes varying forms, including state-owned industries and firms, producer and consumer co-operation, municipal ownership and public participation in private concerns. Recognising that both public and private enterprise have a place in the economy it believes that further extensions of public ownership should be decided from time to time in the light of these objectives and according to circumstances, with due regard to the views of the workers and consumers concerned". Amplification of Aims (Gaitskell's

A recent history of Labour's stance on public ownership can usefully begin in the policy debates of the 1970-74 period from which emerged Labour's Programme for Britain 1973 and, in turn, the 1974 February manifesto. Together with an interventionist industrial strategy and planning agreements (as well as redistributive taxation and welfare policies), Labour committed itself to setting up a state holding company (a National Enterprise Board) which would acquire a large stake in manufacturing industry. Although Harold Wilson successfully fought off attempts to commit the party to the specific nationalisation of some twenty five companies, Labour's February 1974 manifesto accepted that North Sea oil, the docks, aircraft manufacture, and shipbuilding would be taken into public ownership. Public ownership was an integral part of what became known as the Alternative Economic Strategy (the AES). Mark Wickham Jones has argued that the economic programme Labour developed in 1970-73 "marked the abandonment, formally at any rate, of the party's adherence to Revisionism" [35], yet, while the AES did go beyond proposals contained in past policy documents (and in places well beyond them) they were initially not that far removed from those of the revisionists. Although Tony Crosland and others were unhappy at the radical nature of Labour's post-1970 policy stance and made no secret of their opposition to nationalising 25 companies and to compulsory planning agreements, Labour's new approach was as much a deepening as it was a negation of the arguments developed by Crosland and others in the 1950s.

The Labour right were critical of the Labour left (and to the style and tone of Labour's Programme 1973 and the 1972 "Green Paper" which proceeded it). Crosland was personally very hostile to the ideas of the Sussex University economist (and future Labour MP) Stuart Holland who played an influential role in the various NEC sub-committees which drew up the policy statement. He argued that Labour's Programme 1973 was "written by people who didn't live in the real world" and publically called on Labour to "return to sanity" and abandon its economic proposals.[36]. Roy Jenkins, Labour's deputy leader in 1970-72 who was embroiled in faction fighting over Europe, also supported a degree of state intervention (although he differed as to the degree suggested by early drafts of the 1973 Programme): "We should seek to hive on parts of the private sector to the nationalised sector and to encourage the nationalised sector to diversify whenever it sees the

addendum in lieu of revising Clause 4 in 1959-60), Labour Party Annual Conference Report 1960 p59.

[35] Mark Wickham Jones, Economic Strategy and the Labour Party: Politics and Policy Making, 1970-1983, Basingstoke: Macmillan 1997 p192.

[36] ibid p1.

opportunity"[37]. These stances indicated an objection to the *degree* of state control and public ownership they advocated not necessarily the principle itself.

On the question of public ownership both Jenkinsite and Croslandite schools of revisionism were decidedly 'old' Labour. While the AES was critical of the complacency of Croslandite revisionism and its failure to acknowledge the need to strengthen the interventionist powers of the state, Wickham Jones' assumption that the AES "was not developed within the framework of Labour's existing ideological commitments" [38] is hard to fully justify. His useful claim that "reflation was orthodox" in comparison with the "innovative and radical...measures for public ownership, planning, price controls, industrial democracy and import restrictions" contained in that programme [39], does not provide a justification for such an argument. Even if Labour pushed this to an extreme post-1970 'Competitive public ownership', for example, was a decidedly revisionist notion. While opposed to "a massive nationalisation programme" (in Crosland's words)[40] and opposed to the outright nationalisation of named successful firms, the Labour right and centre did re-emphasise a continuing support for an element of public ownership; they disagreed with any suggestion that nationalisation was an end in itself (revisionists had long favoured moving away from "monolithic industry nationalisation toward nationalisation by company" [41]).

Indeed, in 1974, while arguing that wide ranging nationalisation was "a wild fantasy" [42] Crosland accepted that "public ownership remains (along with taxation, legislation, government controls, trade union action and so on) one of a number of means to achieving our socialist ends" [43]: He also offered a number of specific candidates for "aggressive public competition -for example construction, machine tools, pharmeceuticals, the insurance companies and the building societies" (he was also to add the acquisition of development land)[44]. In similar vein (although more specific

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[37] Roy Jenkins, What Matters Now, London: Fontana 1972 p35.

[38] Mark Wickham Jones, Economic Strategy and the Labour Party, Op Cit p195.

[39] ibid p5.

[40] ibid p91.

[41] Anthony Crosland, Socialism Now, London: Jonathan Cape 1974.

[42] Mark Wickham Jones, Economic Strategy and the Labour Party, Op Cit p97.

[43] Anthony Crosland, Socialism Now, Op Cit p38.

[44] ibid p43. Crosland also favoured "an active policy of competitive public enterprise, that is the establishment (either from scratch or by take over) of state companies or joint ventures to

than Crosland would perhaps have wished) the February 1974 manifesto stated the objective of public ownership was to "enable the government to control prices, stimulate investment, create employment, protect workers and consumers from the activities of irresponsible multi-national companies" [45]. By 1974, Labour acccepted that nationalisation was not to be confined to loss making firms but extended, where necessary, to profitable ones. Rather than being an end in itself, it still remained a means to a wider end; a mechanism to enable government to better manage the economy in the pursuit of political objectives such as equality and social justice [46].

While the AES was more radical than moderate Labour MP's would perhaps have wished (and it was to be further radicalised in the 1976 and 1982 distillations of Labour's programme), it nevertheless matched Labour's traditional support for the expansion of the role of the state in the management of the economy. The degree to which the role should be expanded remained a issue between left and right (and between the promises made in opposition and those delivered in government), but a common theme can easily be identified; a continuity between revisionist approaches of the 1950s and the AES of the 1970s and early 1980s can be discerned. Thus the 1957 revisionist inspired Labour policy document, Industry and Society, was explicit in its support for public ownership while rejecting old style, 'shopping list' wholesale nationalisation. While opposed by a number of supporters of old-style nationalisation (but not the remnants of the Bevanite left), it expressed Labour's belief that "when convenient opportunities present themselves, there is no reason whatever why public ownership of industrial shares should not be increased" [47]; here, extending state ownership and control into the largest private companies was considered a necessity in pursuing the public interest.

Even in the wake of the party's election defeat in 1959 (and with it Gaitskell's abortive attempts

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compete with private enterprises -to act as highly competitive price-leaders and pace setters, provide a yard stick for efficiency, support the government's investment plans, and above all produce a better product or service" ibid p38.

[45] The Labour Party, Britain Will Win With Labour: February 1974 Manifesto, London: the Labour Party 1974; The Labour Party, Labour's Programme for Britain, London: The Labour Party 1973.

[46] Colin Leys and Leo Panitch describe Labour's shift to the left in 1970-74 as "not so much changing the structure of the House as the process of painting it red". Leo Panitch and Colin Leys, From New Left to New Labour, Op Cit p 286. While a critic of Labour's leftist aspirations (due to his disagreement that the party was a viable vehicle for socialism) David Coates described the 1973 Programme as containing " a series of policy commitments more radical in tone and in aspiration that any the party had endorsed since 1945" Coates, Labour in Power, London: Longman 1980.

[47] The Labour Party, Industry and Society, London: The Labour Party 1957.

to reform the so-called 'nationaliser's charter', Clause Four), Labour held fast to public ownership. Although it was widely suggested that nationalisation was a millstone around the party's electoral neck (Gaitskell told the 1959 Conference that "nationalisation- on balance- cost us votes" [48]), the Amplification of Aims agreed in 1960 in place of the revision of Clause Four supported "an expansion of common ownership substantial enough to give the community power over the commanding heights of the economy" [49].

Indeed, in attempting to persuade the 1959 Conference of the dangers of the implication that Labour proposed to 'nationalise everything', Gaitskell declared his commitment to "a mixed economy" and rejected the idea that "everything works so perfectly in the private sector that we shall never want to intervene... I cannot agree that we have reached the frontier of public ownership as a whole"[50]. In the 1980s as in the 1950s, while eschewing demands for the wholesale nationalisation of the means of production, distribution, and exchange (the tenants of Clause 4 notwithstanding), Labour's policy reflected a desire to extend public ownership and, as significantly, a determination to defend the existing public sector from the growing encroachment of privatisation. Its stance evidenced a long established ideological and practical attachment to the public sector. From this perspective, Labour's contemporary stand on the public sector and the role of public ownership and control stands light years away from previous Labour practice.

Any historical analysis of the Labour Party must make allowances for the fact that Labour in office is often far, far less radical than it is in opposition: Policy making in opposition is different from policy enactment in government. Historically, for well attested empirical reasons, when in government the parliamentary leadership has been well insulated from each and every demand of the Labour Conference or the NEC should it choose to take an alternative line from the Labour Cabinet. Despite the blueprints drawn up in 1970-74, Labour's period in government in 1974-79 (following the disappointments of 1964-70) was again one in which the expectations of opposition were frustrated. The limited success the Labour government had in stabilising the economy after 1976 were set against its failure to press ahead with its manifesto commitments. Against the advice of the government the NEC drew up the 1976 Labour Programme. The document was given the unofficial status of an alternative policy to that followed by the Callaghan Cabinet. Compiled from NEC statements and past Conference resolutions, it updated the 1973 Programme in the form of a 'midterm strategy', one which, among other measures, advocated "a greater use

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[48] Labour Party Annual Conference Report 1959 p143.

[49] ibid p12. Cf Brian Brivati, Hugh Gaitskell, London: Richard Cohen Books 1996.

[50] Labour Party Annual Conference Report 1959 p144.

of public ownership and statutory planning agreements" and called for the extension of nationalisation into the banking and insurance sector [51]. Although wholly ignored by the Labour government which placed its faith in deflation and a semi-monetarist strategy, the Programme was endorsed by the 1976 Labour Conference.

In the face of the Cabinet's dramatic shift to the right in office, the party remained steadfastly committed to the politics of the 1973 Programme, and as such the 1974 manifesto became a symbol of thwarted radicalism: Here, the ideas around the AES and the radical Keynesianism of the Cambridge School were enthusiastically taken up by a party wholly disillusioned by what most party figures considered a disappointing government (even one embroiled in difficult economic circumstances) and which many deemed to have been unredeemedly reactionary. After the defeat of the Labour government in May 1979 the party imploded into bitter recriminations as the Labour left seized the political agenda. Public ownership was less of an issue in the battles between left and right than many others, most notably the question of incomes policy, Europe, and defence (as well as the constitutional battle for power waged between the parliamentary leadership and the Bennite insurgents). Indeed, taking the harder left out of the equation (in the form of Militant and others), a broad policy equilibrium can be evidenced on the question of public ownership.

As outlined in a 1980 NEC policy statement, Peace, Jobs, Freedom: Labour's Call to the People (the rolling manifesto drawn up by the NEC and not the Shadow Cabinet), Labour's policy was one of economic expansion "spearheaded by public expenditure" with "strict controls over international capital movements" and an extension of public ownership to secure "a significant public stake -and a degree of public control" in each important industrial sector [52]. In 1980, the Labour Conference endorsed a resolution calling for an alternative economic strategy including "the extension of public ownership with industrial democracy". Significantly, this motion was proposed by the GMWU general secretary, David Basnett (no 'extremist' he), a trade unionist as "mainstream" as they came. Successive Labour Conferences between 1979 and 1984 demonstrated a broad commitment on the part of right and left, trade union and party alike, to public ownership. Indeed, in 1982, Tony Blair as an unremarked Labour activist invited by friends to speak to an Australian University seminar argued "the resources required to reconstruct manufacturing industry call for enormous state guidance and intervention" [53].

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[51] The Labour Party, Labour's Programme 1976, London: The Labour Party 1976.

[52] Labour Party NEC Statement, Peace Jobs Freedom: Labour's Call to the People, London: The Labour Party 1980 p29.

[53] As reported in the Sunday Telegraph April 6 1997.

While not as much importance was given to public ownership as elements of the Labour left would perhaps have wished, Labour policy was nonetheless clear: while Militant inspired demands for the nationalisation of the top 200 private monopolies, banks, finance houses and insurance companies under workers control were firmly rejected in successive Conference debates, it was widely accepted that public ownership was central to Labour's economic plans [54]. Labour's Programme 1982, a distillation of successive Conference resolutions and NEC statements, was part of a rolling programme from which the 1983 Manifesto would eventually be drawn, explicitly stated that Labour's "social and economic objectives can be achieved only through an expansion of common ownership substantial enough to give the community decisive power over the commanding heights of the economy" [55]. Although the proposals were drawn up by a sub-committee chaired by Tony Benn, it was adopted by the NEC (on which a soft left-right alliance led by Foot, Kinnock, and Healey could outvote the Bennite left) and overwhelmingly endorsed by the 1982 Labour Conference by the margin of 6,420,000 votes to 224,000 [56].

The Programme committed Labour to a "steady but decisive transformation in the economy -from one that is unregulated, unaccountable and dominated by the private sector , to one that is subject to planning, characterised by a wide range of socially owned industries and enterprises" [57] At the same Conference a constituency resolution proposing the nationalisation of 25 of the 100 largest private sector manufacturing companies was endorsed by the NEC and carried by 3,735,000 votes to 2,873,000 [58]. Most notable was that this resolution was commended to Conference on behalf of the NEC by Roy Evans of the ISTC (who claimed that the extension of public ownership would be at the core of Labour's 'new national plan'). Evans was a right-wing anti-Bennite trade unionist elected courtesy of trade union votes marshalled by the AUEW-APEX cabal which denied the left a majority in both 1981 and 1982.

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[54] Labour Party NEC/TUC Liaison Committee Statement, Economic Issues Facing the Next Labour Government, London: The Labour Party 1981.

[55] The Labour Party, Labour's Programme 1982, London: The Labour Party p9.

[56] ibid p17.

[57] ibid.

[58] The 1982 Programme was not a "Bennite" credo. It reflected a compromise hammered out between the Labour NEC, the Shadow Cabinet and (where they were consulted via the Labour/TUC Liaison Committee) the TUC General Council. It did however reflect the balance of forces at recent Party Conferences. Richard Heffernan and Mike Marqusee, Defeat From the Jaws of Victory, Op Cit p26.

While excessive commitments to nationalisation were obviously out of the question, the support of the NEC for the nationalisation of 25 companies in 1982 indicates the breadth of support favouring an extension of public ownership across the Labour Party; all the more so given the fact that the "Bennites" had by then forfeited their majority on the NEC. As Wickham Jones suggests: "The overwhelming characteristic of Labour's policy proposals is not their originality but the continuity they expressed with the measures developed in 1973. There were no major innovations" [58].Nonetheless, while the NEC and the Conference were often at one on economic policy, many within the Shadow Cabinet remained privately unconvinced of the extent of public ownership envisaged in the 1982 Programme. A number of leading Labour MP's were unhappy with Labour policy but wanted only to amend it or otherwise moderate it; not significantly revise it (even if it was their intention to ignore it should Labour be returned to office). Publicly, Labour's actual consensus on the limited forms of public ownership eventually included in the 1983 Manifesto was both real and lasting even if remained a issue between left and right.

The left's loss of their NEC majority in 1982-83 did however provide the Shadow Cabinet with an opportunity to dilute the 1982 status quo on public ownership: In an echo of Wilson's veto of 1973, the Foot-Healey leadership decided to ignore the pledge to nationalise 25 companies and it did not feature in the 1983 Manifesto. In place of the firm commitment of the 1982 Programme to a "publicly owned stake in each important sector of industry" the 1983 Manifesto pledged Labour to "establish a significant public stake in electronics, pharmaceuticals, health equipment and building materials" and in such other sectors as required by the national interest [59]. *Thus, in hindsight, the 1982 Conference did mark the hightide of public ownership as a principal issue for the Labour Party: As a result of the idea of extending public ownership becoming less fashionable in subsequent years both before and (particularly) after the 1983 general election. Here, 1983, as in so many other respects, was to prove a watershed*

In contrast to 1970-74 and 1976-1983, Labour opinion was to swing at first gradually and then dramatically away from the demand for a major extension of public ownership. While the 1983 status quo was upheld at the 1984 Conference at the 1985 Conference the NEC opposed a resolution calling for "a substantial extension of common ownership into the commanding heights of the economy [including]...at least 25 of the top privately owned manufacturing companies" and won sufficient trade union support to see it defeated by 3,429,000 votes to 2,939,000.

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[58] Mark Wickham Jones, Economic Strategy and the Labour Party, Op Cit p181.

[59] The Labour Party, New Hope for Britain: The 1983 Labour Party Manifesto, London: Labour Party 1983.

Subsequently, the NEC and Shadow Cabinet initiated a review of Labour's overall strategy on public ownership and presented a new policy statement, Social Ownership, to the 1986 Conference. This document reaffirmed Labour's commitment to the extension of "social ownership" but provided no indication of which industries would be taken into public ownership... Proclaiming that "[t]he failure of social ownership does not lie in being too radical, but in not being radical enough", the bold commitment was given that the next Labour government would "embark upon an ambitious programme to move toward wider social ownership" [60]. In rejecting the Morrisonian corporation and with it the idea that public ownership was to be confined to "lame duck" or "basket case", the leadership let it be known the balance of the existing o mixed economy would be changed to increase substantially the socially owned sector. Labour would acquire shares in profitable companies and establish new undertakings through a state holding company, British Enterprise, a updated version of the old National Enterprise Board.

The need to develop new models of social ownership, to encourage worker co-operatives, worker share-ownership, and an element of industrial democracy was announced by none other than Neil Kinnock in his 1986 Conference speech. Emphasising a variety of public ownership concerns stretching from "small co-operatives to municipal enterprises and right through to the major utility corporations like British Telecom" [61]. Labour affirmed its intention to "acquire or maintain a strategic stake" in defence industries other than the Royal Dockyards and Royal Ordinance Factories as well as "vital national industries" such as oil, aerospace, steel, information technology, car production and shipbuilding through the purchase of equity by British Enterprise or by government investment by means of a British Investment Bank [62]. Despite this, Social Ownership did not go far enough for the Labour left which was deeply suspicious of it. When the statement was presented to the NEC in July 1986 it was opposed by the Benn-led minority, its unease reflecting the fact that Social Ownership was the product of an alliance of the increasingly anti-"Bennite" soft left alliance with the old Labour right. In essence, Social Ownership was an initiative of the then Labour "mainstream" and the Labour's left's charge that it was "a rightwing document"/a reasonably accurate description.

At the 1986 Conference Labour's new position was made clear. In his speech, Kinnock made clear his support for a policy of "putting social ownership into practice through taking shares or

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[60] The Labour Party, Social Ownership, London: Labour Party 1986 p2.

[61] Labour Party Annual Conference Report 1986 p49.

[62] The Labour Party, Social Ownership, Op Cit.

complete proprietorship of enterprises which are critical to growth and investment" [63]. The use of the phrase "social ownership" in preference to "public ownership" was both deliberated significant. "Nationalisation" had long fallen out of vogue and for many this marked a deep unease within Labour's high command about the popularity of this issue. Making a great deal of an opposition to the centralisation of power, Labour responded to criticism of the Morrisonian model of nationalisation by acknowledging "popular support for social ownership must be won" and sufficient attention had not been paid in the past to the part of Clause 4 which stressed "the best obtainable system of popular administration and control" [64]. Nonetheless, despite the protestations of an increasingly minoritised left, Social Ownership was explicit in its support for a socialised public sector within a "flourishing private sector"[65]. Planning would co-exist with competition where and a degree of public ownership was relevant not only on grounds of efficiency and economy, but also equity and social justice.

Arguing that Social Ownership bucks the trend of Labour's post-1983 movement away from the radicalism of earlier years, Eric Shaw suggests it is either "an imaginative attempt to devise new forms of public ownership and control" or "a major step forward in the junking of nationalisation" [66]. At the time it was both, a compromise reflecting the provenance of the document (it was drafted by a committee co-chaired by David Blunkett from the "soft left" and John Smith from the right) one which was part of, as Shaw recognises, "a constantly shifting equilibrium of forces in which the balance was moving in favour of the right" [67]. Clearly, in hindsight, Social Ownership was a staging post in the gradual shift away from public ownership (symbolised by the absence of the actual phrase) and also a dilution of Labour's commitment to the re-acquisition of privatised assets (see below). As Kinnock's political authority grew, the eagerness of the dominant faction within the Shadow Cabinet to move away from the 1983 status quo grew; the "soft-left", previously the keenest supporters of the ideas contained in Social Ownership, not only joined but eventually championed this headlong rush to the political right. By 1987 many of the proposals in Social Ownership had been weeded out. The 1987 Labour Manifesto, Britain Will Win, made few reference to public ownership and in place of the grandiose schemes outlined previously it

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[63] Labour Party Annual Conference Report, 1986 p62.

[64] Labour Party NEC Statement, Social Ownership, Op Cit.p8

[65] ibid.

[66] Eric Shaw, The Labour Party Since 1979, Op Cit p49.

[67] ibid p49.

committed the party only to an unspecific extension "by a variety of means" [68].

Between 1986 and 1995, Labour was to wholly abandon its support for public ownership. The party's third successive election defeat in 1987 saw the leadership put in train the Policy Review 1987-91, a wide-ranging reappraisal of Labour's overall political approach. In this reassessment few supporters outside the ranks of the "hard-left" were to come forward in support of public ownership. Thus, although continuing passing reference was made at the 1987 and 1988 Labour Conferences, the issue was effectively dead by 1989. That year's report of the Policy Review, "Meet the Challenge, Make the Change", has rightly been described as "the most explicit rejection of the policy of expanding public ownership which the party has ever made" [69].

The 1989 Conference also explicitly rejected a resolution supporting the expansion of public ownership in line with the old principles of the Alternative Economic Strategy by the considerable margin of 5,597,000 votes to 459,000. This vote, taken at the invitation of the leadership on an issue supported by a rightwing leaning NEC in 1982, indicated the scale (and substance) of Labour's internal reassessment. By 1989, public ownership was widely perceived to be a thing of the past, an issue which had little place in the pantheon of the "new Model" party Kinnock and his circle were keen to construct. Kinnock eventual successor, Tony Blair, had less time for the notion that most other Labour MP's.As part of his belief that "old" Labour was virtually "old hat", his rejection of public ownership was total: "I don't think that anyone now believes that vast chunks of industry should be taken over by a Labour government" [70].

By the early 1990s, Labour's Clause Four had become the guiding principle that dare not speak its name. Blair's success in abandoning Clause Four has often been compared to Hugh Gaitskell's abortive attempt to do likewise in 1959-60. While both saw electoral considerations as important, Gaitskell proposed to reform Clause 4 because he was fearful, firstly, that it would be interpreted as Labour favouring a massive extension of public ownership (the ubiquitous "corner shop") and, secondly, because (with the exception of competitive public ownership -see Chapter 4) he wanted to endorse the then status quo, a mixed economy while in no way ruling out extending the frontier of the public sector. In contrast, Blair's sponsored revision was essentially an endorsement of a

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[68] Labour Party NEC Statement, Britain Will Win: The 1987 Labour Party Manifesto, London: The Labour Party 1987.

[69] Andrew Gamble, The Labour Party and Economic Management, in Martin Smith and Joanna Spear (eds), The Changing Labour Party, Op Cit p65.

70 The Guardian 13 March 1995.

privatised non-mixed economy; the post-Thatcher status quo. Gaitskell, the social democrat, and Blair, his politics a reflection of neo-liberalism, clearly thought different things of the "old" Clause Four.

In Blackpool in 1994, at the conclusion of his first set piece Conference speech as leader, Blair declared his intention to replace the famous (or infamous) Webb-Henderson Clause 4 drawn up in 1918. In its place was adopted the "new" Clause 4, drawn up by Blair himself, agreed by the NEC in March 1995 and endorsed by special party Conference in April 1995. In contrast to the former aspiration to "secure for the workers by hand or by brain, the full fruits of their industry and ensured the most equitable distribution thereof on the basis of the common ownership of the means of production, distribution and exchange....", the new Blairite Clause committed Labour to the "enterprise of the market and the rigour of competition" in an economy where there is a "thriving private sector and high quality public services" (not, one notes, a public sector). There was of course nothing new or dramatic in Blair's revision of a Clause he (and a great deal of his party) no longer believed in.

In comparison with Gaitskell's failure to junk Clause Four, Blair's success owed much to the fact that circumstances were very much in his favour. Its revision was yet another step in a long process of reform. Put simply, Blair has more power than Gaitskell had; he can command his party in ways that his predecessor could only dream of. He faced no alliance of "fundamentalists", only an impotent, fractionalised and ghettoised minority Labour left, weakened trade unions with little political clout and no meaningful veto. Repeated defeats had demoralised those elements of the party would have supported the retention of the old Clause at the same time it strengthened the authority of a leadership eager to revise it. Moreover, Blair benefited by the enhanced power of the leadership and its ability to command (there are less veto players given the move away from a federal party democracy to one characterised by control of the agenda at the centre and plebicitory consultation at the periphery).

Indeed, the language employed by Blair and his supporters in urging the abandonment of the old Clause Four was akin to age old Conservative attacks on the supposed over weaning nationalising ambitions of the past. "Blairite" arguments centred on prevailing economic and political necessities and the need to highlight the fact of Labour's modernisation. Clause Four, very much associated with "Old" Labour, had no place in Blair's vision of "New" Labour. While a prevailing ideological wind hampered Gaitskell's very different attempts at reform in 1959-60, Blair's efforts were wind-assisted by the whirlwind assault of Thatcherite neo-liberalism on prevailing ideological wisdoms. The Blairite case for reform was simple: Why on earth should a doctrine be defended that could

be so easily proven to be wholly out of date? Together with the "old" Clause Four, Labour's commitment to public ownership, part of its ideological attachment to advancing statist solutions to the problems of the market economy, was to vanish into history. *Rather than fashion something new, in abandoning Clause Four in 1994-95 Labour was acknowledging the extent to which it had changed. It formalised the fact that after 1989 (at least), the principal of extending public ownership had disappeared from the party's agenda never, it would seem, to return: it had not featured in the 1992 Labour Manifesto and was naturally not to appear in that of 1997, nor in the "business prospectus" New Labour tabled in its effort to win the opportunity to run UK PLC.*

5.3 Policy Re-Evaluation II: Accepting Privatisation.

After 1979, opposition to privatisation loomed large in Labour's concerns and between 1983 and 1987 it increasingly took precedence over the idea of extending public ownership. Labour very quickly found itself opposing the Thatcher government's drive to privatisation: Callaghan, Foot and Kinnock all stood four square against the very idea of asset sales as the party pledged itself to take any privatised asset back into public ownership. While the priority given to public ownership remained a issue of contention between left and right, Labour was united in its defence of the pre-1979 mixed economy status quo. In 1984, Neil Kinnock argued that "as far as the 'commanding heights' [of the economy] are concerned...[Labour was] committed to the process of re-nationalisation" [71]: For him then this was "an ideological commitment", one "basic to [his] view of democratic socialism" [72]. Because, in Kinnock's words again, support for a "plural public sector extending the forms of ownership and control within the framework of a new industrial democracy" [73] clearly depended upon "social ownership of the utilities, like electricity, gas and water" [74], opposition to privatisation was common sense, a feature of each and every Labour MP, left-wing or right-wing, frontbench or backbench, as well as of trade unions and Labour activists alike.

Between 1970-82, Conference policy committed Labour to renationalisation without compensation. Although the party's track record was one where full compensation was paid for

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[71] Eric Hobsbawm interviews Neil Kinnock, Marxism Today, October 1984.

[72] ibid.

[73] Neil Kinnock, Making Our Way, Oxford: Basil Blackwell 1986 p186.

[74] ibid p118.

assets purchased by the state, "no compensation" was an attempt to stymie government policy, a "threat" to deter would be speculators agreed at the 1979 Labour Conference and reaffirmed by subsequent NEC statements and by resolutions adopted at the 1980 Conference. Only the Campaign for Labour Victory (Labour's "hard right" and the organisation to which the majority of the 1981 SDP defectors belonged) opposed re-nationalisation without compensation although it still strongly opposed privatisation. While it was increasingly suggested that no compensation was confiscatory and could be electorally damaging (and morally indefensible), no definitive alternative had yet been mapped out.

Although many in the Shadow Cabinet (and the TUC General Council) had private reservations, and the policy was challenged at the 1981 Conference, Labour's position remained ambiguous. When Tony Benn narrowly lost his seat on the Shadow Cabinet in November 1981 following a heated disagreement with Michael Foot over the issue of renationalising the British National Oil Corporation without compensation, a Conference position Benn upheld against the strong opposition of Parliamentary colleagues, the TUC-Labour Party Liasion Committee drew up a new policy statement, Re-Acquiring Public Assets. This was agreed at the 1982 Conference and replaced no compensation with re-nationalisation on the basis of no speculative gain, a refund of the exact monies paid by the investor at the time of the sell off. Although the idea of re-acquisition without compensation was forever ruled out, renationalisation remained Labour's firm policy (indeed, opponents of no compensation had suggested it actually impeded renationalisation).

Despite disagreement on the form that re-nationalisation might take, pro-renationalisation Conference resolutions were endorsed unanimously in this period. In 1981, Roy Grantham of the trade union APEX told the Labour Conference that his union was "totally opposed to the sale of public assets and believes that the next Labour government should renationalise them. the earliest possible opportunity" [75]. The following year, Terry Duffy of the AUEW declared Labour's "total resistance to these reactionary measures" [76] as his union's resolution opposing all asset sales was carried by 5,131,000 votes to 1,490,000 (the vote against explained by opposition to its rejection of "no compensation). Here, the significance of Terry Duffy and Roy Grantham should in no way be underestimated: With the exception of Frank Chapple of the EEPTU, both men could (indeed, did) lay claim to the title of most right-wing trade unionist. Grantham's union was among the firmest opponents of the "Bennite" left.

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[75] Labour Party Conference Report, 1981 p138.

[76] Labour Party Annual Conference Report 1982 p138.

Together with other members of the St Ermine's Group, an orchestrated caucus of right wing union leaders who included Terry Duffy among their number, Grantham was instrumental in successfully marshalling trade union votes en bloc to swing the balance of forces on the NEC away from Tony Benn and his allies in 1981 and 1982 in favour of a "soft-left" (Foot and Kinnock) alliance with the centre right (led by the Labour MP and all round fixer, John Golding, and Denis Healey). Incidentally, Golding, an active member of the Post Office Engineering Union (the British Telecom union) and later, briefly, its general secretary, combined right wing Labour politics and a deep seated hatred of the "Bennite" left with an implacable opposition to privatisation in general and the sale of Telecom in particular. In comparison with, say, Tony Benn or the up and coming Arthur Scargill of the NUM, such opposition to privatisation (while perhaps motivated for sectional, trade union interests) spoke volumes for the overall position of the Labour Party.

Opposition to privatisation formed a key part of the 1983 Manifesto which contained the commitment "to return to public ownership the public assets and rights hived off by the Tories, with compensation of no more than that received when the assets were denationalised" [77]. While Labour's defeat saw initial attempts at revising Conference policy in 1983-85, party support for this position remained firm. The proposed sale of British Telecom in 1982-84 saw the mobilisation of considerable party and union opposition as Telecom unions mounted a large scale campaign including a forlorn attempt at industrial action strongly supported by the Labour Party. With the support of the Shadow Cabinet, Labour MP's mounted a concerted Parliamentary effort to scupper the Telecommunications Bill both before and after the 1983 election but to no avail. Addressing the Post Office Engineering Conference after Telecom had been sold in November 1984, Neil Kinnock emphasised that Labour's commitment to "taking privatised British Telecom back into public ownership is absolutely unshaken and unshakable. What that means is that we will be taking back the denationalised assets into public ownership and allowing absolutely no financial gain to those who have bought those nationalised assets under the Tories" [78]. The re-acquisition of Telecom, continually urged on successive Labour Conferences by the relevant affiliated unions, was long to remain a key issue for the Labour Party

Although Labour's commitment to the re-nationalisation of the utilities may have remained "absolutely unshaken and unshakable" at this time, the same could not be said for all the assets

[77] Labour Party NEC, The New Hope for Britain: The Labour Party, Manifesto 1983, London: The Labour Party 1983 p12.

[78] Neil Kinnock Press Release: Speech to the Post Office Engineering Union Conference 1984 (no date).

sold under the Conservatives. Firm commitments given in 1982 to renationalising the road haulege industry had been diluted by 1983 in favour of taking a publicly owned share of the private company. Commitments to renationaling a number of British Rail subsideries (such as Sealink and BR Hotels) were also put on an unofficial backburner. Although these private distinctions did not feature in the 1983 Manifesto, it became apparent after 1983 that the leadership gradually accepted (first in private and then, with sufficient trade union backing, in public) it was to become apparent it was no longer feasible to reacquire state minority shareholding in marketable companies operating in the private sector.

Here, Labour accepted that re-nationalisation could not be sold to trade unionists in the companies concerned. Thus, the 1986 NEC statement, Social Ownership, significantly failed to provide a wide ranging commitment to the reacquisition of all industries privatised since 1979. Labour's commitment to renationalising the privatised utilities (Telecom and Gas were explicitly mentioned) were confirmed as were plans to restore defence related industries to public ownership but other privatised concerns operating in competitive markets were not mentioned. After 1983, Labour policy on renationalisation focussed specifically upon the utilities: Rather than target Amersham International, the National Ports Authority, Ferranti, or British Petroleum shares, the Labour targeted industrial sectors which could make a significant contribute to economic policy.

The 1986 Conference did significant amend the pre-1986 policy status quo. In emphasising the need for Telecom to be re-nationalised, regulating the privatised company was deemed an inadequate method of ensuring the provision of services and necessary levels of investment. Regulation would only supervise the present rather than ensure future development: Social Ownership stated that: "Labour will use social ownership as a means of pursuing national industrial policy, and bringing BT back into social ownership obviously make sense for that purpose. As regards the other firms which were owned by the British people and have been sold off by the Tories, we have to assess them in terms of the goals of the policy" [79]. The state would reacquire some leverage and control over their activities but not at the cost of confiscating individual investments. In the case of privatised utilities, voting shares would be exchanged for non voting securities and shareholders given the option of converting shares into investments; those not prepared to do so could sell their securities and make no speculative gain. Renationalisation was still the objective [80]. Later, at the 1987 General Election, Shadow

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[79] The Labour Party, Social Ownership Op Cit.p11

[80] ibid. A two stage process was envisaged: (1) existing government shareholdings (then 49% in BT and Gas) would be used to exercise government control and direct utilities to take certain courses of action and meet social and economic objectives; (2) legislation would require all

Chancellor, Roy Hattersley, made the leadership's position on public ownership explicit: "Nationalisation -monopolies owned by the state and insulated from detailed parliamentary control -remains the right model for the public utilities. Basic industries, on which the whole economy depends, ought to remain under the control of central government. That is why we propose to return British Gas and British Telecom to the public sector. Strategically sensitive industries, like oil and airlines, should also have within them a nationally controlled company" [81]. However, in contrast to the 1986 NEC statement the 1987 Manifesto was more far more circumspect. By 1987, Labour's inability to significantly delay let alone stop the privatisation programme was a significant setback, one deemed to have a number of dramatic consequences.

Labour's 1987 election defeat reinforced a belief that the privatisations of 1984-86, particularly Telecom and Gas, were electorally popular: Thatcher's successive re-election reflecting the widespread view that "popular capitalism" posed great dangers to Labour. Consequently (and at the urging of the leadership), the 1987 Conference both backed a forthright review of the whole range of policy (the Policy Review) and flagged up opposition to privatisation as a key issue for review. By 3,869,000 votes to 2,397,000 the Conference rejected a resolution supporting the re-nationalisation of "any sector which have been privatised". This motion, interestingly, was proposed by the NUM, a firm and uncompromising left wing union, and not as previously, by a mainstream union of the Labour right such as the AUEW or the GMB. Labour's preparedness to alter its stance on re-acquisition reflected the changes brought about by the Thatcher government. As Noel Thompson makes clear: "The gathering momentum of privatisation in the mid-1980s...fundamentally altered the terrain upon which the debate over public ownership took place. In the 1970s and early 1980s debate revolved around how and where social ownership might be usefully extended. The assumption [had been] that the extension would be considerable and.....as privatisation gathered momentum the debate was increasing concerned with whether, how and to what extent there should be a return to the status quo" [82]. After 1987, the question of should (and if so how) assets be reclaimed was to loom ever larger in Labour's eyes.

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shareholders to exchange shares for non-voting securities which would be either linked to the companies fixed assets or would produce a guaranteed income; should shareholders prefer, the Labour government would buy back shares at the original underwritten offer price of November 1984. It was also made clear that Mercury (BT's private competitor) would be integrated into the Telecom network.

[81] Roy Hattersley, Economic Priorities for the Next Labour Government, Basingstoke: Macmillan 1987 p161.

[82] Noel Thompson, Political Economy and the Labour Party, Op Cit pp252-253.

For many re-nationalisation was increasingly a vote loser. The claim was made that the preferences of would-be Labour voters had changed as a result of government policies encouraging them to invest in private health care, become self employed, own their own business and, more crucially, buy their council house or become a first time share owner. Irrespective of the reality, Labour strategists increasingly accepted that "popular capitalism" provided an electoral spin-off which favoured the Tories and damaged Labour. Weather or not privatisation may or may not have helped the Conservative Party to win an electoral advantage over Labour, it was believed the political advantage gained was dramatic; the belief that "the Labour Party has frightened off a substantial proportion of the relatively small number of its potential supporters who have brought shares in privatised companies targeted for some from of renationalisation" [83] led to a process of electoral myth-making. The idea that the Conservatives had benefited from the extension of "popular capitalism" became an unquestioned axiom for the Labour Party, one which was to exert a strong influence over the political direction in which the Party struck out after 1987.

A number of commentators singled out privatisation and popular capitalism as the key weapon in the Conservatives electoral armoury. Writing in Marxism Today, Andrew Gamble observed; "There can be no doubt that this policy has been a masterstroke for the government. It has made significant inroads into the Labour vote". Similar views were widely expressed within and without the Labour movement throughout and beyond the summer of 1987. Writing in the Independent, Peter Jenkins was in no doubt that the spread of share ownership was playing a significant part in eroding Labour's traditional support base [84]. In the post-mortem debate conducted behind the

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[83] As suggested by Peter Saunders and Colin Harris, Privatisation and Popular Capitalism Op Cit. p136

[84] Andrew Gamble, Crawling from the Wreckage, Marxism Today July 1987 quoted in Anthony Heath, Roger Jowell, John Curtice and Geoff Evans, The Extension of Popular Capitalism, Strathclyde Papers on Government and Politics No.60 1989. Peter Jenkins, The Independent 17 June 1987 quoted in Saunders and Harris, Privatisation and Popular Capitalism Op Cit. p120.Pippa Norris, Thatcher's Enterprise Society and Electoral Change, West European Politics Vol 13 No 1 January 1990.Ian McAllister and Donley T Studlar, Popular versus Elite Views of Privatisation: The Case of Britain, Journal of Public Policy 1989 Vol 9 No 2 157-158. For the directors of the 1983 and 1987 British Election Studies, Anthony Heath, Roger Jowell and John Curtice, privatisation had little direct effect on voting behaviour. Exercising the right to buy your council house or purchase shares in privatised industry did not change political opinions. It "simply allows people who already favour private property to purchase their own homes. It does not create those values; without such values people are hardly likely to buy in the first place". In short, those who approve of the "enterprise culture" take advantage of the opportunities that it affords them. Heath et al found that voters did not switch from Labour to Conservative after buying their council house or having acquired shares because individuals were already more likely to vote Conservative before they made their purchase: Anthony Heath, Roger Jowell and John Curtice, How Britain Votes, Pergaman Press: Oxford 1985; Heath et al ,The Extension of Popular Capitalism Op Cit.; "There is no change at all in [new owners] relative propensity to vote

closed doors of Labour's National Executive, the party's Eastern Regional Organiser declared that Labour support was affected by "the person who had bought his council house, owns a car and has £500 worth of British Gas or BT shares" [85], a view which was to win wide support within Labour ranks, not least among those closest to Neil Kinnock

From a different perspective 'popular capitalism' had little electoral effect other than the fact that it frightened Labour half to death; nonetheless, it made the advocacy of re-nationalisation far more difficult. *Its long term influence lies probably not on its impact on electoral behaviour but on the way key political actors interpreted electoral responses to its extension. Put simply; if the Labour Party were to be persuaded to believe (or come to accept) that privatisation and 'popular capitalism' was harming its electoral chances and weakening its opportunity to win office, Labour's perception of electoral trends would be as important (if not more so) than the electoral trends themselves, If, irrespective of the real influence the policy actually had, Labour strategists agreed with the observations made by commentators quoted above, then the influence of 'popular capitalism' would be very significant indeed (notwithstanding the actual influence the policy had over the electorate).*

In the event the Policy Review served to eventually unravel the renationalisation commitment. In addition to accounting for the number of would-be supporters (among them trade unionists) who brought shares in privatised companies, the cost of re-acquisition had became a major issue. By 1988, various estimates suggested that a future Labour government would have to spend some £10-£20 billion to reacquire assets sold by the Conservatives: Would Labour want to spend this sum reclaiming industries for the state? Would it be sensible to spend monies renationalising assets which could be spent on, say, health or education? At the expense of other spending demands invariably made of a Labour run exchequer? For its part, the Kinnock leadership privately accepted that such a figure would not only drain the government's finances but, given the other demands expected to be placed upon state finances, would be difficult to achieve. In addition, when combined with the perceived influence that 'popular capitalism' was deemed to have had on the electorate at large (and key elements of a Labour electorate), it was a figure Labour became increasingly unwilling to justify either.

A great deal was made of the financial constraints a future Labour government would face: Whereas in 1986-87, Labour spokespersons made it clear that the speed in which the party acted on its commitment to return privatised industries to the public sector necessarily depended on the

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[85] Tony Benn unpublished diary, 6 July 1987

constraints of finance and legislative time, after 1987 it became the case that reacquisition was not merely increasingly unfeasible but that it was now far less desirable. It was clear that Kinnock and many of his closest supporters were prepared to come to terms with a great deal of Thatcher's privatisations. At the 1988 Conference, while a Militant inspired resolution calling for the nationalisation of the top 200 monopolies was easily and predictably defeated, a resolution for the re-nationalisation of all privatised industries and services was also heavily defeated. Although an MSF composition calling for the "restoration to public ownership and control of BT and the public utilities" and for Labour "to bring other key enterprises such as aerospace...back to the community and to extend social ownership strategically into principal sectors of the economy" was passed [86], this resolution (and the motivations behind it) proved to have little influence upon the deliberation of the two Policy Review Groups entrusted with the task of redefining Labour policy in 1988-90.

In May 1989, Kinnock persuaded the NEC to reject re-nationalisation. In his view a failure to do so "would create a fear or a threat which would defeat us...capitalism is the system we live under: we have to make it work more efficiently, more fairly, more successfully in the world market place" [87]. At his urging the NEC also rejected a wider commitment to extend public ownership into the financial sector and manufacturing industry as well as the renationalisation of public utilities [88]. Nonetheless, although it had been intended to provide a overall theme to the Policy Review, the statement proved a damp squib, a reflection of the fact that the first report of the Policy Review, Social Justice and Economic Efficiency, presented to the 1988 Conference was essentially a holding operation, one to pave the way for more radical change the succeeding year

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[86] Labour Party Annual Conference Report 1988.

[87] Tony Benn unpublished diary, 8 May 1989. The two day meeting of the NEC which saw Labour adopt the Policy review prior to recommending it to Conference in the autumn provoked speculation on Benn's part: "The NEC has abandoned socialist aspirations and any idea of transforming society; it has accepted the main principle not only of capitalism but of Thatcherism, and it thinks that now the party has a chance of winning office" Tony Benn, End of an Era, Diaries 1980-1990, Op Cit p568. The following year Benn described the 1990 Policy Review as "the most deeply, ideologically, anti-socialist and anti-Labour document I have ever seen" ibid p 590.

[88] A NEC statement presented to the 1988 Conference, Aims and Values, had marked a further refining of Labour's commitment to the principle of the market economy: In March 1988, Kinnock told the NEC that the party must "kill the idea that we have ever favoured a command economy" Tony Benn, unpublished diary 8 March 1988. Such was the pace of Kinnock's efforts to revamp party policy that Aims and Values had little impact upon a party unused to philosophical treatises (Cf Roy Hattersley, Who Goes Home, London: Little Brown 1995 p292) but it nonetheless symbolised the distance Labour had moved since 1983 even if it did not yet indicate the direction in which it was to move after this time.

The leadership now were convinced that re-nationalisation was unconvincing and electorally unpopular. Privatised industries could not be brought back into the public sector at the old price. The Kinnock circle wanted to put to rest the idea that they were going to recapture denationalised industries. Electricity, the principal privatisation of the early 1990s, would not be renationalised en bloc; the generating companies would remain private and only the national grid would be taken back into public ownership. Accordingly, the Policy Review had abandoned the position of no speculative gain by 1989, making it clear there was "no question of paying other than a fair market price" for the re-acquisition of any privatised shares [90] at the same time steps were taken to abandon re-nationalisation in its entirety.

While the entire Policy Review was planned through Kinnock's office, privatisation fell under the remit of the convenor of the Productive and Competitive Economy Policy Review Group, Bryan Gould. Gould was the Shadow Cabinet spokesperson on Trade and Industry and had long been considered a Kinnock loyalist. Yet he was unwilling to wholly abandon Labour's existing policy of renationalising the utilities and thus he was quickly damned in the eyes of Kinnock's circle. Gould's Policy Review reports were thought to be both excessively interventionist and far too committed to the idea of re-nationalisation. Kinnock and his innermost advisers were very unhappy at the overall tone of Gould's 1988 and 1989 reports and brought pressure to bear on him to alter his conclusions: Eventually, through party management, Kinnock carried the day. In the Shadow Cabinet reshuffle of October 1989 Gould found himself shifted to the Environment brief and replaced at Trade and Industry by the more amenable Gordon Brown. Under Brown's influence the trend toward abandoning re-nationalisation was reinforced in 1989-92; despite Gould's Keynesian predilections, 1989 remained a watershed year, one reinforced by quiet policy shifts post-1989.

Kinnock's forward to Meet the Challenge, Make the Change argued that while natural monopolies should ideally remain in public hands, "it was no longer as possible or as necessary as it used to be to draw strict dividing lines between 'public' and 'private'" [91]. At the 1989 Conference it was

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[90] Labour Party NEC Statement, <u>Meet the Challenge, Make the Change</u>, London: Labour Party 1989 p12-15.

[91] ibid p2.

agreed that only water and Telecom were to be renationalised. Because only 51% of Telecom had been sold by 1989 the government needed only to purchase 2% of stock to return it to public control; this could be achieved relatively cheaply. However, when further tranches of Telecom shares were sold after 1989, Labour abandoned this policy. Although a NCU/UWC resolution welcoming the commitment of the Policy Review to 'a publicly owned, democratically accountable British Telecom' was carried at the 1989 Conference, the re-acquisition of Telecom was to be abandoned by the 1992 election.

Initially committed to only bring targeted utilities back into the public sector 'as soon as circumstances allow', both the 1990 and the 1991 Labour Conferences re-endorsed a new post-1989 status quo. Although Labour unanimously endorsed policy to "bring the water industry in its entirety into public, democratic and accountable ownership" at both these Conferences, the party leadership abandoned any support for renationalisation. At the 1992 General Election Labour did not propose any serious policy of re-acquisition: "Labour plans for public ownership concern only the water industry and the electricity national grid. However we will also introduce a new, much tighter regime of regulation for all the utilities. This will be backed by a powerful new Consumer Protection Commission. As resources allow, we believe that the water industry should return to the public sector -because of its fundamental importance to the nation's health. We will also take control of the National Grid to ensure proper regulation and security of supply" [92]. While declaring some support for a Employee Share Ownership Plan as well as co-operatives, Labour was committed only to assert a nebulous form of "public control" over a great many privatised assets.

In marked contrast to its unanimous appeal of the early and mid-1980s, Labour no longer offered a root and branch opposition to privatisation after 1989 choosing instead to emphasis the importance of arms length regulation in line with the regimes established under the Conservatives: "New Labour believes that the social objectives which once led to the call for the utilities to be nationalised can in todays circumstances be met through more effective regulation" [93]. Despite prevarications over the proposed sale of British Rail in 1994-96 evidenced by Blair's short term commitment to a "publicly owned and publicly accountable railway" given at the 1995 Conference, 'New' Labour set its face against state intervention and centralised planning, part of its 'new deal' with the business sector and its acceptance of privatisation. On the question of rail

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[92] Labour Party NEC, Pocket Policy Guide for the 1992 Election, London: Labour Party 1992; Cf The Labour Party, It Time to Get Britain Working Again: The Labour Manifesto 1992, Op Cit

[93] Tony Blair, "My Vision for Britain" in Giles Radice (ed) What Needs to Change, London: Harper Collins 1996 p305.

privatisation two transport spokespersons, Clare Short and Michael Meacher, fell out over Blair and found themselves marginalised within the Shadow Cabinet as a result.

At the 1997 General Election, the Labour Manifesto, "New Labour: Because Britain Deserves Better" declared that a Blair government would "leave intact the main changes of the 1980's in industrial relations and enterprise" [94]. Blair's many business supporters included two senior executives of privatised industries: Bob Ayling, Chairman of British Airways (who declined an offer to head up Blair's Policy Unit in Downing Street), and the Chief Executive of British Telecom, Iain Vallance, who let it be known he intended to vote Labour. While cautious not to cause offence to key sections of the Labour community in 1994-97, the party has shifted away from past commitments to undo privatisation to the extent it now appears willing to endorse it. Although he had previously likened the sale of Telecom, British Airways and Rolls Royce to "political corruption" [95], Blair privately considered privatisation a relative success story, a policy area where, despite short-term intentions, the Thatcher and Major governments got it right. Despite the considerable electoral capital resulting from an extensive 1994-95 media based public relations campaign against 'privatised fat cats' targeting the excessive salaries and perks enjoyed by executives of former public enterprises, Blair appears to think asset sales desirable in themselves: In April 1997, he declared "There is no overriding reason for preferring the public provision of goods and service, particularly where those services operate in a competitive market, then the presumption should be that economic activity is best left to the private sector with market forces being fully encouraged to operate" [96].

In 1995, while still in opposition, Blair announced a very public deal with private sector Telecom at the Labour Conference; a public-private partnership in which Telecom would link schools to the information superhighway for free in return for securing the profits from the use of the service. This was a telling illustration of the extent of Labour's conversion (even if the announcement was nothing more than a public relations stunt). By the 1997 election, although it was not mentioned in the manifesto, the leadership let it be known that Labour was not merely prepared to reject re-nationalisation but to endorse privatisation. Labour sources made clear that the new government and would "conduct an urgent review of all government services, land and buildings with the aim

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[94] The Labour Party, Because Britain Deserves Better: The Labour Manifesto 1997, Op Cit.

[95] News on Sunday November 1 1987.

[96] Tony Blair speech to a business seminar: Labour Party Press Release, 8 April 1997.

of selling assets worth billions of pounds" [97]. The government, according to an unnamed aide of Gordon Brown, would "look at everything on a practical basis, not from an ideological point of view" [98].

Because Labour was pledged to defend Conservative spending figures in 1997-99 (including projected privatisation receipts of £1.5 billion in 1998-1999), Blair and Brown were charged with countenancing privatisation as a way of filling a 'black hole' in their finances, revenue raising through asset sales instead of upping taxes and increased borrowing. Yet Labour's conversion was far more serious than simple electioneering; As one journalist noted: "The decision to embrace privatisation is seen by Blair and Brown as crucial in their crusade to modernise Labour. 'It's the final piece of the jigsaw' one insider said" [99]: It was clear that the Labour government would be willing to open the door to further privatisations "where", in Blair's words, "they were in the public interest" [100].

During the election campaign, Labour indicated it would sell both the Tote and the Air Traffic Control network. This caused the party some embarrassment once journalists found proof of the extent of the party's u-turn on these issues. In opposition, Labour had announced the windfall tax, a one off levy paid by targeted privatised monopolies, designed to cream off excess profits made under the Conservatives. It had the electoral utility of targeting utilities which were the subject of much criticism for rising prices, declining service, enormous profits, and 'fat cat' perks as well as the political usefulness of revenue raising and providing funding for a much advertised welfare to work programme targeted at the young unemployed. As the centrepiece of the government's first budget in July, the windfall tax was set to raise £5.2 billion levy on a number of privatised utilities among them British Telecom, British Gas, Electricity companies, and regional water companies. Rather than seeing it as an attack on privatised industries, advocates of the tax claimed it would only make up for the past absence of effective regulation: As a one off scheme, the revenue it raised was targeted to reduce welfare roles (and therefore shrink the welfare budget) as well making employment provision.

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[97] The Sunday Times, Blair U-Turns on Unions and Privatisation, 6 April 1997; The Sunday Telegraph, Blair: We'll Privatise Everything, 6 April 1997.

[98] The Times April 7 1997.

[99] Sunday Times 6 April 1997.

[100] The Guardian April 8 1997.

The Labour Manifesto also made it clear that the regulatory regime envisaged by Labour (there is little evidence the government intends to strengthen that inherited from the Conservatives), was market orientated. Taking the water industry as an example (the subject of much criticism by labour in opposition), the 1997 Manifesto offered "tough, efficient regulation in the interests of customers" and promised "open and predictable regulation which is fair to consumers and shareholders and at the same time provides incentives to managers to innovate and improve efficiency" [101]. Having shifted its position on privatisation from opposition, through adaption, to likely adoption, Labour in government now presides over state assets valued at some £15 billion which could be franchised, floated or otherwise sold to the private sector among them the Post Office, Channel Four, Crown Estates, and London Underground; a root and branch review of government assets and privatisation options is likely. The government has also made clear its support for a revamped version of the Conservative's Private Finance Initiative (PFI) renamed the Public Private Partnership (PPP).

It is hoped that the PPP's will revenue raise for the Treasury as well as finance much need investment in what are still referred to as the public services. In the case of the perilously underfunded London Underground, Labour ministers intend to attract private investment by selling the majority stake in London Underground Limited. This is exactly the policy the Thatcher government followed in 1984 with regard to British Telecom when 51 per cent of the industry was sold in the teeth of considerable opposition not least from the Labour Party. Labour's projected plans for the future of London Underground echoes the sale of Telecom: It is, in short, privatisation by any other name, an illustration of how far Labour has travelled on this issue. Plans were also put in hand by the Brown-led Treasury to conduct an survey of government assets with a view to future privatisations (for a depiction of Labour 's altered position see Diagram 2).

Throughout the 1980s and 1990s the Thatcher and Major-led Conservatives set a privatisation agenda others had to come to terms with. In recasting the boundaries of the public-private sector in the UK, Thatcherism also helped redefine the role of the public sphere in economic life, turning back the frontiers of the social democratic state it inherited in 1979 by constructing a new status

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[101] The Labour Party, <u>Because Britain Deserves Better: Labour's 1997 Manifesto</u>, Op Cit. Cf Simon Jenkins: "...a future Labour government would require little by way of legislation to reassert control over the 'commanding heights' of what had been within the public sector prior to 1979. The reserve powers contained in Thatcher's statutes would give Labour more power over the state sector that any other European government' <u>Accountable to None: The Tory Nationalisation of Britain</u>, Op Cit p 20. Assuming this is so would Labour use this reserve power? To what end? At a rhetorical level, Labour in opposition may have favoured tighter regulatory regimes but nothing is guaranteed to follow from this: Blair is against so-called "red tape" just as keenly as his Conservative predecessors.

quo informed by neo-liberal politics. As spectator and not participant Labour has had to respond to the privatisation agenda. A regular pattern emerged: Having opposed each privatisation (first out of ideological conviction and later political concern), Labour promised to renationalise all assets and then only principal assets. Subsequently, Labour spokespersons acknowledged a variety of problems in pursuing renationalisation be they unpalatable electoral consequences, financial restrictions, and, later, political expediency. As a result, Labour's policy of re-acquisition was deferred first temporally (in the form of a promise to renationalise 'as and when resources allow') and then permanently. This process can be evidenced with each sale after the privatisation of Telecom and Gas. By 1997, Labour had not only indicated its preparedness to live with privatisation but a willingness to embrace it when in government. This reappraisal of policy was prompted by major changes in Labour's economic policy.

Post-1988, privatisation was demonstrably unpopular; the bubble had burst. Surveys demonstrated wide support for the continued public ownership of telecommunications, water, energy, and railways. The projected sale of the Post Office was abandoned in 1993 in the face of considerable public disquiet and the unease of a sufficient number of Conservative backbenchers. While Labour used privatisation as a political stick with which to beat the Conservatives (claiming the government intended to 'privatise the NHS' with much electoral success in 1989-1992), it increasingly made much of its acceptance of the redrawn form of the public sector. Even so, Labour's rapprochement with privatisation saw opposition to each continuing asset sale. The sale of electricity in 1988-1990 offers a case in point: Even while considering how to drop existing re-acquisition commitments, the 1988 Conference carried a resolution calling for the renationalisation of electricity in the event of its sale. In 1988-89, Tony Blair, then Labour's Energy spokesperson, attacked the sale in language reminiscent of earlier Labour criticisms: "We are proud that we took the industry into public ownership. When we come to power, it will be reinstated as a public service for the people of this country, and will not be run for private profit" [102]

Blair's opposition to the Electricity sell off was echoed in his first speech to a Labour Conference as a member of the Shadow Cabinet: "We do not want [electricity privatisation] delayed, we do not want it put off, we want it abandoned here, now and forever" Although Labour gave other such clear pledges to this was a clear pledge to renationalise, the sale was not abandoned and Labour eventually cast aside its opposition. As with electricity, so it was with water, coal and, later, British Rail. Pledging to fight each privatisation in turn, Labour stood out only to eventually

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[102] Labour Party Annual Conference Report 1989 p23. Blair also referred to privatisation as "private prejudice masquerading as public policy".

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come to terms with it.

Faced with the fait accompli of a privatised utility (particularly one presented as a economic 'success'), a hamstrung Labour opposition found itself unable (and increasingly unwilling) to resist the relentless onslaught of the privatisation juggernaut: "Opposition to privatisation per se (in contrast to its form) [has] proved ineffective, revealing just how successfully neo-liberalism has been able to define viable policy options" [103]. Each step of the way Labour's policy was gradually whittled away. This was less a response to circumstances as it was a reaction to events: It is an example of the way Labour came to terms with actually existing Thatcherism. In the case of public ownership and privatisation, it found its policy horizon bounded; the status quo ceaselessly redefined by the policy agenda of the Thatcher and Major governments.

In opposing privatisation, Labour initially defended what it latterly came to see as an untenable status quo. Forced to fall back on a so-called fail safe justification encapsulated in the emotive appeal 'Private its theirs; Public its Yours', the party despaired of attracting the support of a disgruntled public unaccustomed to considering nationalised utilities as their own property. Similar arguments employed against privatisation (defending Morrisonian, 'actually existing' nationalisation, public monopoly and cross subsidisation) proved no match for the government's offensive. Defending the status quo was perhaps not the best terrain that advocates of social democratic principles of public enterprise could have chosen. As such they fought a rearguard action on the government's terrain, conducting a battle with weapons of the government's own choosing: *Privatisation, symbolising a change in the political climate, made a significant contribution to the overall political changes ushered in by Thatcherism. Parties have always had to adapt to political change; such changes are often painfully. After a decade of Thatcherism, the unfolding story of privatisation demonstrates most clearly that Labour felt obliged to adapt to the changes its advocates had engendered in the political agenda.*

[103] Joel Wolfe, State Power and Ideology in Britain: Mrs Thatcher's Privatisation Programme, Political Studies, Vol 39 1991 239-252 p250.

Median

Nationalisation   Privatisation

Lab   SQ Con

Fig 2a. 1983

Median

Nationalisation   Privatisation

Lab   SQ   Con

Fig 2b. 1987

Median

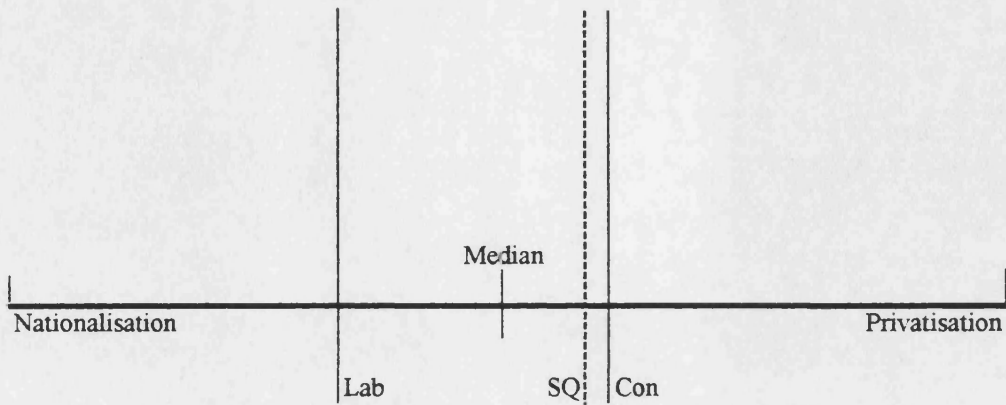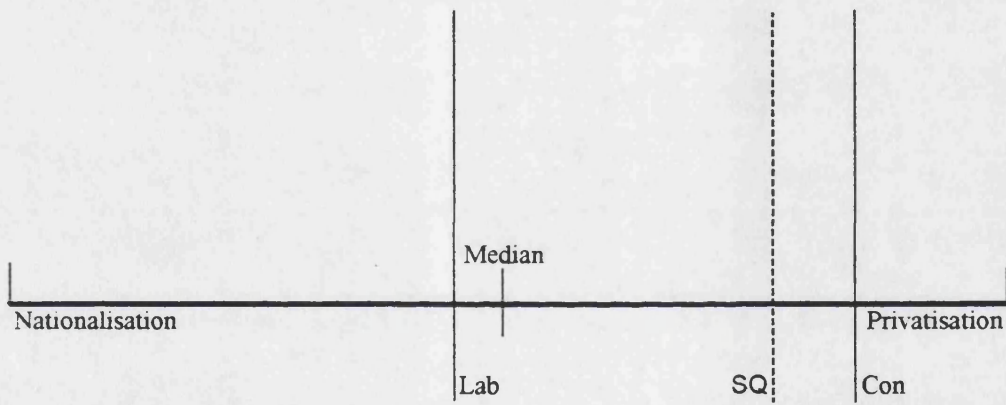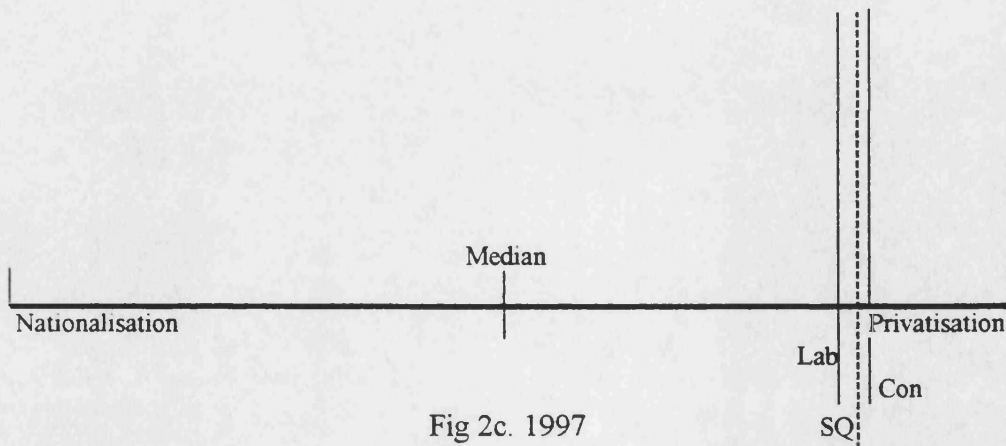Nationalisation   Privatisation

Lab

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Fig 2c. 1997

Chapter 6.

A Study in Party Change: The Emergence of 'New' Labour.

6.1 From Realignment through Review: Modernisation and 'New' Labour.

6.2 Exploring Labour's Modernisation: A Model of Party Change.

6.1 From Realignment through Review: Modernisation and 'New' Labour.

In 1993, reviewing his time as party leader, Neil Kinnock intimated that he early on wanted to initiate changes in Labour's policy, a task supposedly identified in 1983 as part of a grand strategy to set the party back on a road to electability and moderation [1]. In fact, the historical record belies this claim: Indeed, rather than being determined to revise Labour's programme, Kinnock, in running for the leadership, declared "I do not believe that our current body of policies needs major addition" [2]. Under his leadership (and that of Tony Blair), Labour's withdrawal from positions previously staked out was neither sudden nor immediate. *His later claims notwithstanding, Kinnock did not have such a plan to make these and other changes in 1983. They were both gradual and incremental; a cumulative process in no way part of some grand 1983 super-revisionist design, a strategy which did not exist at that one point in time.*

In detailing Labour's general shift away from its stance of the early 1980s, the years 1983, 1985 and 1987 stand out. The impact of the 1983 reversal set in only slowly as Labour quietly digested the extent of its defeat. It is in the general period embracing the 1983, 1987 and 1992 Parliaments that Labour's transformation can be mapped out. The immediate years following the 1983 election saw the beginning of the end of the Bennite ascendancy. Internal political changes ultimately granted Neil Kinnock as leader (and his Shadow Cabinet and National Executive allies) the executive authority they required to cautiously strike out to Labour's right. Rather than come to the leadership with a clear programme of reform, Kinnock ran as a candidate of the left in 1983 (albeit of a non-Bennite variety, having broken with Benn in 1981 when he led a group of Labour

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[1] Neil Kinnock, Remaking the Labour Party, <u>Contemporary Record</u> 1994 Vol 8 No 4 p539.

[2] Neil Kinnock, Personal Manifesto circulated to Constituency Labour Parties in July 1983. He also claimed to have "no quarrel with the policies of the last election" and stated that he would commit himself as leader "to put those policies over to the electorate more persuasively" ibid. While Kinnock argued that withdrawal from Europe was not an option he did associate himself with extended public ownership, increased public expenditure and strong trade unions. Cf Tribune 1 July 1983.

MP's in abstaining in the deputy leadership ballot). Presenting himself as a younger and media friendly version of Michael Foot, the new leader was to move from the 'soft left' to the 'hard right' following his candidature for the leadership when he previously emotionally associated with Foot's policies [3].

In November 1986, Margaret Thatcher gave an interview to the Financial Times dismissing Labour as an unreedemable socialist party and declaring her lofty intention to finish off socialism once and for all: "I think you could get another realignment in British politics....after two more Tory victories" [4]. Tony Benn, when asked in conversation with another Labour MP if he had read Thatcher's quote, commented: "Yes, but I think she'll have a job to outdo Kinnock" [5]. Challenged for being defeatist, Benn replied he was merely "being realistic"[6]. This exchange demonstrated how the internal realignment within the Labour Party was perceived as early as 1986-87. Benn's dissatisfaction arose from his political disagreement with Kinnock and the leader's eagerness to sideline the Chesterfield MP in leading Labour circles. Benn's marginalisation grew with Kinnock's determination to re-establish the leadership's executive command over the party. Both were greatly assisted by the emergence of a 'New Realist' current within the party and the disintegration of the Labour left that had coalesced behind policy reforms and Benn's candidacy for the deputy leadership in 1981. Labour's post-1979 left-right divisions greatly diminished in the face of the precarious electoral position in which the Party saw itself in. The rise of a 'soft-left'/right coalition encompassing elements of the Tribune Group with the traditional Labour right inside the Parliamentary Party was decisive. In addition, as Lewis Minkin argues "the TUC leadership sought to give full support to the parliamentary leadership........as it became axiomatic that the political running must be left to [this] parliamentary leadership" [7]. Central to these development was the defeat of the 1984-85 Miners' strike and the abortive Labour campaign against ratecapping in 1985 which, for many served to underline a weaknesses of the traditional left. The de-polarisation of party disputes was accompanied by a significant recomposition of

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[3] Kinnock has made has made much of his early commitment to revise Labour's then policy of withdrawal from the EEC. Indeed, he took steps to do so in 1983-84 but nonetheless made clear at the time his preparedness to retain the option of withdrawal if there was no fundamental reform of the Treaty of Rome liberating Britain from "the free market economy philosophy" New Socialist March 1984.

[4] The Financial Times 19 November 1986.

[5] Tony Benn, End of an Era: Diaries,1980-1990, 14 November 1986 p480.

[6] ibid.

[7] Lewis Minkin, The Contentious Alliance: Trade Unions and the Labour Party, Edinburgh: Edinburgh University Press 1991 p137.

internal factions following the 1983 defeat. These, in the wake of the apparent unstoppable march of Thatcherism, all made significant contributions to the reassertion of leadership authority over the party.

Labour's gradual shift to the right was symbolised by the expulsion first of Militant and later of other elements of the left in 1985-86 and post-1987 (building on the proscription of the Tendency under Michael Foot in 1982-83 [8]). Kinnock's strengthening opposition to the Labour left served also to pave his shift to the right: He appeared to relish taking on the various sacred cows of the left, denouncing what he saw as its timidity and its total lack of realism, setting up Tony Benn and the NUM leader Arthur Scargill as 'enemies within' to be denied office or influence; 'bogeymen' who's isolation would itself prove Labour's new found moderation. After 1985, the emergence of a second tier 'anti-hard left soft-left', illustrated by the shifting allegiances of Tom Sawyer, David Blunkett and Michael Meacher on the party's NEC helped the leadership gradually establish a command over the party[9]. Its authority derived from an extended leader's office and the Shadow Cabinet backed up by the then very important NEC (on which Kinnock and later Blair established a reliable and ever increasing majority); a party headquarters (increasingly peopled with Kinnock supporters); and the Party Conference where support from leading trade unions was ever more forthcoming after 1987.

Efforts to command the party were often thwarted by an insecurity born of a belief that the leadership might prove unable to carry the day at a Labour Conference. The principal occasions of Kinnock's defeat included: attempted changes to the re-selection of MP's (a move from a mandatory to a voluntary system) in 1984; his inability to stem the tide of support in support of the Scargill-led NUM in 1984-85; and Conference support for an amnesty for victimised and sacked miners and retrospective reimbursement of the NUM for fines levied over the duration of the strike in 1985. Apart from rebuffs arising from the Conference's desire to reduce the UK's defence expenditure to the Western European average in 1989, 1990 and 1991, the only major

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[8] Significant stepping stones include: The Hayward-Hughes report of 1982; the introduction of the register of constitutional groups in 1982; the proscription of Militant in 1982; the expulsion of five members of the Militant editorial board in February 1983; the NEC investigation of the Liverpool District Labour Party in 1985-86 and the expulsions that followed; and the establishment of the National Constitutional Committee in 1986. Cf Richard Heffernan and Mike Marqusee, Defeat From the Jaws of Victory, Op Cit; Michael Crick, The March of Militant, London: Faber and Faber 1986; Eric Shaw, Discipline and Discourse in the Labour Party, Manchester: Manchester University Press. Note the significance of Militant as a stick with which to beat the "mainstream" Labour left.

[9] Patrick Seyd, Bennism Without Benn, New Socialist 27 May 1985; Richard Heffernan and Mike Marqusee, Defeat From the Jaws of Victory, Op Cit.

defeat Kinnock suffered between 1986 and 1991 was over his attempt to revise unilateralism in 1988 (he succeeded the following year). The authority of the Parliamentary leadership was at first necessarily limited and much effort was spent in internal coalition-building and constructing majorities on key party bodies. Kinnock's ability to lead were to be determined by the opportunities he had to successfully agenda set within his own party. These were at first limited but after 1985-87 "the leader had acquired a grip on the party machinery which was an indispensible precondition for any fundamental change of course" [10], a process which has reached a apogee under Tony Blair's leadership: at the 1995, 1996 and 1997 Party Conferences Blair was undefeated (save for the membership's refusal to elect Peter Mandelson to the NEC in 1997), the first and only time such events had occurred in Labour's history .

Although always cautious, the Kinnock leadership did not immediately displace the Bennite agenda. Instead it constructed a qualified watered down version, one which reflected Labour's 'traditional' social democracy but an anti-Thatcherite agenda based upon a moderated version of the 1983 appeal. Thus policy development in the 1983 Parliament was only an incrementalist shift away from the more radical agenda forged earlier. Given the institutional power of trade unions at Conference and the residual powers of the left in both its "hard" and its "soft" (travelling to the Kinnockite right) variants, Kinnock was reluctant to go where the party might not follow. As such, while existing 1983 commitments such as opposition to council house sales, withdrawal from the EEC, and statutory planning agreements were quickly excised, in other policy areas the status quo was qualified rather than revised.

In the field of economic policy, while significant changes were made which went beyond re-packaging the same policy, Labour continued to believe in the need to tightly regulate the market by state intervention. While the private sector would retain responsibility for capital accumulation, government would use its power to direct economic strategy for politically designated ends; still interventionist, but less interventionist than prior to 1983. Thus, at the 1987 election Labour placed government led economic regeneration at the heart of its appeal. At the centrepiece of its programme lay a plan for jobs to reduce unemployment by 1 million in two years through public investment and an industrial strategy to plan the long term structural development of the economy. While abandoning talk of returning to full employment in the life time of a Parliament (preferring instead to concentrate on more moderate aims), Labour promised to establish a neo-corporate National Economic Assessment involving government, business and trade unions in the discussion of economic policy and levels of investment, expenditure and consumption. It pledged

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[10] Eric Shaw, The Labour Party Since 1979, Op Cit p52.

itself to an aggressive, comprehensive industrial policy formulated with the direct purpose of facilitating government intervention in the economy and some degree of state coordination and control of the market economy. Managing the market was the key to success, what Neil Kinnock called in 1986 "social control of the market" in order to plan production and redistribute benefits; to secure economic growth and thereby achieve a number of socialist ends [11].

At this time Kinnock made it clear that change involved "a shift in attitudes and presentation, not a change in principles" [12]. Kinnock indicated a continuing association with a watered down version of the 1983 appeal, one which recognised Labour's failure in office between 1974-79. As Eric Shaw suggests, "the general pattern of policy change from 1983 to 1987 [was]... a gradual retreat from more ambitious schemes of reform aimed (albeit often loosely) at a recasting of the social order and a return to the revisionist preference for pragmatic and largely consensual reform signalling the abandonment of any sustained challenge to the power and privileges of business" [13]. In the event, Labour's third consecutive election defeat in 1987 combined with the forward march of Thatcherism, to encourage the leadership to abandon attempts to moderate the 1983 appeal in favour of its wholesale revision. Where Labour's 1987 pitch was not light years away from its 1983 appeal (or indeed the broad commitment to economic management that characterised both the 1959 or the 1974 Labour manifestos), the economic approach established after 1983 culminating in the Blair manifesto of 1997 is proof positive of a dramatic shift. *Here, the process of policy qualification and dilution which characterised the 1983 Parliament was ultimately replaced by policy revision, a two-stage process encompassing the 1987 and 1992 Parliaments, typified by the outcome of the Policy Review process of 1987-1991 and the post-1994 Blairite reformation.*

The Policy Review was in many ways the precursor to 'New' Labour, the flagship of the initial 'New Model' party fashioned by the Kinnock leadership. Between 1987 and 1991, it was the mechanism by which Labour's policy stance was altered and the authority of the leadership boosted: Working with the Shadow Cabinet and, when necessary, the 'contact group' of trade union leaders (the Neddy six plus others), the Parliamentary leadership became an Inner Core Elite within Labour's highest counsels, its authority such that the opportunities for non-leadership groups to exercise influence over the Labour Party were to be increasingly circumscribed in

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[11] Neil Kinnock, <u>Making Our Way,</u> Op Cit p192.

[12] Neil Kinnock, The Future of Socialism, London: Fabian Society 1985 p3.

[13] Eric Shaw ,<u>The Labour Party Since 1979,</u> Op Cit p50.

subsequent years. Couched in the language of earnest review based upon the subscription of ideas and opinions designed to enable Labour to address itself to the needs of the time, the Review process had a simple agenda: It was, in short, not so much a review as a revision of policy, one conducted not merely as an attempt to reapply timeless principles to a modern setting but to respond to perceived changes in the nation's political and economic outlook. Shorn of the intention to radically alter the balance of power within the economy, the 1987 manifesto still placed great emphasis upon the importance of planning the market economy to generate growth and reform its inefficiencies. The Policy Review gradually abandoned this approach in favour of a bolder endorsement (although, when compared with the post-1994 Labour strategy, a somewhat qualified one) of the market mechanism, a process illustrated in the yearly reports submitted to successive Labour Conferences [14]. Over the three full years of the Review, two policy documents were produced by the Review Groups; Social Justice and Economic Efficiency in 1988 and Meet the Challenge, Make the Change in 1989. These were presented to the Shadow Cabinet and agreed by a comfortable majority vote of the NEC. All were endorsed without amendment by the Labour Conference courtesy of a compliant trade union block vote.

In 1990 and 1991 further distillations of the Policy Review entitled Looking to the Future and Opportunity Britain, this time heavily influenced by selected members of the Shadow Cabinet, were agreed by the NEC and again endorsed by the autumn Conference. Policy having been successfully reviewed by 1989, the Policy Review machinery ground to a halt although the Review itself continued: Policy making was now almost entirely the preserve of those Shadow Cabinet members whose proposals bore the imprimatur of the Parliamentary leadership. Each policy statement was presented to Conference in a process that had almost as much to do with political communications as it had to do with policy formation. By publicly launching each stage of the Review in a blaze of free publicity the leadership's policy would be presented to the Party as an effective fait accompli as the chosen corporate image and the slogan under which the new document was launched provided the theme under which Labour would campaign in the spring and summer and would structure the presentation of the Party Conference in the October.

[14] For details of the Policy Review see Martin Smith, "A Return to Revisionism: ;The Labour Party Policy Review" and Andrew Gamble "The Labour Party and Economic Management" in Martin Smith and Joanna Spear (eds), The Changing Labour Party , Op Cit. See also Patrick Seyd, "Labour: The Great .Transformation", in Anthony King (ed), Britain at the Polls 1992, London: Chatham House 1993; Gerald Taylor, Toward Renewal: The Policy Review and Beyond, Basingstoke: Macmillan 1997;. Eric Shaw, Toward Renewal: The British Labour Party's Policy Review in Richard Gillespie and William Paterson (ed) Rethinking Social Democracy in Europe, London: Frank Cass 19893 pp112-32 Eric Shaw, The Labour Party Since 1979 Op Cit.

After 1987, Labour gradually abandoned its commitment to planned action by government in concert with all sides of industry to deal with the problems of the market economy. No longer was it suggested that the market was a good servant but a bad master as the idea that the framework within which economic life proceeds must be substantially determined by government was ruled out. Subject to its responsibility to put in place a responsible fiscal and monetary regime conducive to the workings of a dynamic private sector, it no longer fell to government to determine levels of employment, reform supply side, or generate sufficient demand. In contrast to previous Labour thinking, the market was said to be both self-regulating and self-correcting, and by itself not wholly responsible for major social and economic divisions. In his introduction to the 1989 Report of the Review, Kinnock stated that the "economic role of government" should "help the market system work properly where it can, will and should -and to replace or strengthen it where it can't, won't or shouldn't" [15]. By 1991, he argued that "the old ideologies- command economy at one extreme, crude free market economies at the other- do not work" [16].

At the rhetorical level of its policy pronouncements, Labour continued to acknowledge long into the 1980s that the market unaided may not be able to deliver a strong and modern economy. Should the private sector depends upon public sector involvement, the market had to be monitored and regulated in a social interest (if no longer managed in the traditional sense). Thus, early reports of the Policy Review included commitments to some degree of state regulation and control; less than previous but a greater degree than was eventually found in the 1992 and 1997 Labour manifestos. Despite the emphasis placed on interventionist investment in training, research and development, regulatory management, the idea that "[t]he role of the state in economic management was thereafter to be an enabling one, performing tasks which the market was unwilling or unable to accomplish" [17] was a perspective common to policy statements in 1987-91 which was not to be maintained, a "halfway house" marking the transition away from Labour under Foot and early Kinnock toward that eventually presided over by Tony Blair. For Blair's Labour Party, the role of government is confined to allowing the market economy to work well: At the 1997 election, Blair declared his intention was to "enhance the dynamism of the market, not undermine it" [18], expressing the belief that "the post-war Keynesian dream is well and truly

[15] The Labour Party, Meet the Challenge, Make the Change, London: The Labour Party 1989 p6.

[16] The Labour Party, Opportunity Britain, London: The Labour Party 1991 piii.

[17] Tudor Jones, Remaking the Labour Party: From Gaitskell to Blair, London: Routledge 1996 p126.

[18] Tony Blair speech: Labour Party Press Release 7 April 1997. Labour also published a separate "Business Manifesto", a 20 page document launched amid much fanfare at an event in the City.

buried" [19].

The political direction in which Labour was travelling is unmistakable from 1989. In Labour's journey to the political right, the attitude it takes to the reforms pursued by Thatcherism in office is central. In 1989, reporting on the then most recent stage of the Policy Review, Peter Kellner wrote: "Instead of being a party which found the market guilty until proven innocent, [Labour] was now a party that regarded the market as innocent until proven guilty" [20]. Having granted the market the right of the presumption of innocence in 1989, Labour under Blair after 1994 was to firmly declare it wholly innocent of all (indeed, any) charges brought against it in respect of either economic efficiency or social justice. Early stirrings of Labour's reapproachement with the realpolitik of Thatcherism can be evidenced in Kinnock's post-1985 attempts to redefine Labour as a 'party of production', one keen not merely to 'distribute with justice' but also 'produce with efficiency'. This appeal gradually became a common theme in Labour's economic stance after 1986 ("Improved distribution of wealth, however necessary and justifiable, cannot long exceed improved production of wealth" [21] and grew in strength as the years passed and, as Labour increasingly diluted its attachment to redistributive policies.

Influenced by his economics adviser, John Eatwell (later enobled at Kinnock's nomination), Kinnock was persuaded after 1987 to emphasise the argument that Labour could make the existing market economy work better than the Conservatives. As the deregulated market place figured larger in Labour's economic plans, it marked a shift away from its traditionalist commitment to state intervention to reform the market mechanism in favour of establishing a framework which would complement the workings of the market. Here, 'reform' of the market is replaced by a 'light touch' regulation; the commitment to 'redistribution' over time dramatically overshadowed by the commitment to 'production'.

Despite the relative success of the Policy Review in re-orientating Labour away from its election agendas of 1983 and 1987, the party once again crashed to defeat in April 1992. Faced with an electorate willing to 'hold on to the Conservative nurse for fear of something worse' in the midst

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Claiming that Labour was now a party both of a for business, Blair went to great lengths during the election campaign to presenting himself as "the entrepreneur's champion", winning the endorsement of a number of senior business executives. The Guardian 12 April 1997.

[19] Sunday Telegraph 6 April 1997.

[20] quoted in Tudor Jones, Remaking the Labour Party, Op Cit p125.

[21] Neil Kinnock, Making Our Way, Op Cit p97.

of recession, John Major's Conservatives played the high taxation, high spending anti Labour card and surprisingly won. Kinnock duly fell on his sword on the morrow of his party's defeat and, following a relatively unprotracted leadership contest, the Shadow Chancellor John Smith was elected in his place beating Bryan Gould by a margin of 9 to 1 in July 1992. Close Kinnock supporters such as Tony Blair and Peter Mandelson, the party's Director of Communications 1985-1990 and MP for Hartlepool since 1992, all 'modernisers' committed to taking Labour to its right, considered Smith's leadership, despite his many abilities, to be suspiciously 'old' Labour. Powerless to prevent his accession, the modernising tendency nonetheless rejected the notion of 'one more heave', a belief that Labour had only to persevere and wait for a coming election victory; they favoured implementing a more fundamental agenda of party change.

Although Blair and Gordon Brown prospered under Smith's leadership (becoming Shadow Home Secretary and Shadow Chancellor respectively), Mandelson, wholly disliked by Smith, found himself totally frozen out of the party's inner circles. The two years of Smith's leadership proves in retrospect to have been something of a hiatus for the 'modernising' tendency. Ever the conservative (small c) politician, he was wary of the 'project', the sobriquet applied to modernisation and the 'New' Labour agenda, and unwilling to endorse policy reforms urged upon him by the Blair and Mandelson tendency. He firmly set his face against the idea of revising Clause Four and reportedly blew his top in 1993 when one member of his Shadow Cabinet, Jack Straw, publicly advocated doing so. While prepared to put his leadership on the line in the successful battle to secure the passage of One Member One Vote (OMOV) through the 1993 Labour Conference in the teeth of trade union opposition led by John Edmonds of the GMB, Smith only did so because it was unfinished business left over from the Kinnock regime, a policy he had committed himself to during the 1992 leadership contest.

Many Labour modernisers considered that Smith demonstrated decidedly 'old' Labour credentials in making concessions to trade union opinion on rights at work and the commitment to using the state to return to full employment [22], but while he may not have significantly advanced the modernisers agenda neither did he undo any of the Kinnock reforms. In hindsight, Smith's leadership was a period of consolidation, one modernisers privately refer to as an interregnum

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[22] "Mandelson's true opinion of John Smith's leadership is glimpsed in an article he wrote for Fabian Review just after the 1997 election: "We're doing so well now because we got our act together as a would be government three years ago. We are enjoying the harvest of the hard work undertaken in opposition. There was a clarity of leadership and objectives, knowing what needed to be done to create a genuinelly New Labour party, not simply a re-glossed, spray-on, re-shaped Labour Party." 'Three years ago' was of course when Tony Blair became leader; everything that happened before belongs in the Mandelson view of history to Labour's 'unelectable' era" Paul Anderson and Nyta Mann, Safety First: The Making of New Labour, London: Granta 1997 p439.

where their 'project' stalled (if it was in no way reversed). It was only in the wake of Smith's death and the elevation of Tony Blair, moderniser par-excellence, in his place that the emergent reform project was placed firmly back on track. Where Smith wanted to consolidate the Kinnockite status quo in an attempt to reconstitute the grand old party of, say, Gaitskell or Callaghan, the modernisation agenda was predicated upon the belief that the enterprise culture fashioned by Thatcherism in office structured what Labour should do in opposition and could expect to do in office.

As Leader of the Opposition in 1994-97, Blair was everywhere. The long established frontrunner to replace Smith, he came to office with favourable press coverage, buoyant poll ratings (both for himself and his party) and showed remarkable success in leading his party from the front (symbolised by his success in revising Clause Four in 1994-95 and winning the endorsement of party members for the Road to the Manifesto document in 1996). Blair's leadership was characterised by his commanding his party and seeing it follow (a position he was to contrast with what he saw as John Major's inability to do likewise in the latter stages of the 1992 Parliament). His time as party leader marked yet a further (but not that dramatic) shift away from Labour's pre-1987 position. Despite all his efforts, no dramatic shift under Blair since 1994 can be identified (other than a far reaching tightening of a pre-prepared ratchet); 1994 was not a year zero for the Labour Party because Blair's reforms were built on the firm foundations established before he came to the leadership. Although his tenure of the leadership saw a steady shift in economic and industrial policy it was a shift marked by continuity with the altered political world view of the leadership of the then 'new model' party fashioned under Kinnock.

As a process, Labour's shift certainly involves an amount of serial disengagement with past practice but it is not a series of "disjointed breaks" which suggest that the phenomena had fundamentally different (as opposed to distinct) characteristics at different times. In identifying distinctive stages in the emergence, rise and consolidation of what is now referred to as the Blairite agenda, the process of Labour's transformation can be evidenced. In periodising Labour's transformation a five stage shift away from the policy stance of 1983 can be evidenced:

(1) **High-tide: the advance of the left halted, 1981-84.**
(2) **Interregnum: Kinnock's quest for control, 1984-85**
(3) **Realignment: the right consolidates its authority; 1985-1987**
(4) **Transformation: the Policy Review and after, 1987-1994**
(5) **Consolidated Transformation: the Blair reformation, post-1994**

Each of these stages had a cumulative effect and all were contributory factors in bringing about Labour's transformation. None can be taken in isolation; all had a collective impact. Here, in the wake of the stalled rise of the Labour left in 1970-84, Labour's modernisation (itself a word that dates back only to the early 1990s; one in vogue only since 1993) is part of a process. It is not in itself an action. To take any key period in isolation at worst obscures and at best only partially maps out the process of change.

Labour's transformation over time reflects a period of transition. The remaking of Labour a *process* enacted over time, one adjudged in terms of *stages* with several distinctive points of origin and motivating factors. Hence, there is nothing intrinsically inconsistent in identifying 1983, 1985, post-1987 and 1994 onward as significant *moment(s) of transition* but they are not by themselves point(s) of origin given that Labour's shift is a staged process. *Here, a series of key periods (or staging posts) can be identified including the 1983, 1987, 1987 and 1992 General Elections; the shift in the Kinnock leadership in 1983-1985; the Policy Review of 1987-91; and the Blair reforms post-1994: Together, these all contributed to the change from the party Labour was in 1980 to that it has become in 1997* [23]. Rather than look for one point of origin, a more profitable approach maps out various staging posts in order to fully explore and explain the complex process underpinning Labour's transformation.

6.2 Exploring Labour's Modernisation: A Model of Party Change.

Over the past twenty years the Labour Party offers a text book example of party change, a process whereby the party has altered its appeal and abandoned previously held positions in favour of a new reformed and modernised programme. Studies of party change across time usually consider the transition from one functional type of party to another. Otto Kirchheimer developed a theory of the historical transition of parties from institutions of mass integration based upon social cleavage groups into organisations that appeal beyond the sectional group they had previously and exclusively represented, a shift from mass to catch-all parties [24]. More recently, Angelo Panebianco has postulated the transition over time from a 'mass-bureaucratic' party stressing

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[23] With regard to the alteration of the party's politics after 1987, 1988-91 (the Policy Review) and 1994-96 (the Blair 'reformation') are as significant as (but only because they are related to) the 1983, 1987 and 1992 election cycles.

[24] Otto Kirchheimer, 'The Transformation of the Western European Party Systems" in Joseph LaPalombara and Myron Weimer (eds), Political Parties and Political Development, Princeton, New Jersey: Princeton University Press 1966.

ideology and belief to an 'electoral-professional' organisation emphasising issues and leadership [25]. Here, change is defined as the transition from one party form to another: Party change usually distinguishes between party types involving distinctive forms of secular change in the nature of political organisation [26].

Where the party retains its original form, party change can be broadly illustrated by changes in what is best described as its 'public identity'. A public identity enables parties to define and represent itself to the electorate (and other political parties) at large. Changes in this public identity are evidenced in the programmatic appeal the party offers, its identified political objectives and the political strategies it employs. Change is thus effected when parties 'change', 'modernise' or 'repackage' their political image, 'update' their policy appeal or else 'jettison' past convictions and ideological baggage. From this perspective, a party alters its stance on a particular political question or else with regard to a whole range of issues.

The public identity of any political party is not fixed and unchanging; neither is it wholly fluid, determined as it is by historical appeal and tradition. Due to a variety of institutional, political and socio-economic influences, party change is an inevitable consequence of an organisation stimulated by the environment in which it is located and responsive to external and internal factors brought to bear upon it. Change affects party behaviour in altering what the party does and seeks to do. It affects not only how the party perceives itself but also (more importantly) how it is perceived by others. *Party change is a dynamic process, an ongoing event, a process subject to fluctuation marked by the passage from non-change to change, where the type, rate and degree of party change is characterised by a serial progression from stability toward transformation through adaptation.*

In discussing the reactions of parties faced with a record of poor electoral performance, Ivor Crewe and Pippa Norris suggest a variety of options available to them: "[Parties] can respond to a "declining market share" by adjusting their policy products, launching new ones, advertising more effectively, raising the entry barriers for new competitors and so on. Whatever their strategy, the initiative lies with party elites, not ordinary voters" [27]. An analysis of party change is very

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[25] Angelo Panebianco, Political Parties: Organisation and Power, Cambridge: Cambridge University Press 1988.

[26] Cf Hans Daalder on party types in Hans Daadler and Peter Mair (eds), Western European Party Systems: Continuity and Change, London: Sage 1983 p23.

[27] Pippa Norris and Ivor Crewe, In Defence of British Election Studies, in David Denver (et al eds), British Elections and Parties Yearbook 1991, London: Frank Cass 1991 p19-20.

distinct from an examination of party system change because parties are objects worthy of study in their own right not just simple expressions of social forces: Party systems are the product of interacting political parties [28]. The processes underlying party-electorate interaction is a major determinant in party change, but it can also be separated from the stability of the system within which parties and voters interact. Peter Mair correctly draws a distinction between party change and party system change [29]: Each political party is an independent actor, one with a significant degree of autonomy within the party system, not necessarily structurally dependent upon other forces. Of course, a dramatic realignment (or a systemic collapse) of any party system would result in dramatic party change, a process of individual party change may have no adverse impact upon the prevailing party system. Indeed, quite the reverse, when party adaptation reinforces that system and prevents a breakdown.

Perceived changes in Western European parties have provoked many academic observations (and not a little speculation) about the prospect of a system realignment . These usually involve a discussion of party change in the light of electoral volatility, party and partisan dealignment, and possible system fragmentation. *However, party systems may prevail at the same time that political parties evidence an ability to change demonstrated by alterations in their strategy or appeal.* Although no dramatic realignment leading to system fragmentation may be evidenced, parties do change. Change does not have to take place across the party system but can be confined to individual participants within the party system when the characteristics of the party system remains unchanged. As Peter Mair argues: "Electoral developments, ideological change, organisational revitalisation, and so on, are all important aspects of party change, but they are appropriate indicators of party system change only when they also begin to have a bearing on the pattern of interactions which characterise the system itself, or, in other words, when they have systemic relevance" [30].

Although "party system change occurs when a party system is transformed from one class or type

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[28] Giovanni Sartori, Parties and Party Systems, Cambridge: Cambridge University Press 1976.

[29] Peter Mair, Adaptation and Control: Toward an Understanding of Party and Party System Change, in Hans Daalder and Peter Mair (eds) Western European Party Systems, Op Cit pp 405-29; Peter Mair, The Problem of Party System Change, Journal of Theoretical Politics 1: pp251-76. Cf Peter Mair and Gordon Smith, Understanding Party System Change in Western Europe, London: Frank Cass 1990.

[30] Peter Mair, The Problem of Party System Change, Op Cit p274. Cf Peter Mair, Adaptation and Control: Toward an Understanding of Party and Party System Change, Op Cit.

of party system into another" [31] a well attested law of inertia applies to party systems, once established they tend to prevail however altered they may be across time by political processes [32]. The system (unlike its component parts) is rarely subject to any grand realignment. Able to adapt or modify their positions, parties can deflect or absorb pressures likely to threaten the party system so "preserving the underlying format of the party system despite social change or the emergence of new issues" [33]. This denotes a continuity of party systems from the hyper-stability identified by Stein and Rokkan to the less well founded (but relatively stable) systems seen today; they are altered but not necessarily changed. Certainly, systems are subject to an element of adaptation (defined by alterations in the parties that compose the system) but such party change rarely promotes a grand realignment where the mould of the system is broken and its total form recast. The rise of issue voting and the weakening of party association in its wake brings with it instability within the electoral party system. This may in itself provide an impetus for party change, but, as distinct from promoting change among the parties that comprise that system, it does not alter the parameters of the prevailing party system.

Deterministic accounts of party and party system change which erroneously lump the two together offer little illumination into the process of party change; they offer no insight into the dynamics of political change within the UK party system where party change (as defined above) is an independent variable, quite separate from party system change. While stable voting patterns between established parties (should support for one increase at the same time it decreases for the other) reduces the potential for party system change, electoral instability may well affect a particular party rather than the party system itself. The impact of changing political alignment (mediated through the process of party competition) may well mean that the alignment of a party *within* the stable party system will alter at the same time that the system itself remains fundamentally stable [34]. Despite the volatility of the 1970s and the 1980s -the so-called decade(s) of dealignment, the advent of three party politics within the two party system- the form of the British party system was not fundamentally altered.

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[31] ibid p256.

[32] The "freeze hypothesis". Cf Seymour Martin Lipset and Stein Rokken, (eds) Party Systems and Voter Alignments: Cross National Perspectives. New York: Free Press 1967. Cf Giovanni Sartori. The Sociology of Parties in Otto Stammer (ed) Party Systems, Party Organisations and Politics of the New Masses, Berlin: The Free University 1969.

[33] ibid p314.

[34] Russell J Dalton, Scott C Flanagan and Paul Allen Beck, Electoral Change in Advanced Industrial Democracies: Realignment or Dealignment? Princeton :Princeton University Press 1984.

Between 1970-1992 two-party aggregate support declined form some 90% to 75% due to rising electoral volatility demonstrated in the rise of third party politics (and nationalism in Scotland and Wales). Here, February 1974, 1983 and 1987 stand out. The post-1987 period has seen a return to "normal" with two principal parties seeking office within a three party political system: "Overall, seen within the constraints set by the electoral system. post-war changes in society and electoral behavior have failed to change the general two-party format"[35] While a party system provides the parameters within which established parties operate it is marked by continuity not dramatic change and reflects adaptation over time rather than dramatic transformation (for example the transition from two to three party politics with nationalist parties represented at the margin); the adaptative capacities of political parties is striking. Here, it is the nature of the political alternatives (the appeal offered by parties and the strategy they advance to communicate their intentions) that is redefined while the form of the party system remains intact. Party change need not alter the parameters of the prevailing party system.

After 1983, Labour, despite assertions to the contrary, lived to fight, lose, lose again, and eventually to win (and win big) in 1997. Despite the dramatic setbacks of the early 1980s, Labour not merely survived but went on to prosper. For sociological, political, and psephological reasons Labour's status as second party (the opposition party in Parliament for the entire 18 years of the Conservative's rule) was maintained. Despite the challenge of the SDP/Liberal Alliance in 1983 (and to a far lesser extent in 1987) this was never seriously in question (although Labour's ability to win future elections certainly was). Unlike the displacement of the Liberal Party by Labour in 1918-1929, the contemporary Labour Party retained a political hold on the affections of sufficient electoral support which warranted its continued existence (but not its successful office seeking in 1983, 1987, 1992): Labour's post-1983 record suggests that parties are more permanent institutions that many commentators sometime allow. Realignment is not always around the corner. The UK party system held firm in terms of the forces it represented (as distinct from the ratio in which they were represented) in Parliament (if not necessarily in the country): This situation arose courtesy of the prevailing party system just as much as by the plurality electoral system.

By contrast to party system change, party change within the prevailing party system is a far more common phenomenon: The public identity, the electoral and political appeal parties offer within the party system are dramatically affected by, say, the unfolding events of a twenty year period. That they change while systems prevail is attested by an empirical assessment of the Labour and

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[35] Moshe Maor, <u>Political Parties and Party Systems,</u> London: Routledge 1997 p63.

Conservative Parties in recent history. Thus the simple serial proposition that social change = electoral change = party change = party system change should therefore be rejected. The third variable, party change, can be provoked by political change as it is enacted within a stable party system. Where party system continuity is thus "conditioned by both forces of persistence or change and the adaptive capacities of parties" [36], party change is often a precondition for the survival of an established party system not necessarily an illustration of system breakdown: *Given that a variation in party behaviour need not involve party system change, party change is a staged process of varying degrees of serial adaptation, but it is one within the same structure where the rules of the game, in this instance the structure of the party system, remain continuous (even if it becomes more volatile).*

Exploring the past from the vantage point of the present grants any commentator the benefit of hindsight. Hindsight suggests that the party's continued existence is concomitant with its persistence. While this is accurate, this explanation is itself insufficient: An explanation of why a party continues in existence must be advanced: *The fact that Labour did not disappear does not imply that it could not have disappeared.* After 1983 and 1987, the Labour elite did worry that their party if not electorally dead in the water was a considerable distance from winning office at subsequent elections. Labour "modernisers" increasingly counselled against the notion that the party had simply to bide its time and wait its turn in the revolving door of the electoral process. From this perspective the beginnings of Labour's transformation was in part promoted by the impact electoral outcomes had on its office seeking capacities. Although the type of change promoted as part of this process of transformation was dependent upon other circumstances, repeated defeats did encourage a changing Labour elite to change their party; they were worried that Labour had to adapt for fear it would not prosper. Here, the party system was instrumental because it affected these strategic choices adopted by party actors. It must be noted that the Labour elite may have feared their party would disappear but were more determined to maximise its office seeking capacities: Although preferable to extinction, surviving within the system was insufficient; prospering was the objective. Of course, while electoral outcomes may have promoted Labour's change per se; they did not specify the actual form that these changes would in fact take.

In their path breaking electoral study of the 1960s, Butler and Stokes located three dimensions of political-electoral change: (1) replacement of the electorate over time; (2) alterations in the electorates enduring party alignments; and (3) change in the electoral response to the immediate issues and events of politics. While they over emphasised the role of each individual elector (when

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[36] Jan-Erik Lane and Svante Erison, <u>Politics and Society in Western Europe</u>, London: Sage 1994 p40.

aggregated) at the same time at they downplayed the role of ideas (when sponsored by political actors), they did recognise that "the sources of electoral change are to be found in the electorate itself only in the most proximate sense" [37] and rightly suggested that political scientists need to "look beyond the electorate to its environment" [38]. Of the factors that determine party change (not merely electoral change), the reaction of the party to the environment in which it is situated is central. Environmental contexts set the parameters within which party's act by constraining their strategies, limiting options, and structuring available choices: external stimuli matter. The environment of a political party embraces the following interrelated dimensions:

(1) governmental-institutional (the form of the state, the rules of the constitutional system, election law and system, electoral cycles);

(2) political-ideological (the form of ideological engagement, the climate of opinion, policy orientation on the part of actors and electors);

(3) political-electoral (electoral outcomes, public opinion, the party system, electoral pressures);

(4) socio-economic (economic factors, social composition, demographic considerations).

Together these may be defined as a series of arenas in which resources are exchanged and where parties interact with each other and with other social and political actors. *Of these environments two are of particular significance: The political-ideological and the political-electoral. They provide two closely inter-related factors which provoke party change as a reflection of wider political change.*

Angelo Panebianco observes that "Electoral defeat and deterioration in terms of exchange in the electoral arena are classic types of external challenges which exert very strong pressure on the party" [39]. In electoral terms, each party exists only in terms of the relationship historically formed with electors and other political parties: Its political- electoral environment is affected as patterns of political attachments are challenged by alterations in the substantive attitudes of voters to parties. The electoral environment counts: Parties are all too often forced to react to changing electoral circumstances, change can be the response made following party competition when defeat within the electoral cycle is interpreted to require the unsuccessful party to reconstruct its appeal. Alternatively, victory may vindicate the successful party and drive it on. There are of

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[37] David Butler and Donald Stokes, Political Change in Modern Britain, London: Macmillan 1974 p8.

[38] ibid.

[39] Angelo Panebianco, Political Parties, Op Cit p243.

course a series of constraints that impinge upon party activity, Among them, for example, the fact that experience of office and opposition bring with them very different external influences, as do different electoral outcomes.

Much of the contemporary literature on party and party system change focus on the impact that the electoral environment has upon party identity [40]. Most environmental explanations of the changing form of party competition derive from the socialisation model devised by Butler and Stokes. Ivor Crewe and Bo Saalvik suggest that the British electorate underwent a partisan and class dealignment in he 1970s and 1980s [41]; Mark Franklin emphasises the importance of issue voting in the wake of the decline of class identification [42]; Himmelweit et al describe the electorate-party relationship in a consumer-producer relationship [43]; and Heath et al argue that party-led political activity were more influential in bringing about political change than changes in the sociological composition of the electorate [44].

The impact of electoral politics upon party change cannot be underestimated. It is widely suggested that party change is to sustain an electoral position considered (or demonstrated) to be in doubt; a reaction to a sustained electoral shock. The weakening of party association (and the concomitant rise in issue voting) gives parties the opportunity to appeal to electorates previously beyond their influence, bound as they were by ties of association and partisan identification to opposing parties. It also questions the ties of association parties have previously established with sections of the electorate within the party system. A decline in party identification and a rise in

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[40] That electoral instabilities often exaggerated is illustrated by Bartolini and Mair: "Mean volatility in Western Europe in the supposed era of change from 1966 to 1985 proved to be just 00.1% higher than in the period of steady state politics from 1945 to 1965" Stefano Bartolini and Peter Mair, (eds) party Politics on Contemporary Western Europe, West European Politics, Vol 7 No 4 1984; Peter Mair and Stefano Bartolini, Identity, Competition and Electoral Availability: The Stabilisation of European Electorates, 1885-1985, Cambridge: Cambridge University Press 1992 p xvii. Cf Peter Mair, Myths of Electoral Change and the Survival of Traditional Parties, European Journal of Political Research Vol 24 pp121-33.

[41] Cf Ivor Crewe, Bo Saalvik and James Alt, Partisan Dealignment in Britain, 1964-77, British Journal of Political Science, Vol 7 pp129-90; Ivor Crewe, Partisan Dealignment Ten Years On, West European Politics Vol 6 1983; Ivor Crewe and David Denver, Electoral Change in Western Democracies: Patterns and Sources of Electoral Volatility, London: Croom Helm 1985.

[42] Mark Franklin, The Decline of Class Voting in Britain, Oxford: Clarendon Press 1985.

[43] Hilde Himmelweit (et al) How Voters Decide, London: Academic Press 1981.

[44] Anthony Heath, Roger Jowell and John Curtice, How Britain Votes, Oxford: Pergamon Press 1985; Anthony Heath et al, Understanding Political Change: The British Voter, 1964-1987, Aldershot: Dartmouth 1991.

issue voting has a duel effect: It creates a turbulent electoral arena, "one in which the 'belonging' vote is reduced and the 'opinion' vote greater.... the greater the proportion of 'opinion' over 'belonging' voting, the greater the (potential) electoral fluidity and thus the greater the degree of environmental uncertainty" [45]. Forced to compete for votes within a more deregulated electoral marketplace, parties are obliged to organise themselves to respond to electoral demands. They have to build electoral support and cannot take for granted the traditional support they previously could rely upon. Parties are thus more likely to adapt to changes in the competitive environment in which they are located [46].

Because party change involves the realignment of a party within a continuing party system the interaction of electors and parties is significant: "[T]he electoral base of a party will change as the society itself changes, either as a result of socio-economic change or demographic change. The politics of party will also be subject to modification over time, in response to changing needs, changing demands and changing constraints" [47]. This phenomenon is often alluded to: It is, of course, a reflection of political and not just electoral facts. *Because electoral phenomenon reflect political rationale, explanations must uncover not only how electoral environments change but how parties react to these changes and subsequent political consequences.* Obviously variations in electoral support are explained by a number of variables many of which are sociological (if not psychological) in origin involving social class, demography, occupation or even political or ideological value orientation. The impact of these variables may be long term rather than short term, but they clearly involves a shift in the level of electoral attachment to party organisations [48]. *While electoral factors have a significant impact on parties obliged to market themselves in the*

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[45] Angelo Panebianco, Political Parties, Op Cit p209. Richard Rose and McAllister claim: "The electorate today is wide open to change: three-quarters of voters are no longer anchored by a stable party loyalty determined by family and class.... The question facing many voters today is not weather to maintain an established party loyalty. It is: which of the parties supported in the past should I vote for next time?" Richard Rose and Ian McAllister, Voters Begin to Choose, 1 1986 p1; Cf Richard Rose and Ian McAllister, The Loyalties of Voters, London: Sage 1990.

[46] What Panebianco describes as provide an arena "in which relations between parties and other organisations take place. They are like gaming tables at which the party plays and obtains, in accordance with its performance, the resources it needs to function". Angelo Panebianco, Political Parties, Op Cit p207. Foremost among these resources is electoral support. Parties are not static organisations but living organisms, the product of a historical process, one in which the present is heavily constructed by the past, conditioned as much by past events and previous electoral outcomes as by the anticipation of future benefits and incentives such as office and, more rarely, the opportunity to enact policy.

[47] Peter Mair, The Problem of Party System Change, Op Cit p255 .

[48] ibid. This phenomenon can also be traced to shifts in the basis of partisan support due to alteration in party identification and social cleavages; Cf Russell J Dalton et al, Electoral Change in Advanced Industrial Democracies, Op Cit.

quest for electoral support the political-electoral environment is but one type related to other environments, each of which impacts upon a given political party.

With regard to electoral impacts on the process of party change in the UK since 1979, much has rightly been made of the Thatcherite electoral domination of a period which saw four consecutive electoral victories for the Conservative Party. Electoral success was a common feature of the 1980s and granted the Conservative Party a monopoly of office between 1979 and 1997, if at times its electoral base appeared somewhat shaky in between elections (1980-82, 1984-86, 1989-90, and, crucially, 1992-97 when John Major's "luck" as it were, ran out). Election outcomes are important in promoting party change; the historical course of British politics has been affected by the fact that the Conservatives won four consecutive elections at the same time that Labour lost them. Robert Harmel and Kenneth Janda propose a useful typology by which election outcomes (as impacts upon parties) can be classified: (1) calamitous; (2) disappointing; (3) tolerable; (4) gratifying; (5) triumphal [49]. Applying this typology the four UK general elections to 1992 could be defined according to the outcome for both Conservative and Labour parties: (1) 1979 was disappointing for Labour and gratifying for the Conservatives; (2) 1983 calamitous for Labour and triumphal for the Conservatives; (3) 1987 calamitous for Labour and triumphal for the Conservatives; (4) 1992 disappointing for Labour and gratifying for the Conservatives. These electoral outcomes all had significant impacts upon each party and the calamitous defeats of 1983 and 1987 have been defining moments for the Labour Party (as well as spurring on the Thatcherites running the Conservatives).

Where Harmel and Janda associate change with past electoral performance (in their view this is "a necessary, though not necessarily sufficient, condition for party change") [50], they only factor in the impact of electoral performance over the two year period following an election (after this period they assume erroneously that the impact of the election ceases). Cumulative impact is a significant factor they appear to overlook [51]. For reasons established in the previous chapter, Labour's interpretation of its 1983 defeat was not as significant in 1985 (in terms of party change) as it was in 1995 following the experience of both the 1987 and 1992 defeats. The outcome of the

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[49] Kenneth Janda, Robert Harmel, Christine Edens and Patricia Goff, Changes in Party Identity: Evidence from Party Manifestos, <u>Party Politics</u> Vol 2 No 2 1995 pp171-96. Cf Robert Harmel and Kenneth Janda, An Integrated Theory of Party Goals and Party Change, <u>Journal of Theoretical Politics</u> Vol 6 No 3 1994 pp259-87.

[50] Robert Harmel, Kenneth Janda, Uk Heo and Alexander Tan, Performance, Leadership, Factions and Party Change, <u>West European Politics,</u> Vol 18 1995 p1-33 p11.

[51] ibid.

1987 and 1992 elections, the first in particular, reinforced the impact of the 1983 election defeat and the implications that sprang from it. For the Blair circle today the memory of the 1983 election result as much as that of 1992 is an important incentive underlying their modernisation project. *Cumulative electoral shocks across electoral cycles are therefore extremely significant.* Subject to the 'external shock' electoral defeat brings Labour did not alter its appeal immediately on the morrow of defeat in June 1983 nor in April 1992. Dennis Kavanagh suggests that "parties adopt or disavow policies not only to win forthcoming elections but also as a response to past electoral outcomes" [52]. They do both simultaneously: Parties react to electoral defeat in order to forestall further defeat (assuming they acknowledge the importance of successful office seeking).

Of course electoral defeat is only one external stimuli among many. In adopting Harmel and Janda's typology of electoral outcomes, it is important to distinguish between calamitous and disappointing elections. A calamitous election is one evidenced by a large loss of seats or votes; a disappointing election a sharp rebuke recorded by a small loss/ minimal gain when sizable gains are expected. The distinction between these is a matter of degree, but both signify political defeat and exclusion from office. A comparison between Labour's calamitous defeat in 1987 with the more calamitous defeat of 1983 is a case in point. This illustrates that Harmel and Janda's expectation that a calamitous election result should promote change more readily than a disappointing election is misleading. Thus 1992, a disappointing result for Labour according to Harmel and Janda, was in fact more than calamitous for the party coming as it did in the wake of three earlier defeats. Labour changed more dramatically in the wake of the 1987 and 1992 defeats that it had in the wake of the 1983 reverse: *Cumulative effects matter dependent upon the manner in which external stimuli are interpreted by the party as an organisation. As such an external stimuli such as repeated electoral defeat does not of themselves automatically result in party change. Other factors contribute.*

By themselves, electoral factors (defeat or victory) are not the only factors involved in the process of party change. It is too simplistic to assert that defeat in an electoral cycle automatically impels a party to undergo a process of change in the way that night follows day. Parties may be forced to change when they have performed badly in an election but this is not an instant reaction. Party change is akin to a juggernaut turning, a slow process where adaptation over time rather than a rapid reaction is the norm: *The form that party change takes is produced by factors other than electoral outcomes.* The impact of political-ideological-electoral environments (when they unfavourably affect the party) provides an external stimuli for each political party which can

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[52] Dennis Kavanagh, Thatcherism and British Politics, Oxford: Oxford University Press 1990 p313.

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encourage party change; such an external stimuli, an external event (or events) which produce a shock of some form, are easily and commonly typified as an unfavourable electoral outcome, an ideological shift in public policy, an elite realignment across party or else a combination of all three. Such external shocks usually present themselves as a trend, a measurable and verifiable shift over time.

Of course, the impact of any environmental context or external shock can not be assumed; parties are to some extent free agents, they do not react to an external stimuli but choose when and how they respond to it. In his study of the origins of party change from one organisational form (mass-bureaucratic) to another (electoral professional), Panebianco suggests that change is the product of an 'external stimulus' (environmental or technological) which joins forces with 'internal factors' (leadership change, an alteration in the governing or dominant coalition which governs the party). External stimuli as interpreted by the party internally provides a change incentive; external stimuli are not merely the given rationale or the universal explanation of party change. Rather, party change is the product of an internal response to external circumstances; it is, in short, for the most part leadership-led, evidenced in a shift in the outlook of party elites. A hypothesis can be easily advanced which associates party change with poor electoral performance but the instigation of party change can only be fully understood in reference to the manner in which the party internalises its external experiences; by itself an external stimuli is an insufficient explanation for party change. As Harmel and Janda observe "While the good reason (ie, stimulus for change) may be externally induced, the designing and successful implementation of a responsive change will be highly dependent upon internal factors" [53]. In short, the significance of the environment (as perceived by any political actor) is heavily influenced by an intra-party response which realigns the party in line with perceived changed circumstances.

Over time the outcomes of the 1979, 1983, 1987, 1992 general elections all collectively impacted upon Labour. An internal party reaction to an environmental context is facilitated by a 'significant authority', usually the dominant coalition within the party, most obviously the leadership (but perhaps a faction with the ability to oppose the dominant coalition). Angelo Panebianco has developed this notion of a 'dominant coalition'[54]. It is commonly suggested that party leaders decide if a party should change in light of prevailing (usually electoral) circumstances but their ability to instigate change is dependent on a number of factors. Contra classical Downsian theory,

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[53] Robert Harmel, Kenneth Janda, Uk Heo and Alexander Tan, Performance, Leadership, Factions and Party Change, Op Cit p2.

[54] Angelo Panebianco, Political Parties, Op Cit

party leaders are not always free to impose their will on the party. Although never entirely autonomous the degree to which they are free to define the party identity is contingent on a variety of exogenous and endogenous circumstances. These change over time dependent upon the political and organisational composition of the party they lead. It is easier to initiate change where strong leadership structures apply than where the periphery (or sub-leadership elites) enjoy a degree of autonomy. Over the past twenty years the Labour Party exemplifies a transition from an organisation with severely limited leaders to a party with strong leadership structures, one where an Inner Core Elite is able to determine the direction in which the party travels.

The instrumental difference between party leaders and other party actors in terms of the ability to steer the party ship of state cannot be stressed too highly. The course of the 1980s demonstrates that (once free to act) it is leaders (elites and sub-elites) and not followers that (with periodic exceptions) have their hand firmly on the tiller of the party ship. They control the rudder of the boat subject to the various internal constraints brought to bear upon them. Because external environments impact upon parties, electoral defeat(s) can serve to empower the party leadership (at the same time as it can damn the individual party leader made to pay the price for defeat). Michael Foot's loss in 1983 paved the way for a new executive leadership under (eventually) Neil Kinnock and Tony Blair the like of which the Labour Party as an organisation had not seen.

The more pronounced the defeat, the more power was granted the Labour leadership. Labour's modernisation was sold to the party not as an end in itself but for a definable purpose; winning office at subsequent general elections. Party change may therefore be considered a price well worth paying for a long awaited electoral advance. How is this sold to the membership? The significance of the primary goal(s) of a particular party cannot be underestimated: *The internal motivation which underpins party change as a reaction to an external environment is therefore a significant factor in any explanation of party change*: Parties may change because they decide their present identity set and/or activity prevents them from achieving their objectives. *Here, the question of primary goals arises where party objectives, based upon the strategy they adopt to secure a series of designated ends, are reflected in the set of primary goals that are emphasised.* The rational choice tradition of explaining party competition focuses on three established models of competitive behaviour. These are three forms of behaviour in which political parties can engage: Vote Seeking; Office Seeking; and Policy Seeking [55].

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[55] Robert Harmel and Kenneth Janda, An Integrated Theory of Party Goals and Party Change, Op Cit.

A distinction between vote maximisation and office maximisation cannot be made with regard to each of the two major parties in the United Kingdom. Here, (for the major contenders for government office under 'two party politics in a three party system') vote maximisation and office maximisation amount to the same thing; coalition government is more than an exception within a majoritarian political system which confers office exclusively in term of vote share and party alternation in government. In the UK system, the breadth of electoral support needed for office may be quite small given that the plurality system more often than not can grant large Parliamentary majorities to the largest minority party. Office seeking and policy seeking (bearing in mind the non-distinction between vote and office seeking for Labour and Conservatives in the context of the UK) provide two distinctive forms of party behaviour. Firstly, office seeking leads the party to develop strategies for winning elections in the quest for executive office. Secondly, policy seeking requires strategies which articulate issues and ideology as specified by perceived group interest. Both are interdependent forms of behaviour, present simultaneously within any political party and, depending on time and circumstances, one or other may be dominant. In distinguishing office and policy seeking Budge and Keman suggest that four considerations apply: (1) office is valued for its own sake; (2) office is considered a means of advancing policy; (3) policy is valued as a means of achieving office; (4) policy is pursued for its own sake [56]. Of course, for reasons advanced in the text, these are not necessarily exclusive: parties can demonstrate a mix of the two and thus party strategy is often a trade off between competing interests.

Neither pure office seekers or pure policy seekers, major parties do not exist in order to either win and hold governmental office as an end in itself or to introduce distinctive public policies: They do both. Parties can seek office not just for office maximisation but also for the purposes of policy influence. Few mainstream political actors publicly seek office by expressing the desire to hold office as an end in itself; equally few actors would claim a desire to policy seek at the expense of office maximisation [57]. *The relationship between office seeking and policy seeking is one of complex inter-dependence. Separately and collectively both objectives are significant, both are present within any political party, and it is contemporary political circumstances (external factors) and the balance of power within the party organisation (internal factors) that determine the relationship between these goals.*

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[56] Ian Budge and Hans Keman, Parties and Democracy: Coalition Formation and Government Functioning in Twenty States, Oxford: Oxford University Press 1990.

[57] Cf Kaare Strom, A Behavioural Theory of Competitive Political Parties, American Journal of Political Science Vol 34 No 2 1990 pp565-98: "Pure vote seekers, office seekers, or policy seekers are unlikely to exist. We can empirically identify party objectives, or mixes of objectives, through manifest party behaviour" p570. Cf Kaare Strom, Interparty Competition in Advanced Democracies, Journal of Theoretical Politics, Vol 1 1989 pp277-300.

The twin goals of vote maximisation and policy advocacy are mutually interdependent but may well be expressed separately in an antagonistic relation: One will usually come to the fore at any given time depending upon the internal and external factors that impinge on the organisation. The dominant goal motivation depends upon the particular stimuli: The view that electoral defeat is considered a factor in party change presupposes that electoral success in itself is the primary goal which motivates party activity; equally, policy failure in office can lead parties in opposition to prioritise policy seeking. The prospect of office (after years of opposition) may act as compensation for a party unwilling to policy seek in the manner it did previously. Here, the primary goal of office seeking has become the dominant objective. Similarly, a party ejected from office in the wake of an indifferent or poor record in government may find the leadership the subject of internal criticism in light of its perceived failures. Here, policy seeking may come to fore as the party attempts to react to the loss of office. This is evidenced in different forms by Labour post-1979 and the Conservatives post-1974 in the wake of the perceived failures of the Heath and the Wilson/ Callaghan administrations. On both occasions office seeking strategies advanced by the leadership inner circle were seen to be flawed and policy seeking strategies promoted in their place as the dominant objective. *Hence, party change can be measured as a process of selecting as a dominant objective one primary goal from another.*

Having prioritised office seeking as their dominant objective parties are likely to accept the need for party change in the pursuit of this goal at the expense of radical policy seeking in line with traditional ideological predilections; the more pronounced their electoral failure the more likely (and the more dramatically) they are to change. A prescriptive programme of action is advanced (most usually by the dominant coalition) to solve the 'crisis' of the party and negotiate obstacles in its path in order to secure the preferred objective. If, as is usual, the external stimuli (as internally perceived by the dominant coalition) that has brought about the 'crisis' of the party is electoral in origin this will inevitable result in the leadership offering a office seeking strategy in place of a policy seeking strategy been deemed to have been the author of the party's misfortune[58]. *Thus party change is facilitated by external pressures as they are internalised by the party itself: The prioritisation of one primary goal over another is dictated by the party's internalised reaction to its external environment.* Together, these endogenous and exogenous factors together

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[58] Richard Katz and Peter Mair: "The immediate source of change....is to be found in the internal politics of the party. Often, however, the ultimate source is in the party's environment...This dynamic aggregates to the observation that parties adapt to changes in their environments" Richard Katz and Peter Mair, Party Organisation: A Data Handbook on Party Organisation in Western Democracies, 1960-1990, London: Sage 1992 p18.

provide the dynamic for change [59] but exogenous factors are key. To recap: If change is induced by exogenous factors, then critical actors within the party must first perceive environmental impacts and assess their probable effects.

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[59] Angelo Panebianco, <u>Political Parties</u>, Op Cit.

Chapter 7

Party Competition Driven Party Change: The Politics of Catch-Up.

7.1 A Theory of Party Competition Driven Party Change.

7.2 Defining the Political Middle Ground: Exploring the Politics of Catch-Up.

7.3 Explaining Labour's Transformation: Modernisation and the Politics of Catch-Up.

7.1 A Theory of Party Competition Driven Party Change.

The experience of defeat in 1979, 1983, 1987 and 1992 led the Labour Party to prioritise office seeking over policy seeking. Its interaction with its environment lay at the heart of its modernising project. Of course, the impetus for change may be identified where electoral factors are deemed to promote party change but the rationale that dictates the form that change takes is not; further investigation need to be initiated. How should a party successfully office seek? Which policies should it seek to promote? Electoral outcomes convey two specific messages to the defeated political party. First, that the party has lost. Second, the manner of defeat (as interpreted by the party itself) is explained. Hence, electoral defeat provides an external stimuli provoking party change by leading the party to interpret the rationale for change where electoral pressures convey political impacts to parties.

The political-electoral environment often reflects a dominant political-ideological environment. In the case of Labour's transformation, an specific ideological reaction was seen to be a necessary response to its electoral predicament. Electoral outcomes communicate political changes and so Labour's accommodation to the neo-liberal politics advanced by actually existing Thatcherism was a reflection of an altered politics which found expression in the political outcomes of the 1983, 1987 and 1992 general elections. Labour's defeats provoked the party to 'modernise' itself, by changing in order to embrace many of the changes that had been undertaken by the Thatcher and Major governments. Having (on its own admission) lost the 1980s and the early 1990s, Labour's gradual acknowledgement of an alteration in its electoral environment went hand in hand with the perception of a shift in the ideological climate of British politics, the one reinforcing the other. Over time, party change affects the party's location within the ideological continuum that characterises the prevailing form that party competition takes within the electoral marketplace.

As conservative (small c) organisations likely to adapt themselves to perceived changes in circumstances in as familiar a fashion as possible, parties do not change frequently or easily. They owe much to the political tradition deriving from the families spirituelle from which they arise. Historically, a party of the left moving to the right rarely becomes a party of the right, or visa versa. While a party of the left can move to the right, it may occupy an ideological space that is still to the left of its right-wing opponent. It is exceptional for established parties of left and right to leapfrog one another on an ideological space. Prisoners of their history (and of their identified electorates), parties are often obliged to act tomorrow in keeping with the tradition of what they did yesterday. Here, should the Conservatives move leftward they still present themselves as a party of individualism, the property owning democracy, while Labour, should it move rightward has still to offer a political appeal which meets its electorates desire for social reform to secure the good society.

A party's propensity for change is coloured by its 'genetic code': its historical background, past ideological associations, traditional identity and the various expectations voters and political commentators have of it. Any internal challenge to a reform programme advocating party change is usually based upon three criticisms: (1) it is a break with continuity and a rejection of traditional practice; (2) a betrayal of traditionalist first principles; (3) it undermines party identity and its basic political mission. Internal constraints that inhibit the freedom of manoeuvre open to advocates of change include: (1) the expectations of other party actors (sub-elites; activists and members); (2) traditional appeal and genetic code; and (3) the internal balance of power within the party favouring either the leadership or other political actors. In contrast, a number of claims are advanced in defence of a reform strategy: (1) Maintaining continuity; securing traditional values in a modern setting, applying fundamental values to, say, the politics of the 1990s; (2) Fidelity to abiding and established principles; (3) Preservation of party identity; and (4) Achieving collective goals, usually ensuring the electability of the party. In the case of the Labour Party advocates of change have been careful to associate themselves with these claims listed here. The less constrained the party leadership, the more negative the impact of environmental stimuli upon the prioritised primary goal, the more likely party change will be.

If social structure determines electoral choice, parties are at best mere by-standers in the electoral process who will, at best, have marginal effects on electoral outcomes. They would have no purchase on pre-ordained, endogenously determined electoral preferences. If, on the other hand, short term forces dominate, then such outcomes can be strongly influenced by party strategies when electoral attitudes are open to exogenous influence. If it is accepted that party strategies are so influential, a series of theoretical questions follow: To what extent can political parties affect

electoral outcomes? Can they exercise control over the process of party competition and so influence the political terrain upon which that competition takes place? An effective analysis of party competition should consider the impact that wider political change has upon the mode of interaction that characterises the relationship between parties and electors. The role of electors and political elites are inextricably linked; the sociology of politics too often focuses on the political consumer at the expense of the political producer; it should account for both. As Giovanni Sartori argues "a party system is only a response to the consumers demands but it is equally a feed back of producer's options. There can be no consumers without political entrepreneurs, just like there cannot be political entrepreneurs without customers" [1].

Parties are the beneficiary of public support where voters individually make collective choices by choosing between options presented to them. The importance of an electoral marketplace lies not just at the moment of electoral choice but through party competition across elections when a series of elections provide cumulative snapshots not only of electoral preferences but also political outcomes over time. Party change may be a response to electoral outcomes but also a response to other types of change that alter the external environment in which the party is located. Party competition is a necessary part of the elective process, a two way process of engagement in which voters communicate their opinion of party appeals and parties express their intentions. Here, electors respond to the promises offered by parties at the same time as parties criticise the promises offered by their opponents. Neither voters nor parties are autonomous. The form of party competition is not set by voters alone but is subject to the interaction of parties with electors and, crucially, the interaction of parties with other parties: This is all too often ignored. The electoral responses of voters as much as the promises offered by parties are shaped both exogenously and endogenously. Where political actors lead, citizens as electors may or may not follow and visa versa.

The actions of political parties, successful or otherwise, impact upon their political opponents. Here, because party competition is a finely balanced 'political eco-system' where the actions of participants have consequences (both intended and otherwise), the dynamic of competition clearly has an effect upon parties. As intermediatory organisations between citizens and the state parties are not a dependent variable [2]. As organising structures which seek to link electors to government,

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[1] Giovanni Sartori, The Sociology of Parties, in Peter Mair (ed) <u>The West European Party System</u>, Oxford: Oxford University Press p179.

[2] Giovanni Sartori ibid; Giovanni Sartori, From the Sociology of Politics to Political Sociology, in Seymour Martin Lipset (ed), <u>Politics and the Social Sciences</u>, Oxford: Oxford University Press

parties are the cornerstone of the entire process, a bulwark of the stable, albeit gradually evolving, party system. Identifying the source and dynamic of political change in relation to political parties requires analysis of the process of party competition. Institutionalist explanations (the role of the state and its institutions; the environmental governmental-institutional arena) usually have a permanent impact on the roles that established parties play; any explanatory value they have is in an analysis of long-term stability rather than medium or short term change. Sociological explanations (the influence of social structures) are a different matter, together with political explanations (electoral and elite opinions, attitudes and values) they cannot be taken as given; but do have an impact on why (and when) parties change and how they can make a contribution to political change.

Parties win and lose in the process of party competition: In a two-party system, should party A win party B must lose. The explanations of success and failure are necessarily objective but are evaluated subjectively by commentators and analysts and by parties themselves. Party competition is a mediating force in facilitating political exchanges between parties and the electorate. As an important factor in political change, it is an arena within which resources are exchanged and where rival philosophies may battle it out. Here, some win while others lose; two-party competition presupposes a hierarchy of winner and loser, it has a significant effect upon political outcomes. Party competition matters.

Anthony Downs argued that parties follow voters by taking a position on a set of issues and tailoring that position according to calculations of electoral advantage. Downs' proximity model placed the dynamic of electoral competition in a rational choice framework which suggested: (1) each voter can be represented by a point in a hypothetical space which when aggregated represents the distribution of voter preferences; (2) the policy stance of each party can be located in the same space; (3) voters judge parties on their proximity to their own preference profile and cast their vote accordingly; and (4) parties in turn adjust their appeals to reflect this median voter preference profile to maximise their potential vote to gain governmental office. Here, Downs' model is predicated parties are vote maximisers and voters interest maximisers; both behave analogously to producers and consumers in an economic marketplace[3].

The Downsian model suggests that median voter convergence grants sovereignty to the voter as

1969; Giovanni Sartori, Parties and Party Systems, Op Cit; Cf Steven Wolinitz, The Transformation of Western European Party Systems Revisited, West European Politics Vol 2 No 1 1979 pp4-28.

[3] Anthony Downs, An Economic Theory of Democracy, New York: Harper and Row 1957.

consumer whose electoral preferences are determined endogenously; as a result parties, in order to secure electoral advantage, reflect voter preferences. The key assumptions and predictions of this model include rationality; proximity; and that parties locate to the median voter's dimensionality. Predicated upon a belief in voter preferences being unaffected by party competition, the original Downsian model saw office seeking as the only feature of party behaviour. There are of course limits to this model. Contra Downs, parties do not always respond to voter preferences as determined by voters themselves; they are not free to simply accommodate voter preferences whatever they may be. Vote maximisation (where parties office seek to the exclusions of everything else) is an ideal expectation because parties also represent certain policy perspectives. Gaining elective office, a necessary precondition for policy influence, is commonly both end and means not simply, as Downs would have it, an end in itself. It is one primary goal among many.

Parties are different and, while capable of engineering dramatic shifts in their public identity over time, they have identifiable beliefs and traditions that act as a break on the fluid opportunism identified in the Downsian model. Parties rarely agree upon a given policy package on the same political issue: Not all points in the policy space are open to all parties [4]. This relates to the notion of a genetic code outlined above, one which acts as a break on change rather than preventing it taking place. The core proposition of the Downsian model of party competition that party leaders are always and everywhere rational vote maximisers and never policy seeking ideologues should be rejected. Parties do not always formulate policy in order to secure election as Downs would have it; neither do they always seek election in order to implement policy. Both office and policy seeking objectives, whichever comes to the fore is dependent upon the situation in which the party finds itself. In the early 1980s, Labour and Conservatives did not position themselves closest to the point of median voter convergence on the basis of a pragmatic appeal, one ill distinguished from their chief competitor. Instead they gave preference to what might be loosely be termed

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[4] Downs' preconception is that parties change within the existing electoral system by adjusting their appeal in line with voter preference. By contrast, party leaders can influence voters by making salient those issues that maximise the party's potential vote. Rather than simply giving electors what the majority want, parties also compete with one another by emphasising different issues rather then by taking different positions on the same issue. This selective emphasis of issues promotes electoral choice between selective policy agendas not specific alternative policies addressed to items on a universal agenda. Here: "The idea that parties compete by emphasising the importance of different issues stands in sharp contrast to the traditional view of competition as parties offering different policies to the electorate on the same issue(s)" Ian Budge and Dennis Farlie, Party Competition -Selective Emphasis or Direct Confrontation? An Alternative View with Data in Hans Daadler and Peter Mair (eds), Western European Party Systems: Continuity and Change, London: Sage 1983 p 269. Parties invite (or entice) electors to choose between policy packages rather than giving them what they want. This indirect policy confrontation, where parties act as political actors arguing their own favoured issues, is one of selective emphasis where parties seek to set the agenda rather then just respond to a median voter.

ideology over pragmatism and abandoned the pre-1979 political 'middle ground'. Downs' argument that parties are not bearers of policy agendas but simply seek to reflect existing electoral preferences is wrong. Parties do not necessarily formulate policies to win elections but can win elections to implement policy. The assumption that voter preferences are fixed and unchangeable has been the subject of sustained criticism. The phenomenon of Thatcherism itself creates considerable difficulties for the classical Downsian model.

'Preference accommodation' (the classic Downs model) has been challenged by a theory of 'preference shaping' where, rather than simply alter their policy stance in line with voter opinion, parties can attempt to change voter opinion in line with their own favoured policy stances. Patrick Dunleavy's preference shaping model of party competition argues that parties can attract electoral support by developing, shaping or changing political choices in their favour [5]. In similar vein the directional voting model offered by Rabinowitz and MacDonald also suggests that parties can generate a stimulus for voters to vote for them. Controlling for "extremism" they argues that: "The more intense a candidate is on an issue the more the candidate generates interim support or opposition with regard to that issue. By taking clear, strong stands, candidates can make an issue central to [electoral] judgements about themselves" [6]. Dunleavy suggests that "using state power for partisan advantage allows party leaders to keep their existing policy commitments and ....devise public policy measures that will change in a direction favourable to their party purposes the shape of the curve showing the aggregate distribution of preferences" [7]. He identifies four main strategies in which parties can use political actions to secure partisan advantage: (1) Engineer favourable changes in the social structure; (2) Target particular groups for special treatment; (3) Use state power to change what voters want or what they see as feasible; (4) Alter existing institutional arrangements in ways that confer partisan advantage [8].

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[5] Patrick Dunleavy, Democracy, Bureaucracy and Public Choice, Hemel Hempstead: Harvester Wheatcheaf 1991; Patrick Dunleavy and Hugh Ward, Exogenous Voter Preferences and Parties with State Power: Some Internal Problems of Economic Models of Party Competition, British Journal of Political Science Vol 11 No 3 1981 pp351-80.

[6] G Rabinowitz and SE MacDonald, A Directional Theory of Issue Voting, American Political Science Review Vol 33 No 11989 pp 93-121.

[7] Patrick Dunleavy and Christopher Husbands, British Democracy at the Crossroads, London: Allen and Unwin 1985.

[8] Patrick Dunleavy, Democracy, Bureaucracy and Public Choice Op Cit . Dunleavy makes much of governing parties ability to use the state to engineer a shift in the aggregate distribution of preferences and change individual voter preferences in their favour by (1) utilising partisan social engineering; (2) adjusting social relativities; (3) context management; or by (4) institutional manipulation. He suggests that opposition parties can respond by attempting to preference shape by (1) capitalising on social tensions; (2) joint institutional management; (3) agenda setting; or (4)

If, as Downs would have it, electoral preferences are fixed and cannot be changed by party competition, parties demonstrate their suitability to meet those preferences rather than change them. Here, they simply find out what electors want and offer it to them. Of course, voter preferences are not static but change over time. If voters do not have fixed policy preferences parties can influence what these preferences are. As a result, voter preferences can be determined by party competition not simply by voters themselves: "The aggregate distribution of preferences is not autonomous from the process of party competition, but may be influenced by party strategies to some degree in both the short and the long term, as well as by a wide range of factors external and internal to the society being analysed" [9]. Parties are instrumentalist institutions in this process. Rather then react to electoral demands they can shape electoral wishes by offering promises and appeals or by criticising those offered by their opponents. They can therefore advance either reactive and/ or proactive strategies dependent upon the situation in which they find themselves [10].

Although it is suggested that electoral processes "should therefore be studied as a system in dynamic equilibrium, in which parties propose and voters dispose in sequential interaction" [11], voter demands must be distinguished from party promises. While involving exchanges between parties and electors, party competition does not necessarily imply that they are independent of one another. Parties do not just do what electors instruct them to do; they offer alternatives from which, ultimately, electors choose [12]. Hence, should parties respond to existing preferences (as

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generating high expectations. Ref. Preference shaping strategies deployed by the party of government granted access to the use of state power are more often then not successful.

[9] ibid p118-19, Dependent upon the degree to which " preference shaping strategies.. Change the A[ggregate] D[istribution of] P[references} curve or surface, peoples' policy tastes and issue preferences are determined endogenously within the process of party competition itself" p119.

[10] Although Dunleavy does not pursue the point, negative preference shaping is a significant issue in party competition. Here, rather than just cast themselves in as favourable light as possible, parties campaign by casting their opponents in as unfavourable light as possible. Certain electors voted Conservative because they were turned against Labour in 1983, 1987 and, as significantly, 1992. Parties can, through their own performance in either office or opposition, also "negatively" preference shape against themselves by alienating actual or potential supporters by their performance. An antipathy to Margaret Thatcher (the "That Bloody Woman" factor) may have swung some voters into the Labour or Liberal camps. Equally, Labour's record in government under Wilson and Callaghan in 1974-79, in opposition under Michael Foot in 1980-1983 or Neil Kinnock in 1992, may have been the factor in rallying some electors to the Conservative flag just as much as Tory efforts at preference shaping. Nonetheless, in either case parties can have power and as a result can exert some control over their situation.

[11] Pippa Norris and Ivor Crewe, In Defence of British Election Studies, Op Cit p19-20.

[12] Of course, they can respond to voter demands. Alternatively, they can give the appearance of doing so by adjusting their appeals in light of contemporary fads or other popular issues.

they perceive them) and change their public identity, the manner in which they respond to these preference is open to question. *Most often, parties (together with other political actors such as intellectual commentators, opinion formers, media critics) and not electors set the agenda as political issues, handed down from above, are a mechanism by which political elites address the mass. Electoral choices are not freely made, but largely given: the invitation to choose between one of two party alternatives for government is a limited choice, all the more so if the policy packages on offer from each alternative are largely similar. A clear distinction (absent in Dunleavy's work) can be made between electoral preferences and available choices. Hence, an elector casts a vote for one party rather than another not necessarily because that party meets his or her preference but because that is the choice made available to them* [13].

Not simply a passive respondent to external pressures, the political party can be a key player in shaping political issues to initiate an appropriate and favourable public response. Indirect links between electors and parties are mediated through the process of party competition and so the electorate is often placed in the role of jury, adjudicating between rival claims, and in so doing offering office seeking parties with an incentive structure that eventually impacts upon their behaviour. Preference accommodation strategies remains a viable option for a party which prioritises office over policy seeking. They are available to the party which cannot successfully preference shape. Unable to re-shape the electoral universe in their own likeness, parties are obliged for office seeking reasons to alter their policy seeking strategies. It is important to emphasise that, however important it may be, party competition is not reducible to electoral outcomes alone; voting behaviour is one thing and party competition another. Electoral outcomes are often an expression of political change and not just an explanation of it. Dunleavy argues that within party competition "parties choose tactics; in doing so, they help to define the political

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[13] Liberal democratic theory presupposes that for voters to take meaningful decisions they must understand the options on which they are voting. These options are presented to the electorate and not by them: they are given as aggregated packages and not as specific and separate items—within the electoral process votes choose to support parties not particular policy options. Choices are different from preferences. For example a restaurant diner is free to choose between eating beef (if he or she is foolhardy) or pork, but can not have fish if fish is not on the menu. Here, the restaurant constrains the choice the diner makes, not actively shapes the preference. Choice and preference are constrained (if not actively determined) in every electoral process. Parties can matter: Contra Richard Rose, parties can sometimes make a difference even if their influence only extends to constraining the choices that electors make. All choices and pre-determined; Should a individual wish to buy a car but is unable to afford a Rolls Royce they have to choose between, say, a Mini Metro and a Volkswagen Golf. A preference cannot be met but a choice can be made: always a preference is constrained by the choices that can be made. Because political parties define problems and offer remedies, the vision of popular control over public policy offered by the responsible party model is heavily circumscribed. Precluded from directly expressing their views with any real precision, citizens are at best able to influence policy only indirectly through an electoral choice not of their own making.

agenda and shape the choices that voters confront" [14]. His model defines the objective of party power within party competition as the ability to alter or influence voters political expectations, their normative evaluation of public policy or their perception of political realities. But, in addition to influencing voters, parties can also influence one another. *Parties also 'shape the choices that other parties confront' and so party competition can alter or influence party expectations, evaluations of public policy, and perceptions of political realities.* Rather than act as prisoners of electoral realities, parties, in attempting to reshape voter preferences (and, just as crucially, in altering public policy), impact upon one another: they can act as a vehicle by which political change is effected.

Political realities can be shaped by interactive parties seeking (successfully or unsuccessfully) to influence political opinion through party competition. Party competition, party driven rather than simply voter driven, is influenced by a top down process. In assuming that social determinants are influential in explaining electoral or political change, political explanations cannot be ignored. Although parties can be the agents and not just the prisoners of their own fate, they can also be the prisoners of other parties which either successfully relate or shape the environment in which party competition takes place. Where parties reshape electoral preferences in their own favour, they impact upon their party competitors. Where electoral predilections are considered to have changed in a manner favourable to one party and unfavourable to another, the penalised party will be forced to reassess its chosen strategy.

As argued above, poor electoral performance by itself, taken in isolation, is not sufficient to explain when and why (and, most significantly, how) parties change. Victory has its own incentives much in the same way as defeat. To reprisy of electoral impacts outlined in the previous chapter; a triumphal election both crowns the performance of the winning party at the same time as a calamitous election sees rivals vanquished; a successful election outcome vindicates the stance taken by the victorious party (and confers a mandate for its programme) and damns the unsuccessful loser. Cumulative effects are important. Parties experiencing triumphal elections may be able to set an agenda demonstrated by the vindication of their programme and appeal at the same time as that of their rival(s) is dismissed. On both occasions, successful and unsuccessful parties are influenced by the outcome of an election. *Party competition is therefore a form of 'elite actor interaction'. In contrast to the classical Downsian model (building upon that of Dunleavy) a model of party competition driven party change suggests that while electors do*

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[14] Patrick Dunleavy, Bureaucracy, Democracy and Public Choice, Op Cit p5.

influence parties, parties also influence electors and influence other parties [15].

In shaping electoral preferences parties can forge a new political map by way of establishing an electoral dominance, one that allows them access to office and leverage over government policy. In so doing, where dramatic change results from a party being able to policy seeking through successful office seeking, they can help reshape the political landscape. Where a party does not set out to consciously preference shape, party realignment within an existing political space presupposes it follows electoral preferences and responds to an altered electoral universe reshaped in the process of party competition. However the idea that parties change their policy package, hoping to create a new identity that appeals more to voters is only one side of the coin. In terms of explaining the impact of party competition on the wider political environment, party success (and the reasons which account for it) are as important as party failure: Which party wins, why they win and what they do as a result of winning is probably as important as who loses. Within a two party system, where one party is seen to successfully preference shape at the level of the electorate (as attested by its ability to successfully office seek), an unsuccessful party will be obliged to respond to that success and to its own failure to succeed. Successful parties can and do map out a dominant agenda, exceptionally they can make a major contribution to the process of political change as evidenced in alterations in the dominant political-ideological environment.

Party change engineered through party competition can reflect wider political change. The model of party competition outlined here combines both preference accommodating and preference shaping strategies. Where Dunleavy's model presumes that a successful political party can pull the position of the median voter in the direction of its choice by changing the aggregate distribution of preferences so altering the electoral environment, other parties (unable to alter the aggregate distribution of preferences) are obliged to take note of the changed environment. As a result, the defeated political party faces two choices: Either to seek to re-influence the preferences of the electorate or to accommodate to the electoral environment as shaped by its successful opponent. Preference shaping parties therefore co-exist alongside preference accommodating parties. *This process, 'the politics of Catch-Up', bridges the gap between the classical Downsian and the Dunleavy model of party competition. Arising from their interactions with electors (and other parties) parties do alter their position in a competitive space (as the Downs model suggests); some parties can successfully preference shape (as Dunleavy argues), while others can*

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[15] Principally, no doubt, by winning elections: Moshe Maor suggests that "an increasing number of scholars recognize the intra-party arena as the key for understanding party behaviour. Party behaviour is shaped and probably dominated by intra-party considerations" Political Parties and Party Systems, Op Cit p236. While intra-party arenas are important in understanding party behaviour inter-party relations may be more so.

alternatively preference accommodate. The relationship between parties (in contrast to that between parties and electors) is one both models need to address.

The choice between preference shaping and preference accommodating strategies dictates party behaviour [16]. Adopting a 'directional approach' leads a party to select policies which reflect a political value system derived from a long term ideological purpose. Conversely, the selection of a 'positional approach' sees a party 'sell' itself by more closely aligning its policy 'product' to what are seen to be prevailing electoral tastes (these are not necessarily preferences expressed in electoral opinions but preferences as expressed in electoral outcomes). The choice parties make between directional and positional behaviour is dependant on circumstance. A directional party will seek to pull the optimum point of the median voter across the political scale to either left or right. The positioning party (that which, when faced with a successful directional party, is unable to significantly alter voter perceptions in sufficient numbers to win an election) will, in time, acknowledge the changed political terrain and move to catch up with the new position in which the realigned median voter finds themselves [17].

Adapting Dunleavy then, the nature of party competition involves parties selecting between preference shaping and preference accommodation strategies so choosing the preferred method

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[16] Dunleavy rightly suggests that existing models of party competition offer too positive an image of electoral competition based on voter sovereignty: "The preference shaping model offers us an account of party competition in which the shape of public opinion....is determined endogenously within the competitive process" Democracy, Bureaucracy and Public Choice, Op Cit p144. While Dunleavy applies this concept to the elector-party relationship it can also apply to a party-party relationship. If the object of elections for office seeking parties is to win state power (put more moderately, office and the fruits that go with it) party competition provides an environment within which parties learn how to do things and adapt their strategies accordingly. If it is "logically necessary" ibid p253 to review the assumption that voter preferences are exogenously fixed we are also obliged to consider how parties relate to one another in the construction of the political agenda; the policies, ideas and values upon which party competition is so often based. "Multiple factors influence how party leaders choose between preference and preference accommodating strategies, rooted in the characteristics of the party systems and institutional arrangements of different countries" ibid.

[17] Of course, the tools and paraphernalia of electoral campaigning must be distinguished from party competition strategies; while compatible, the two are not the same thing. Campaigning practices are available to any party irrespective of the choice of a preference shaping or a preference accommodating strategy. The objective of any election campaign is to enhance the public identity of the party at the same time as unfavourably affecting that of their opponents. Electors interpret (and, more significantly, can have interpreted for them) these public identities. Here, "value" issues can drew distinctions between parties where policy platforms may not: the appeal 'it's time for a change 'or the claim that one party rather than another can 'make Britain great again', can make all the difference between a successful or an unsuccessful office seeking strategy. Public relation strategies, political marketing, personalised leadership are all part and parcel of the modern election campaign irrespective of the actual party competition strategy than is being followed: A theory of election campaigning is not necessarily reducible to one of party competition.

according to an assessment of contemporary political realities. The principle behind the notion of preference accommodation (as opposed to preference shaping) is that preference accommodating parties shift their location in a space to catch-up with a changed (usually defined as electoral) environment. Assuming that parties adopt a preference accommodation in order to accommodate to the realigned median voter. Dunleavy's model suggests that successful preference shaping parties so realign the location of the median voter that unsuccessful preference shaping parties are obliged to preference accommodate. *However, parties may adopt a positional strategy and so choose to preference accommodate not just in response to altered electoral preferences but as a reaction to the success of their political opponent: In explaining the success of the Thatcher-led Conservative Party after 1975, a distinction must be made between the influence exerted on the electorate and the impact that the Thatcherite project has come to have on the political elite; none more so than its principal competitor for public office, the Labour Party.*

7.2 Defining the Political Middle Ground: Party Change and the Politics of Catch-Up.

Thatcherism has so permeated the political life of the nation the influence of its value based political ideas enacted as policy has had considerable impact on political and not just electoral developments. No permanent coalition of voters endorsed the Thatcherite project and evidence points to the fact that at the level of the electorate the fabled 'Great Moving Right Show' is largely illusory. Despite the electoral success enjoyed by the Conservatives, persuasive claims are made that Thatcherism did not fundamentally alter the nation's political values. Clearly, certain social democratic values retained strong support among the public even at the height of the Thatcherite boom (as evidenced in opinion research on such matters as collective provision, welfare, and social responsibility). Among other evidence a MORI poll published by the Independent on the tenth anniversary of the 1979 election victory illustrated that a majority of the public did not share many of the core principles of Thatcherism [18]. An earlier MORI poll in June 1988, as Ivor Crewe suggests, demonstrated that given the choice between "a 'Thatcherite' and a 'socialist' society the public opted for the Thatcherite model on only 2 out of 5 dimensions, and then by small majorities..... After nine years of Thatcherism the public remain wedded to the collectivist, welfare ethos of social democracy".

Crewe argues that with the exception of privatisation, Conservative values failed to grow among

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[18] The Independent 9 May 1989.

the electorate between 1974 and 1987 [19]. Whatever its success in other fields (including the electoral domination it exerted between 1979 and 1992), Thatcherism did not succeed in (the long term) in reforming popular opinion on key political issues although, crucially, it was able to office seek and so policy seek when in government. The lasting consequence of Thatcherism demonstrates that party competition theories which simply examine party-elector relations (important as these are) may not in themselves fully illuminate the contribution that party competition makes to the process of political change (as evidenced in party change).

Party linkages provide a core focus for an evaluation of the political consequences of Thatcherism, as distinct from the impact it had on electoral attitudes. *The consequential interaction of parties can be only indirectly influenced by electoral outcomes. Here, parties may follow electors or follow where competitor parties lead: While electors can influence parties (Downs) and influence electors (Dunleavy) they also influence one another (subject to the fact that the interaction of parties with electors facilities the interaction of parties)*.Party competition involves a set of intra party interactions at the same time as it involves a series of party-elector relationships. Because these two processes are interrelated and help determine political outcomes, party competition can be a crucible of political change both within and between parties. An assessment of the dynamic (and impact) of party competition therefore requires an inter-party focus.

In analysing the impact of Thatcherism, too much should not be made of its electoral reception. The work of Stuart Hall on authoritarian populism all too often falls into the trap of suggesting that the ideological intentions of the Thatcher government were part and parcel of a strategy to wholly transform electoral opinions [20]. The objective of Thatcherism was to gain influence over the ship of state by establishing an electoral grasp on the levers of power. In this sense, contra Hall, a reliable electoral base rather than a political hegemony was fashioned in the first instance. Thatcher wanted to win hearts and minds but knew than the conversion of the mass to the ideals of Thatcherism was a hard task (although any convert was warmly welcomed). Political considerations prompted the Thatcher government to devise strategies to secure election and re-

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[19] Ivor Crewe, Values: The Crusade that Failed, in Dennis Kavanagh and Anthony Selsdon (eds), The Thatcher Effect, Oxford: Oxford University Press 1989 p241-242. See also Ivor Crewe, 'Has the Electorate become Thatcherite', in Robert Skidelsky (ed), Thatcherism, London: Chatto and Windus 1988. Cf. Ivor Crewe, 'Changing Votes and Unchanging Voters' in Electoral Studies Vol 11 No 4 1992.

[20] Stuart Hall and Martin Jacques (eds) The Politics of Thatcherism, London: Lawrence and Wishart 1983; Stuart Hall, Popular Democratic versus Authoritarian Populism, in Alan Hunt (ed) Marxism and Democracy, London: Lawrence and Wishart 1983, Stuart Hall, Authoritarian Populism: A Reply, New Left Review No 151 1985; Stuart Hall, The Hard Road to Renewal: Thatcherism and the Crisis of the Left, London: Verso 1988.

election (and to delay or abandon projects to secure that end) but a hegemonic project directed at the electorate was not the be all and end all of Thatcherite politics.

In many ways the idea of a public hegemony envisaged by Hall was an illusion; what was sought was a reliable electoral base and ministers were happy that a electoral poll of 40-44% of those voting was not merely sufficient for their ends but could grant a landslide (or at worst a working) parliamentary majority. Rather than just recast electoral perceptions, Thatcherism was engaged in a battle with political opponents, principle among them existing social democracy and a left leaning Labour Party threatening to undo many of its reforms. The political (and administrative elite) as much as the mass electorate were the ultimate audience of the Thatcherite drama. In this perspective the construction over time of a Thatcherite hegemony was to be directed ultimately at the level of the political elite (rather than the mass hegemony suggested by Hall).

Thatcherism demonstrates that office seeking and policy seeking can be part and parcel of competitive party behaviour. The Conservatives were concerned with winning sufficient electoral support so as to achieve the level of parliamentary representation that brings governmental office. Rather than being simply an end in itself, office was the means to influence policy outcomes: For a policy seeking party, party competition can be structured toward these designated sequential ends: office seeking to policy seek. A party unable to gain office because of its policy seeking profile may therefore content itself with office seeking. The determinants of party change are therefore rooted in party competition and related to political change evidenced in public policy and dominant ideological belief-systems. Political parties come to reflect, reinforce and, to some extent, determine political-electoral and, as significantly, political-ideological environments.

The role of ideas on political or policy change is significant. Together with socio-economic-political interests and circumstances as mediated by the inter-dependent role of actors and institutions, ideas can make a difference but, by themselves, ideas are not enough [21]. While circumstances (defined positively as an 'opportunity' for a 'new' approach to replace an 'old' discredited one; negatively as the absence of such an opportunity), interests, and institutions interact with one another in the promotion (or the prevention) of change, ideas (as often theory laden as they are objective) do reflect political change as well. Ideas (subject to the interplay of interests, institutions, and circumstances, do impact upon the changing nature of public discourse, the currency of political and administrative actors. At one level, interests, institutions and circumstances provide the marketplace for ideas; some are successfully 'sold', others remain

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[57] Cf Christopher Hood, Explaining Economic Policy Reversals, Op Cit. For another thought provoking analysis Cf Tim Battin, Abandoning Keynes, London: Macmillan 1997.

unsold. Ideas can be aggregated into a 'macro-collectivity', usually described as a system of ideas. For want of a better term this can be considered an 'ideology', a way of looking at the world. While ideas are not necessarily reducible to an ideology (which designates both beliefs and actions; defining what 'should be' at the same time as it describes 'what is'), ideology provides a structure of beliefs which fashions political values and opinions and shapes public policy. It underpins the strategies and tactics employed by political actors in (1) defining problems; (2) offering solutions; and (3) devising practical methods of policy formation.

At one level a broad definition of ideology embraces such theories as capitalism, socialism, communism and fascism; this may be defined as macro-ideology. In contrast, a lower level form of ideology, a micro-ideology such as social democracy or neo-liberalism, individualism or collectivism, governs the preconceptions of governing (and would be governing) actors that determine policy selection within a society characterised by a macro-ideology. For example, neo-liberal or social democratic, capitalism remains capitalism be it a feature of the Britain of 1955 or that of 1995. Political change is manifested in the transition from one dominant micro-ideology to another; a set of cognitive maps which inform working political ideas, structure policy agendas and influence political attitudes at the level of both elite and mass. Defined as a 'system of ideas' or, ,ore concretely, as a 'set of assumptions' about contemporary politics and its attendant policy options, a dominant micro-ideology can indicate where actors and institutions are located within a political spectrum stretching from left to right in socio-economic terms.

As political actors parties can (under certain circumstances) either shape or reflect political realities, just as other parties act as weathercocks signalling the way the ideological wind blows. *The political consequence of Thatcherism lies in the new political middle ground over which it presided, a changing micro-ideological space between parties (where it shifts, either narrowing or increasing) which reflects party change and is in turn related to wider political change. Party change is therefore a response not just to cumulative electoral defeats but can also be a reaction to an altered political terrain. Hence, a dominant micro-ideology provides a compass by which parties are obliged to navigate their procession though political and economic straits, a response characterised by the dominant political ideas associated with an opponent able to successfully policy and office seek at the same time as the unsuccessful party was unable to do so.*

In altering its political appeal (for whichever reason) and relocating along the competitive spectrum a right of centre party will move to the left and a left of centre party will move to the right. Henceforth, this forms the political terrain upon which contemporary party competition is acted out is defined as the middle ground: a political 'middle ground' which, rather than being fixed, shifts (and is shifted) within the ideological continuum stretching from left to right. In

contrast, the median 'centre ground' is fixed, a hypothetical point on a spatial model equidistant between extremes of left and right. The political middle ground is fluid, a movable point on the same space between alternate poles. What is commonly referred to as the centre ground is this political middle ground, a constantly shifting construct. Here, one should refer to a middle ground rather than the middle ground to distinguish this point: It is a common error to suppose that 'median' equals 'moderate'.

The political middle ground is characterised by socio-economic distinctions of left and right. Clearly, the UK party system (and political differences) are organised around this most basic dimension in party ideology (theories about the death of socialism not withstanding). For example, Arend Lijphart identifies four main dimensions of this particular axis across which the left-right spectrum is spread [22]:

(1) state versus private ownership of the means of production;

(2) the extent of the government role in economic management;

(3) the level of political redistribution of economic resources facilitated by government;

(4) the level of development of the welfare state [23]

Here, (1), (3) and (4) form the core issues which bound the left-right political divide in the UK. This demonstrates a spatial model of a left-right dimension along which individual parties locate and shift along the horizontal axis according to political circumstance and environmental context. The environmental stimuli that generate party change are usually considered to be electoral in origin. Clearly, given that party competition is predicated upon electoral exchanges, this is a major factor, but, as will be explored below, the political stimuli to which parties respond involves wider factors such as changes in micro-ideological politics which, when related to electoral outcomes, impact upon parties and result in party change.

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[58] Arend Liphardt also identifies seven alternative dimensions of political difference in addition to the socio-economic dimension Arend Liphardt, Democracies: Patterns of Majoritarian and Consensus Democracy in 21 Countries, New Haven: Yale University Press 1984:129 and in Peter Mair (ed) West European Party Systems, Oxford: Oxford University Press 1984.

[23] Giovanni Sartori also identifies 4 such dimensions, only one of which, again the left versus right dimension, is applicable. Giovanni Sartori, Parties and Party Systems Op Cit. Robert Harmel and Kenneth Janda also illustrate four left versus right party positions on economic policy; (1) Government versus private ownership of the means of production; (2) A strong versus a weak governmental role in economic planning; (3) Support of versus opposition to the redistribution of economic resources from the rich to the poor; (4) The expansion of versus the resistance to government social welfare programmes. Robert Harmel and Kenneth Janda, Parties and Their Environments, New York: Longman 1982.

The recomposition of political activity, evidenced in party competition in terms of political shifts to the left or the right of the spectrum, reflects the *existence* of a political middle ground around which parties locate themselves. The *formation* of this middle ground is a quite separate matter. Parties, in following electors, can shift their position on the political spectrum in keeping with the aggregate distribution of preferences (ie they go to where the electors are). Equally, parties can change their position in keeping with what they see as an altered status quo where politics, as the art of the possible, has been re-defined by parties (and other factors) which, as political actors, engineer political change. Because a party has followed where a party has led (where it is deemed electoral realities have been successfully re-shaped), political debate is conducted upon the political terrain set out by the successful political party and so the successful political party has contributed to the transformation of the political stance of its electoral opponents. Movement along the ideological spectrum creates this party political middle ground. It can be a response to a party following electoral preferences or a party following a successful opponent (and not necessarily a party following a majority, or a sufficient minority, of the electorate under the single member plurality system applying in the UK).

Here, unsuccessful office seeking parties accommodate not necessarily to the demands of the electorate but to the pace set by the successful party; one successful party, able to combine policy seeking with office seeking, can contribute to the reconstruction of the political agenda which influences what governing actors (and would be governing actors) do. A changing political "middle ground" is bounded by a set of parameters which parties come to accept what is possible and what is not possible for them to do. These parameters are clearly drawn within a process of party competition. The phrase 'middle ground' is in need of constant redefinition just as that of 'left' or 'right' of 'centre', the phenomena it describes the subject of continuous change and recomposition. *Hence, the idea of a political middle ground maps out a continuity zone; a micro-ideological space on which a competitive equilibrium is characterised by party acceptance or endorsement of the values, attitudes and opinions which find expression in problem definition and policy selection.*[24] (cf Diagram 3).

The Downsian model's presupposition of a policy equilibrium (one marked by policy convergence rather than total policy instability) offers a useful insight into party behaviour where parties follow parties not necessarily electors. Although Downs offers an unrealistic picture of parties willingly

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[60] Peter Hall refers to a 'policy paradigm' which characterises 'normal politics' and are recognised as such. Institutional actors "all operate within the terms of political discourse that are current within a nation at any particular time"....[the parameters of discourse] define the context within which issues may be understood" Peter Hall Policy Paradigms, Social Learning and the State <u>Comparative Politics</u> Vol 25 No 3 1993 pp275-96 p290.

Party A   Party B
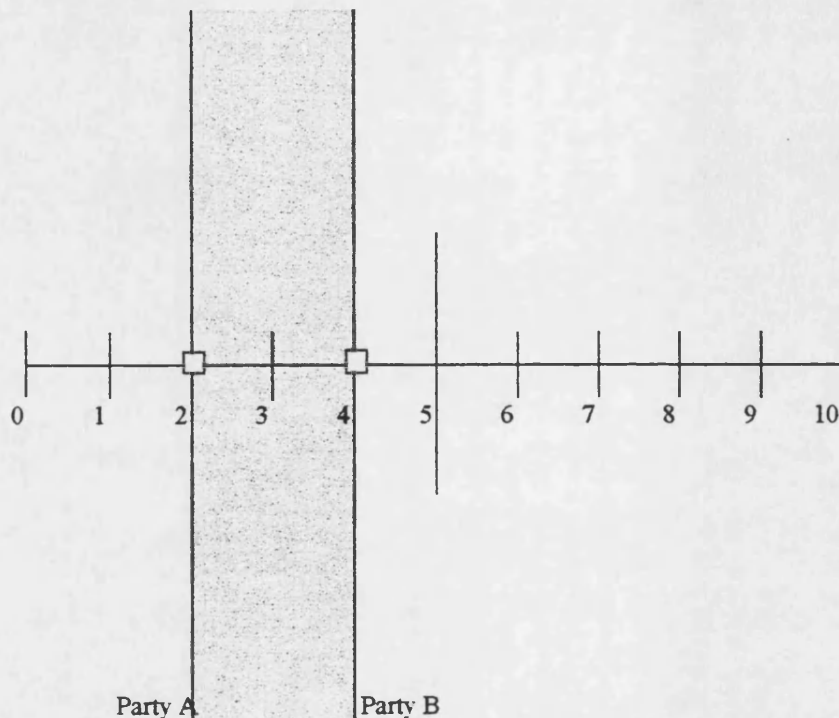
The political 'middle ground' maps out a continuity zone dependent upon the location of principal office/ policy seeking parties. It maps out a micro-ideological space around which they are located. Here, it is the the space between points 2-4. The median point, in the above diagram point 5, is an equidistant space between two extremes; this is the hypothetical centre which is fixed and unchanging. In contrast, the political 'middle ground' marked out by the location of competitive parties is fluid, a movable point on the same space between alternate poles 0-10. What is commonly referred to as the centre ground (the space around which parties are located) is in fact this political 'middle ground' and not the centre as median point. Given that parties locate themselves within an ideological continuum, a political 'middle ground' reflects the party's location visa via its principal competitors. The closer Party A is to Party B the more consensual the political situation. The location of the political 'middle ground' reflects wider political concerns. A shifting political 'middle ground' (when compared to an unchanging 'centre' ground/ median point) is an indication of the extent of political change reflected in the altered parameters of political activity in terms of policy selection and problem definition and the related framework of ideas and values.

modifying their policy stance, preference accommodating parties can do so in response to a competitor party able over time to use the privileges of office to successfully policy seek. Such policy seeking parties, of which the Thatcher-led Conservatives are an exemplifier, can lead opponents to adopt a positional rather than a directional strategy so influence electoral choices and engineering changes in party preferences.

When a policy agenda is seen to have been successfully set by party A, party B must respond in either a negative or a positive fashion. Here, because party A has influenced the parameters of public debate and party B accept the reordered status quo, party A sets the pace by leading from the front so influencing the dominant mode of political activity and constructing, shaping, changing or developing the political choices of parties engaged in the search for electoral support. If the successful political advocate can reconstruct public agendas they will do so by defining objectives through certain values. The Thatcherite creed of freedom v equality, private activity v collective association, and individualism v collectivism was part of an effort to apply normative beliefs as influenced by a micro-ideological agenda. Of course, certain normative beliefs are more powerful than others: the more successful the normative belief (as evidenced by the electoral success of the party that advances it) the more widespread it may become. This is demonstrated by the success of Keynesian Social Democracy after 1942 and by the Thatcherite version of Tory democracy after 1982. The politics of Catch-Up demonstrates that in certain cases exists one party shall have taken the lead and the other followed.

Assuming that the viability of a micro-ideological agenda can be demonstrated, electoral outcomes are very important in determining which competing micro-ideological perspective is able to carry the day (should, as rarely happens, antagonistic perspectives compete with one another; continuity within a changing micro-ideological consensus across party alternation in office is more often the case: 1970-1983 is an exceptional case). Although electoral bases are very significant environmental variables (given an unchanging if volatile party system) which directly affect vote or office seeking strategies they only indirectly effect what a party actually does in terms of its response. *Here, given a record of relative failure, the question of how to successfully office seek may all too often be a reaction to the prevailing wisdom of the day, the 'zeitgeist' that prompts a party to engineer a particular change in its political attitudes as reflected in its policy stance.*

Party convergence (as a refection or catalyst of political change) is evidenced in party change. Labour's profound transformation since 1983 reflects wider political change and suggests the party has come to accept the terms of a post-Thatcher, but nonetheless Thatcherite settlement characterising the micro-ideological terrain upon which party competition is enacted. In discussing the impact and consequences of Thatcherism a comparison with political developments following

Labour's electoral victory in 1945 is instructive. At that election, the wartime experience (fostered to some extent by the Conservative-Labour Wartime Coalition) had encouraged some form of collectivist spirit based upon a sense of unity and common purpose within the British electorate. This had demonstrated the ability of active political actors to achieve desired social ends through the better organisation of the state. The electorate then chose to endorse Labour the party it believed was best placed to fulfil these aspirations [25]- The resultant Labour landslide swept what was considered a backward looking, out of touch Conservative Party from office. With the brief exception of 1924 and 1929-1931, the Conservatives had been in office continuously since 1916.

Cast into opposition, the Conservatives found themselves forced to reassess their entire political strategy in the light of this electoral catastrophe [26]. According to one then influential Conservative politician, Rab Butler, "the overwhelming electoral defeat of 1945 shook the Conservative Party out of its lethargy and impelled it to rethink its philosophy and reform its ranks with a thoroughness unmatched for a century" [27]. After 1945, the Conservatives claimed to recognise how powerful Labour's political philosophy had become -it provided a doctrine and a vision to which they had, in Butler's words, "no authoritative answer or articulated alternative" [28]. The Conservative Party's attempts to renew its electoral appeal saw it shift to the left, the endorsement of the social democratic ethos of the Labour government symbolised by the adoption of the Industrial Charter in 1947 [29]. For Butler the Industrial Charter marked a fundamental change of direction for the Tory party (albeit one in keeping with Conservative sense of traditional One Nation politics); "giving the party a permanent but painless facelift", one that would "counter the

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[25] The classic work is Paul Addison, The Road to 1945, London: Pimlico Press 2nd ed 1994. See also Peter Hennessy, Never Again, London: Jonathan Cape 1991.

[26] Peter Hennessy and Anthony Seldon (ed), Ruling Performance: British Government from Attlee to Thatcher, Oxford: Basil Blackwell 1987. Bill Schwarb, 'The Tide of History: The Reconstruction of Conservatism 1945-51', in Nick Tiratsoo, The Attlee Years, London: Pinter Press 1991. An alternative view is given by John Ramsden, ; A Party for Owners or a Party for Earners?: How far did the British Conservative Party really change after 1945?', Royal Historical Society Transactions 5th Series 37 1987.

[27] RA Butler, The Art of the Possible: Memoirs, London: Hamish Hamilton 1971. Cf Anthony Howard, Rab: The Life of RA Butler, London: Jonathan Cape 1987.

[28] RA Butler, The Art of the Possible, Op Cit p146.

[29] Harold Macmillan, Conservative Prime Minister, 1957-63, commented that the Tories needed "to convince a broad spectrum of the electorate, whose minds were scarred by inter war memories and myths, that we had an alternative policy to socialism which was viable, efficient and humane, which would release and reward enterprise and initiative but without abandoning social justice or reverting to mass unemployment". In essence the Conservatives had to show that they had "accommodated themselves to a social revolution" (quoted in Nicholas Timmins, The Five Giants: A Biography of the Welfare State, London: Harper Collins 1995 p164).

charge and the fear that [the Tories] were the party of industrial go-as-you-please and devil-take-the-hindmost, that full employment and the Welfare State were safe in our hands" [30].

Here, according to Butler, the Conservatives wanted to "present a recognisable alternative to the reigning orthodoxies of socialism -not to put the clock back, but to reclaim a prominent role for individual initiative and private enterprise in the mixed and managed economy" [31]. This era of 'Mr Butskell' nonetheless saw the reconstruction of political debate around social democratic, Keynesian economic principles. Although both parties continued to strongly differ with each other, competing as they were for the right to form the government, this competitive edge was softened by this general agreement on such issues as government management of the economy, the mixed economy, full employment, welfare policies and the increasing centrality of the corporate state.

By the 1950 General Election, the Conservatives may have attacked the Labour government as dangerous and extremist; they may well have championed their 'defence of individual freedom'against the Labour government's 'alien, centralised state control' but, nevertheless, they had come to unquestioningly endorse the social democratic attitudes upon which the post war settlement was based. While remaining true of the tenants of reform Conservatism, the party of Churchill, Eden and Macmillan thus followed where Labour had led; the strategic assumptions they made and the key priorities they followed throughout the 1950s and 1960s were broadly in keeping with social democratic politics owing much to the political developments of the 1930s and 1940s and dramatically consolidated by Labour in office post-1945.

In 1974, Keith Joseph criticised this post-war political convergence explaining the persistent shift to the left by the Conservative Party in terms of a 'ratchet effect': (1) Labour in office promoted 'socialism'; (2) This was accepted by the succeeding Conservative government and thus a 'political consensus' was formed; (3) The Conservatives were replaced by another Labour government which pursued more radical and egalitarian policies and so moved the political 'centre ground'even further to the left; (4) When, in due course, the Conservatives returned to office they would again accept this left-wing 'centre ground' as the new status quo and so reinforce an ever left-leaning 'consensus': As the Conservatives moved leftward by this process, so too did the middle ground. While Joseph's account places far too much significance on the ability of the Wilson-led Labour governments to set the agenda other followed, his argument does relate closely to the 1945-1955 period. As the Conservative Party moved to its left in the wake of the

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[30] RA Butler, The Art of the Possible, Op Cit p148.

[31] ibid.

Labour landslide of 1945, so Labour has moved to its right after 1983. The intention of both parties was initially to fashion an electoral strategy to appeal to the voter who did not vote Conservative in 1945 nor Labour in 1983. After 1983, Labour's primary task, the leadership constantly proclaimed, was to recognise changing circumstances and accept the need to change accordingly; to "rethink its philosophy and reform its ranks", an approach set out by Rab Butler in 1946 in the successful effort to persuade the Conservative Party to do likewise after 1945.

Given the significance of the political-ideological environment (the form of ideological engagement, the climate of opinion, policy orientation on the part of actors and electors) its interaction with the political-electoral environment is an important factor in explaining party competition driven party change:

Assuming two actors in a two-party system, party A of the right and party B of the left, competing on an existing political middle ground X: This status quo is altered over time by party A which, being able to successfully office and policy seek, is able to transform the status quo so that political activity is no longer configured by party competition around the politics characterised by political middle ground X. Party B, offering a markedly different micro-ideological agenda to that of party A (or else maintaining its location at political middle ground X), is faced with the political reality of party A's success. Such is the nature of the shift of political opinion away from the previous status quo that party A is able through electoral endorsement and policy success to consolidate the changes that have been made. Faced with this challenge, party B is able to make one of two choices; (1) to attempt to shift the terms of the political debate away from the position staked out by party A; or (2) to accommodate to the project initiated by party A. Should party A choose the second course of action, party change will be evidenced in the party's shift across the political spectrum away from political middle ground X (or the alternative position it had carved out) to occupy a position closer to that of party A which then becomes political middle ground Y as characterised by the gradual accommodation by parties A and B to the new, altered status quo. This characterises the process of 'Catch-Up'; party B follows (for whatever reason) where party A has led.

Here, party competition is significant in that it facilitates and encourages party change; in so doing it acts as an agent of wider political change. Of course, continuity rather than change is the feature of the political middle ground; dramatic change the exception and not the rule.

Here, the Thatcher-led Conservative government succeeded in re-fashioning the political middle ground: As the directional agent able to alter the political landscape by combining office with policy seeking, it was able to pull the British political spectrum to the right, a phenomenon

copperfastened by Labour's playing the politics of Catch-Up post-1983. Catch-Up re-shapes a party's public identity as it is represented in the political marketplace. Dependant on circumstance, parties can choose between a directional or a positional strategy as internal assumptions and external environmental influences determine whether a party attempts to preference shape or preference accommodate. Either can come to the fore in a party strategy at any particular conjuncture; in turn, the choice will reflect the primary goal, office or policy seeking, which has been prioritised. If it is accepted that the political landscape of Britain has been re-shaped to transform the nature of the political game, parties have to react accordingly. This is attested to in the Downsian model (which assumes that electors endogenously transform the electoral landscape) and also in the Dunleavy model (which supposes that parties as actors can exogenously alter electoral preferences). *More infrequently, however, successful political parties can not simply engineer changes in electoral behaviour but also establish a dominant agenda and alter the behaviour of political opponents. In so doing the process of party competition will, in time, help shape the political terrain upon which competition takes place. A successful party will therefore have transformed the political stance of others as an unsuccessful party responds not necessarily to the demands of the electorate but to the pace set by its successful opponents.* (Cf Diagrams 4 and 5).

To take a comparative example: Where, in ideological terms, stands US President Bill Clinton? As the first Democrat re-elected to the White House since Roosevelt, is he closer to FDR or Ronald Reagan? Dick Morris, the election consultant who advised Clinton in the run-up to the 1996 campaign, dreamt up 'triangulation', a much lauded 'strategy' (particularly by Morris himself) by which Clinton moved away from traditional Democratic politics and positioned himself nearer Republican terrain established since the mid-1970s. In his memoir, Behind the Oval Office, published after his fall in the wake of a much publicised indiscretion, Morris characterised triangulation thus:

"I had studied the Republican Party from within as one of their consultants. If you are within their field of fire, they are deadly. Raise taxes, go soft on crime, oppose work for welfare, weaken the military? They're all over you yelling 'liberal'. If you wander into their line of fire, they're going to kill you every time. But they have no other game plan, no other way to win. If you come around behind them or alongside and don't raise taxes, if you are tough on crime, and want to reform welfare, use the military effectively, and cut spending, they can't hit you. a tank can rotate its turret, a Republican can't"[32]

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[32] Dick Morris, <u>Behind the Oval Office</u>, New York: Random House 1997 p317-318.

ADP 1

Left

Right

Party A   Party A(1)   Party B
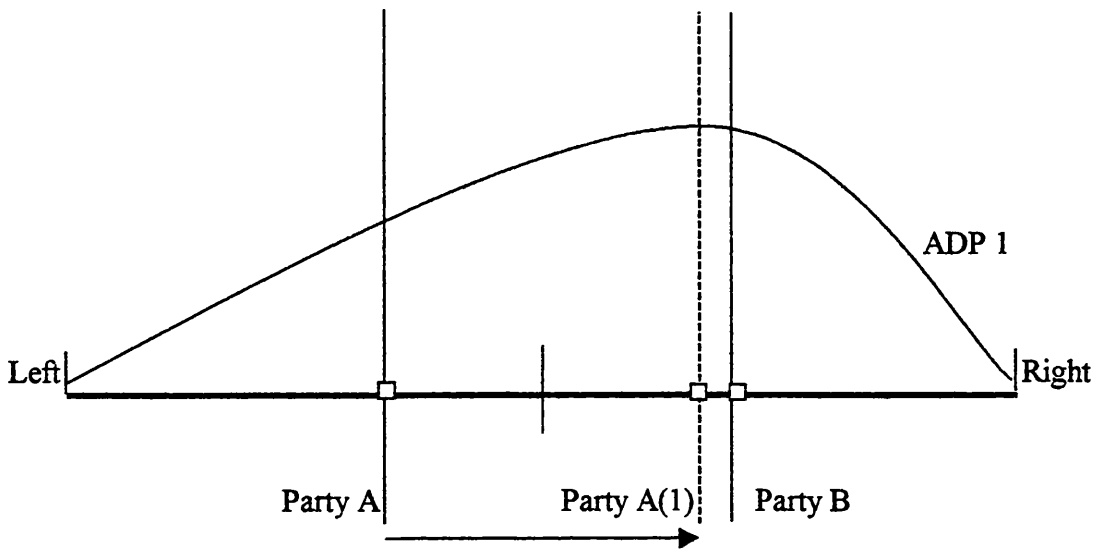
This is the classical Downsian model: Party A is forced to relocate within a spatial model to capture the median voter and sucessfully office seek. Party B is more in tune with existing voter preferences and given that preferences are fixed and unchanging its continuing electoral success is guaranteed if Party A fails to relocate to position A (1) in order to increase its electoral popularity.

ADP 1

ADP2

Left

Right

Party A   Party B

MV1   MV 2.
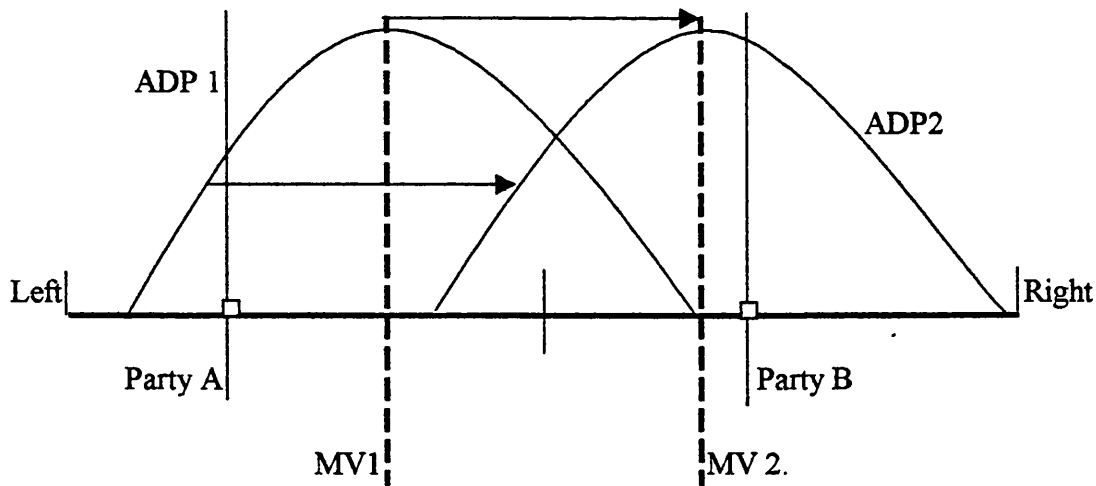
This is Dunleavy's alternative to Downs, the "preference-shaping" model. Here, party B has succeeded in altering the Aggregate Distribution of Preferences (ADP) in its favour as evidenced by the shifting position of the Median Voter from MV1 to MV2. It assumes that voters can be persuaded to alter their electoral preferences in line with the programme appeal offered by party B by a variety of positiveand negative inducements. Here, party B will be able to successfully policy and office seek.

However, parties need not always be influenced by electoral considerations: Office seeking parties all too often policy seek in line with the given policy agenda/ political paradigm of their day (one which can be influenced by a Party opponent). Party competition is enacted on an inter-party agenda within which electors ajudicate between competing appeals rather than decide for themselves. The shaded area in the diagram below indicates the competitative space once party A has relocated to position A1.
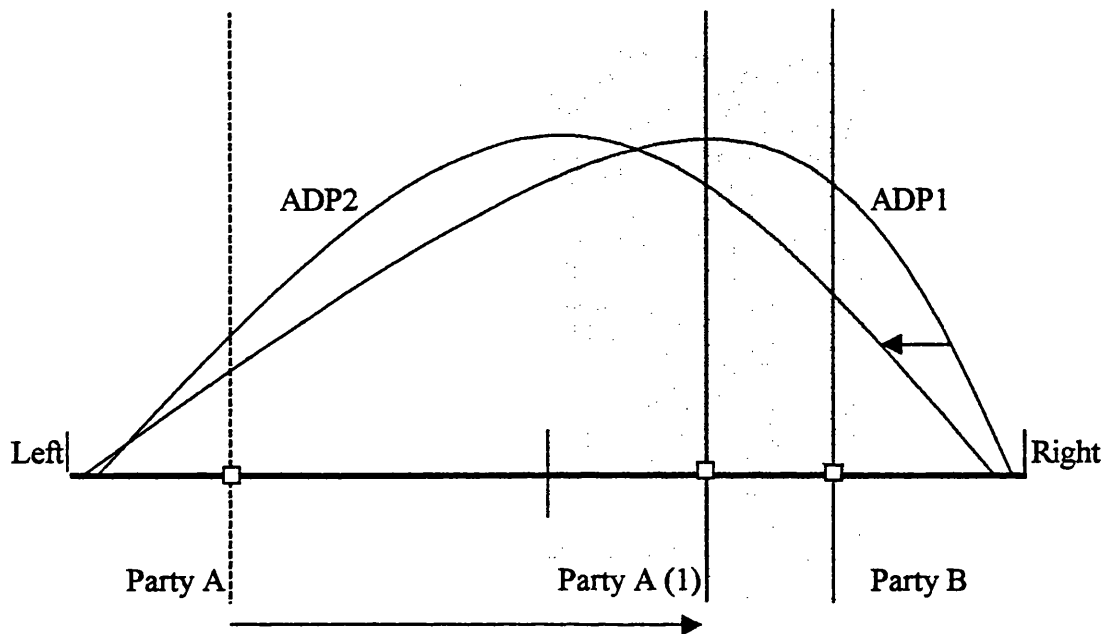
Rather than follow electors, parties can follow othe parties: In this diagram party A shifts its position in response to party B. The Aggregate Distribution of Preferences shifts slightly leftward while party A shifts rightward in an effort to catch up with party B. In programmatic terms, party competiton can be a form of "elite actor interaction". Building upon the Dunleavy model (in contrast to the assumptions of the classical Downsian model) parties can not just influence electors but may also influence other parties. Parties may alter their location within an ideological space not just in reponse to electoral preferences but as a reaction to the political agenda successfully articulated by a party opponent which is able to successfully combine office seeking with policy seeking and so make a significant alteration in the political status-quo.

This process, the "politics of Catch-Up", bridges the gap between the classian Downsian and the Dunleavy model of party competition. Preference accommodation and preference shaping are only two strategies open to any particular party: Here, parties can alter their competitive space in the search for votes OR they can attempt to alter the position of the median vote (and with it the Aggregate Distribution of Preferences) in their favour. A model of party competition driven party change suggests that a party unable to successfully preference shape may be obliged for office seeking purposes to alter its spatial location in favour of the electoral terrain mapped out by its party opponent. In addition to preference accommodating strategies, parties can engage in "Catch-Up" in order to respond to the perceived success of its party opponent.

Diagram 5: Party Convergence and the Changing Political 'Middle Ground', 1970-1997

Median

Left   Right

Lab   Con

Fig 4a. 1970

Median

Left   Right

Lab   Con

Fig 4b. 1983

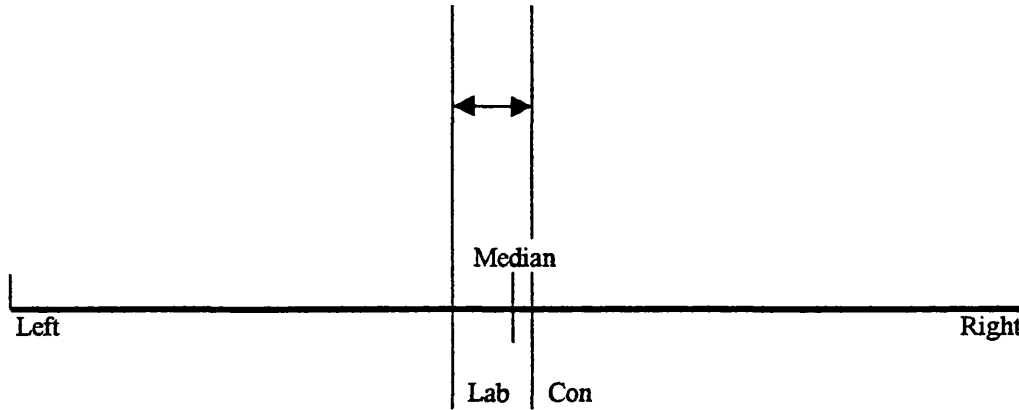Median

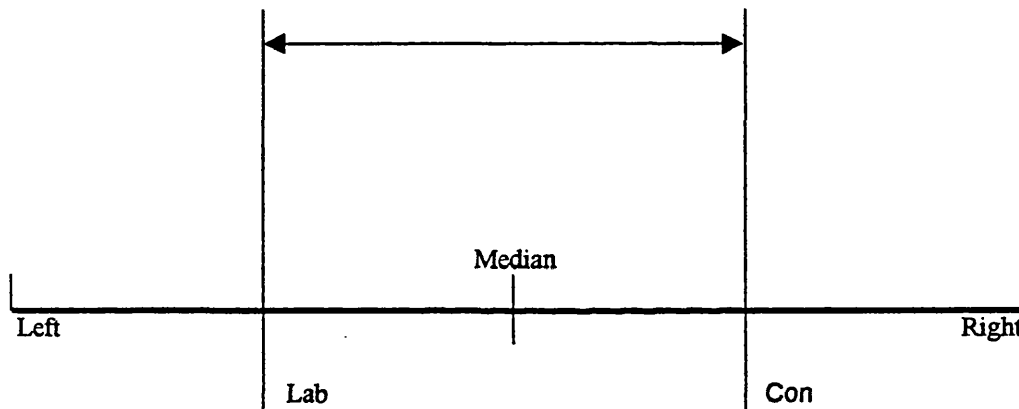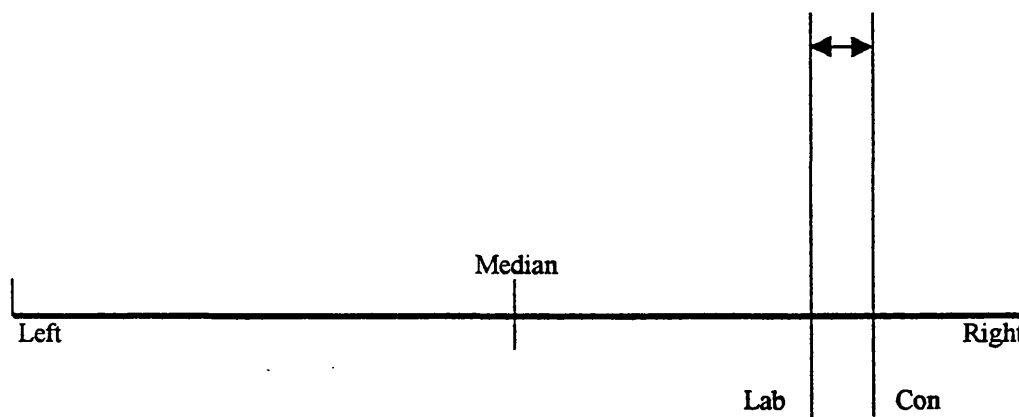Left   Right

Lab   Con

Fig 4c. 1997

NB: Alternate poles to left and right are illustrative only: They form part of a continuum.

Here, laying out a vote/ office seeking strategy, Morris's portrayal of US Liberalism (essentially a vulgar Republican stereotype) is presented as a series of de facto negatives for a Democratic candidate. To successfully office seek, Clinton has to fight on Republican issues: "[D]on't raise taxes...[be] tough on crime....reform welfare, use the military effectively, and cut spending". Where stands the traditional Democratic agenda of social reform as evidenced in FDR's New Deal and Johnson's so-called Great Society? The outcome of Clinton's anti-traditional liberal stance meant that he ran on a proto-Republican policy ticket. Who then set the agenda on which the fall campaign was based? And, assumedly, the agenda of the second term of the Clinton Presidency? The 1996 Democratic platform (while addressing traditional democratic concerns- read US rhetorical shibboleths- such as the 'good society' and American values of 'fairness, decency and equal treatment') more reflected a moderate version of the Gingrichite "Contract With America" (moderated because Clinton for electoral reasons clearly ran to the left of the Republican campaign in 1996 as in 1992) than it did the liberalism that characterised the Roosevelt, Truman, Eisenhower, Kennedy, Johnson, Nixon, and Carter administrations. Rather than avoid the Republican 'line of fire', as Morris suggests, Clinton has climbed into the Republican 'tank turret'. Parallels can easily be drawn in the UK case.

The electoral purchase of any party strategy (preference accommodating or shaping) is a significant factor. One interesting question is that the post-Bennite Labour Party did not simply develop a moderated social democratic agenda arguably where the political preferences of the electorate were located. Instead Labour embraced many of the neo-liberal reforms introduced by Thatcherism in office. Here, its transformation was enacted against the backdrop of contemporary politics; hence, in addition to being an electoral ploy to win office, Labour modernisation was a response to a dominant micro-ideological agenda made present through party competition and the success Thatcherism had in setting out a political agenda. Because Catch-Up politics is mediated through party competition it reflects and generates the dominant 'political agenda', the dominant micro-ideology which serves to define the set of political ideas, attitudes and values that arise within political discourse [33]. Put crudely, were dramatic change is evidenced in the transition from one form of political middle ground to another one party contributes to the agenda, the other accommodates (in some way) to it. As an abstract reflection of political activity, the 'agenda' may be described as the broad appeal which defines the attitudes political actors are likely to strike when they attempt to engage with those issues promoted to public attention.

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[33] Thus, as Andrew Gamble suggests, "the ideological polarisation which took place between the parties in the 1970s and 1980s is over, and that the new parameters of policy debate and the new estimate of what is politically possible substantially reflect the priorities which Thatcherism established" Andrew Gamble, An Ideological Party, in Steve Ludlam and Martin J Smith (eds), Contemporary British Conservatism, London: Macmillan 1996 pp35-6.

This framework of political ideas and values within which political activity takes place reinforces the attitudes which find expression in political, economic and social policy. The political middle ground establishes the parameters of political activity which are thus accepted as given and unchangeable by political actors and within which policy is developed. Should a successful party help establish these parameters they will have contributed to a dominant political agenda through competition. Political success (winning elections and implementing policy change) can therefore construct, shape, change or develop the political choices not only for individual electors but also for competing political elites. The successful political advocate can reconstruct the political agenda to the detriment of its political or ideological opponents. Electoral success is one thing, political success quite another. The former Labour leader, Harold Wilson, won four elections out of the five contests in which he led his party but (despite recent attempts to prove the contrary) his governments are widely considered a great disappointment.

The political middle ground underpins the dominant political agenda subscribed to (to some extent) by all political actors thus demonstrating political change. Political change is therefore a broader phenomenon than electoral change; the two are often conflated. They are interlinked but electoral change may be all too often a reflection of political change which may be far wider: Political and economic change is informed by micro-ideological change realised in public policy change. This presupposes that a dominant political agenda exists (which overshadows subordinate, less influential agendas) and has come to redefine, colonise, or other wise alter an existing political project. This political agenda can evidence electoral purchase, in that it enhances rather than impedes the office seeking capabilities of the political party associated with it (or a variant of it). To some extent party competition is able to help generate a political agenda which is capable of (1) determining elite (not necessarily popular) political opinion and (2) so influencing the set of policies (the ideological predisposition that informs policy choice) presented by political actors to the public in the form of administrative choices. *Of course, for reasons explained later, political agendas may not be shaped by party competition alone. While it is a very important factor in the promotion of party change, party competition is only one important factor in the process of political change. The importance of party competition to political change lies in the way it can act as a agency of change, a 'transmission belt' which thereby facilitates a process of change wider than party change. Influenced by party competition (and other factors) party change is related to political change in that it too can be a response to a prevailing 'climate of opinion', a Catch-Up Reaction where one party feels itself obliged to follow another; an acknowledgement that the parameters which bound the ideological space within which parties locate themselves in their competitive interaction has changed and that accommodation to this form of political change (evidenced in party competition) is necessary.*

Party competition driven party change involves a process of convergence around a new political

middle ground, one fashioned not merely by electoral demands (as suggested by Downs) but by parties that either have successfully preference shaped in the past or have managed to set (or associate themselves with) a political agenda to which other political actors become obliged to accommodate. For the most part elections are important external stimuli in themselves but particularly as harbingers of political change evidenced by an alteration in the micro-ideological proclivity of the political nation and the need for the unsuccessful party to respond to this. Party change is therefore a product of the pattern of competitive interactions between parties and the electorate and between parties themselves. Realigning elections such as 1906, 1945 and, taken together, 1979, 1983 and 1987, while infrequent, do provide a snapshot of opinion and signpost political change [34]. Party competition clearly affects the ideological universe within which parties are located. This approach to party competition assumes not only that office seeking becomes the dominant objective of a political party but that parties alter their policy seeking behaviour in line with what is deemed to be the dominant mode of policy seeking.

The pattern of party competition is a significant factor in the generation of political (and therefore party) change as a process over time. While not the only factor, external stimuli (such as electoral defeats), not necessarily natural phenomena, can be the product of party competition. This argument posits an association between party-voter linkages and party-party linkages. Both have a direct influence on the pattern of competition between political parties and together impact on the process of party change. *As both product and process of Catch-Up, party change can therefore illustrate far wider political change evidenced in the shift over time from one micro-ideological paradigm to another. If parties are adaptive organisations, changing their appeals in light of the changing predilections of their electorate, they also change in response to the parameters bounding the competitive ideological space as marked out by their successful (party) competitor.* (Cf Diagrams 4 and 5).

This is not necessarily (1) a case of 'If-You-Can't-Beat-Them-Join-Them' (although this is necessarily a feature of any "catch up strategy") but it is, at the very least, a (2) 'We-Can't-Beat-Them-With-The-Approach-We-Have-Followed-Up-To-Now-So-We-Need-To-Change-Our-Strategy' approach, one adopted when one party feels itself obliged to follow where another is seen to have successfully lead. In any case strategy (2) invariably promotes the adoption of strategy (1) in some form even if the catch up party claims an association with the political agenda advanced by its political opponent for its own reasons and purposes. Directional and preference

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[34] In political historiography, election moments can evidence significant political change in so far as they mark a process of policy shift; part of a trend but for reasons explored earlier not in themselves a single event; the road to and from every so-called 'realigning election' is key to understanding how change takes place.

shaping strategies change electorate predilections within party competition. Should party B feel obliged to adapt to environmental changes engineered by party A that are perceived to penalise (the office seeking) party B then party B is more likely than not to embrace the need for party change assuming than the impact of this environmental change is internalised by a dominant coalition able to successfully promote a strategy for change.

Party change is therefore a variation in behaviour arising from the political consequences of strategic party interaction. Who wins and why they are perceived to have won an election are as important as the fact that a party lost an election (or a number of elections). Environments are influenced by party competition (but, of course, not only by party competition) and party change is therefore a process of adaptation to circumstance and events; one in which change is the product of the internal response to an set of external stimuli (electoral outcome and/ or a add: As Butler and Stokes: "[The] interplay of elites and mass is so obviously at the heart of the electoral climate of opinion). Parties are shaped by their environment and can shape that environment. Equally, parties can be constrained by an environment or even by an environment that has in part been reshaped by its political competitor. Accordingly party change, a reaction to issue change, a response to an altered policy universe, can be provoked by other parties acknowledging that a fundamental micro-ideological shift has been engineered in the form of political debate.

7.3 Explaining Labour's Transformation: Modernisation and the Politics of Catch-Up.

Former Jenkinsite Labour MP (and SDP retread) David Marquand has suggested that Labour, under Kinnock and Blair, rediscovered its political roots: "The great aberration of postwar Labour history came in the 1970s and early 1980s when [its traditional appeal] was temporarily abandoned. What Kinnock and Blair have done is to bring the party back to its roots. They have not invented a new tradition. They have reinvented an old one" [35]. A similar view was expressed by Andrew Gamble in 1990: "Three general election victories over a divided and increasingly demoralised Labour Party ensured that it was a free market strategy that determined the agenda..... [Having abandoned its 1983 programme, Labour] returned to its social democratic traditions and embraced economic policies which accepted capitalism, embraced the profit motive, the role of markets and the importance of competition and the consumer".[36]. It is impossible to endorse this view. Labour's extraordinary political realignment reflects both a sharp and a dramatic

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[35] David Marquand, 'Joining the New Ship', New Statesman and Society, 6 October 1995.

[36] Andrew Gamble, Britain in Decline: Economic Policy, Political Strategy and the British State, London: Macmillan 3rd ed 1990 p216.

shift in the contemporary political agenda. For many the very term New Labour is "deliberately designed to distance the party from its past" [37]. While much of the remaking of Labour was designed for electoral purposes it also marks a significant shift away from past Labour practices; almost a deliberate attempt to shrug off the ideological baggage of the past.

Leading moderniser, Peter Mandelson, influential Minister without Portfolio in the Blair government, suggests that: "Lazy or superficial commentators describe the party's process of change as merely `taking Labour to the right'.........But this is the simplistic view propergated by New Labour's opponents" [38]. Yet, that Labour has moved to the right since 1983 is undeniable, its shift evidence of the transformation wrought in the British political scene in recent years. Writing in 1992, Perry Anderson offered the following observation: "[Labour's] new programme accepts the basis parameters of the Thatcher settlement, in much the same way that the Conservative government of the 1950's accepted the parameters of the Attlee settlement. It does not seek to extend the public sector or reverse privatisation to any significant degree. It does not propose to raise the overall level of taxation, but promises to adjust its incidence in a mildly more egalitarian direction. It does not substantially depart from the laws that now regulate industrial action, while rendering them a little more favourable to trade unions. It does not abandon the British nuclear deterrent. All these changes of the Thatcher years are uncontested" [39].

Under Blair the party has gone further and faster. One former Labour insider, Bryan Gould, a member of the Shadow Cabinet at the elections of 1987 and 1992 (and all too briefly a rising star

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[37] Eric Shaw questions the modernisers desire to "paint a portrait of their own Party in which accuracy was sacrificed not to enhance but to belittle the original". He suggests that the past has been "recreated to serve the present's strategic needs. To the modernisers the central problem was the inability of the Party -"Old Labour" - to obtain the trust and confidence of the public. The term "New Labour" was "deliberately designed to distance the party from its past" (Independent leader 22 July 1995)" Eric Shaw The Labour Party Since 1945 Oxford: Basil Blackwell 1996 p217.

[38] Peter Mandelson and Roger Liddle, The Blair Revolution, London: Faber and Faber 1996 pp pvii and 2. Writing of the 1979 Winter of Discontent, Mandleson and Liddle rail against the trade union power that threatened the Callaghan government: "Some trade union and Labour activists gave the impression that every wage claim and every strike was justified -never mind the consequences for inflation, the economy, essential public services, and even the burial of the dead. In the eyes of the public the Labour government appeared a helpless bystander" ibid p25. This is a classic illustration of modern myth making: The culpability of the Labour Cabinet in provoking trade union disputes in 1979 is unremarked (despite the fact that Denis Healey, architect of the 1978-79 pay policy, admits it was a mistake, a straw that broke the trade union back: Denis Healey, The Time of My Life, Harmondsworth: Penguin 1989. Reference to "...even the burial of the dead" is an old chestnut, one aping a Conservative myth and a moral panic.

[39] Perry Anderson, The Light of Europe, in English Questions, London: Verso 1992 p346.

of Kinnock's 'kitchen cabinet') drew the conclusion that Labour came to ape the Thatcherite agenda: "I think the position taken by Labour's leaders in the late 1980s and into the 1990s was a position of surrender...an acknowledgement that really we had lost the argument, that a Thatcherite agenda had been established to which we could only accommodate, [one that we] couldn't change...fundamentally" [40]. Contrary to the view expressed by David Marquand 'New' Labour's ideological pitch involves the eclipse of a Labourist social democratic appeal. Modernisation (itself a politically loaded term for "change") is not simply a repudiation of that will o'the wisp Bennism but a wholesale re-evaluation of past Labour practice. Distinguishing between 'ends' and 'means', the contemporary politics of the Labour Party are in no way a return to normality following ideological excesses in the late 1970s/ early 1980s.

In their book, 'The Blair Revolution', Peter Mandleson and Roger Liddle make much of a "Bennite aberration of the 1970s and early 1980s", a "blip" which cast Labour into an electoral wilderness [41]. From this perspective Labour lost the 1983 election rather than the Conservatives having won it (little mention is made of the 1979, 1987 and 1992 elections). This and similar 'modernisation' theses requires a belief that Labour reaped the electoral consequences of straying from its programmatic traditions. While clearly identifying the dynamic underpinning Labour's transformation, commentators such as Marquand and Gamble wrongly analyse Labour's contemporary appeal as social democratic in orientation. However, for reasons argued earlier, the 1983 Manifesto is not the aberration many would have us believe. Shorn of its defence and foreign policy commitments it certainly marks a leftward shift in the party's practice compared to the record of the 1974-74 Labour governments (and the 1979 Manifesto written by Callaghan and his adviser, the future SDP defector Tom McNally) but the economic and social programme of the post-1979 policy stance, part of the post-1970 Labour mainstream, was enacted within Labour's ideological tradition. The contemporary policy of the Labour Party is not.

The 1950s revisionist par excellence, Tony Crosland, author of The Future of Socialism, argued that the dislocation of private wealth and social poverty, while not entirely reducible to the profit motive of the market, was redeemable by the political decisions of government which decided the level of taxation and the direction of public expenditure. The revisionist milieu was shaped by Keynesian economics, the mixed economy and the corporate state, part of a political consensus based upon "full employment; public ownership of the basics of monopoly services and industries; state provision of social welfare requiring in turn high public expenditure and taxation; and

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[40] Quoted in the transcript of Labour: The Wilderness Years BBC Television.

[41] Peter Mandelson and Roger Liddle, The Blair Revolution, Op Cit p20.

economic management of a sort, via a large public sector and a reduced role for the market" [42]. Egalitarianism was the objective of the social democratic project and the Keynesian Welfare State was the method to secure that objective.

In 1974, Crosland reiterated his core beliefs in the revisionist case and spelled out the need for detailed egalitarian policies involving "a determination to 'bash the rich', by a wealth tax, a gifts tax, [and] the public ownership of land" [43]. He argued that because the end socialism sought was equality, Labour should prioritise the relief of poverty and social squalor; secure a more equal distribution of wealth; and improve social conditions by means of the expansion of housing, health and education programmes: "These objectives, which are in Labour's central tradition of conscience and reform, call for a reallocation of resources and a redistribution of wealth. They require high taxation and public expenditure and rigorous government controls. This is the basic divide between Left and Right; a divide which a Tory government [that of Heath] is now joyously revealing" [44]. Crosland consistently argued that only through increasing social expenditure and redistributing wealth could Labour champion social equality and mount an attack on poverty. A firm supporter of the use of governmental power to constrain the workings of the unfettered market, 1950s revisionists argued that only through the use of governmental power to constrain the workings of the unfettered market and increasing social expenditure could Labour champion social equality and mount an attack on poverty.

Labour's social democratic perspective on the mixed economy presupposed that while resources are allocated by the market, public power should alter certain market outcomes and constrain market forces for public ends; Croslandite revisionism reflected this. The prime elements in this social democratic lexicon were economic growth; redistribution; higher social expenditure; competitive public ownership (when necessary on grounds of economic efficiency) and equality. With the exception of a commitment to economic growth these are elements notable by their absence from the agenda of New Labour. Noel Thompson suggests that a reading of the recent economic literature of the Labour Party indicates the extent to which a new economic discourse dominates one "articulated in the language of competition, efficiency, productivity, economic dynamism, profitability, and, above all, that of individual choice and self fulfilment in the context

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[42] Dennis Kavanagh and Peter Morris, Consensus Politics from Attlee to Major, Basil Blackwell 2nd ed 1994 p34.

[43] Anthony Crosland, Socialism Now, London: Jonathan Cape 1974 p107.

[44] ibid p97-98.

of a market economy" [45]. Croslandite revisionism by contrast posited a regulated, controlled, tamed, *reformed* market, one that the Labour Party was committed (in opposition if not always in government [46]) to manage through the apparatus of the social democratic, corporatist state. This involved a commitment to the control of market forces by government intervention as the means by which Labour would secure its identifiable ends [47].

All such objectives and methods, part of the Labour mainstream in the 1970s, would now find few public supporters among Blair's Labour Party. The twin engines of Croslandite revisionism, progressive taxation and increasing public expenditure, have been called into question by New Labour: Crosland's ends and not just his means no longer form part of Labour's agenda. The former deputy leader (and self appointed keeper of the Crosland flame) Roy Hattersley claimed in 1996: "These days the Labour Party... commits itself to ending the redistribution in favour of the rich, but feels that it cannot redistribute in favour of the poor. The Blair government will be decent, compassionate, efficient and honourable. But it will not be socialist"[48]. Indeed, Hattersley has made the same observations ever more frequently (usually in the privacy of a newspaper book review, rather than a public speech or interview; a process somewhat akin to smuggling opinions rather than contraband out of prison). In February 1997, in a Guardian review of a recent book published on Crosland, he observed that most of the Blair Shadow Cabinet number among the "apostles of the notion that the free market provides the best redistribution of resources and guarantees the greatest efficiency" [49]: Redistribution, high rates of progressive taxation and

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[45] Noel Thompson, Political Economy and the Labour Party, Op Cit p273.

[46] Political attitudes were of course occasionally tempered by cautious policy prescriptions offered in election manifestos; equally, as cautioned earlier, Labour in government frequently did not deliver what Labour in opposition promised.

[13] One critic of Crosland, David Marquand, argues that Croslandite revisionism was predicated on economic growth: "no growth, no redistribution- and no redistribution no revisionism. Growth was the solvent which made the Crosland compromise possible: The whole intellectual system rested on the assumption that rapid growth could occur, and that governments knew how to make it occur." The Progressive Dilemma, London: Heinemann 1991 p172.

[48] The Mail on Sunday 15 September 1996.

[49] The Guardian 27 February 1997. Contrary to Blair's approach, Roy Hattersley has consistently argued it is "intellectually respectable and morally right" for the left to argue "that the market had to be properly constrained and circumscribed". Afterward in Kenneth Hoover and Raymond Plant, Conservative Capitalism in Britain and the United States, London: Routledge 1989 p321. In 1987, Hattersley criticized then Chancellor Lawson for his assertion that "the government can only provide the right framework within which change will take place more smoothly". This assertion is now a key Blairite assumption in contrast to Hattersley's past claims that Labour's economic policy was about dealing with the very structure of the economy and the distribution of power within it: "We are going to solve our economic problems by changing the structure of the economy" Interview with Roy Hattersley, Marxism Today October 1985.

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increased levels of social expenditure have all been ruled out by the Kinnock and Blair leaderships. Egalitarianism, for one thing, no longer counts among Labour's objectives [50].

'New' Labour considers Crosland's belief that "[t]he state now regulates (or seeks to regulate) the level of employment, the distribution of income, the rate of accumulation, and the balance of payments; and its action heavily regulate the size of industries, the pattern of output, and the direction of investment decisions" [51] both unfeasible and undesirable. The idea that a "passive state has given way to active, or at least the ultimately responsible, state; the political authority has emerged as the final arbiter of economic life" [52] is also rejected for the same reasons; social democracy is dead. New Labour is decidedly post-Crosland. It is not a re-invention of Gaitskellism nor a return to social democracy. Put crudely, in terms of a spatial model of ideological comparison, Blair stands far closer to Margaret Thatcher than he does Tony Crosland. (Cf Diagram 6).

David Owen, one of the original 'gang of four' to defect from Labour in January 1981, may well be described as the first non-Conservative Thatcherite. As leader of the SDP after the 1983 election, Owen worked hard to take his depleted grouping to its political right, calling for "a new synthesis, a combination of what are too often wrongly assumed to be incompatible objectives" [53], a reapproachment with many of the elements of Thatcherism in the economic (if not yet in the social) sphere. Owen's concept of the 'social market economy' set the theme for an appeal based upon the primacy of the market in economic affairs [54]. His utterances in the 1983-1987 period bear

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[50] Contrary to Blair, Tony Crosland and Roy Jenkins (as espousers of "Liberal Socialism" supported in opposition in the 1970's "a significant increase in public ownership, a substantial redistribution of resources in favour of the poor at the expense, if necessary, of the majority of the population" Noel Thompson, Political Economy and the Labour Party, Op Cit p226.

[51] Anthony Crosland, The Future of Socialism, Op Cit 1956 ed p30.

[52] ibid p30.

[53] David Owen, A Future That Will Work, Harmondsworth: Penguin 1984.

[54] The Owenite SDP made much of this "social market economy" and it figured greatly in Owen's first speech as SDP leader at the Salford Conference in 1983. An article by Owen based on this (and earlier) speeches was published, somewhat tellingly, by the Institute of Economic Affairs under the title "An Agenda for Competition with Compassion" Economic Journal Vol 4 no 1 October 1984 (a phrase with a somewhat "Blairite" ring to it). Here, Owen recognised and welcomed the role of the market giving a cautious exception to further 'denationalisation' (pre-British Telecom), 'demonopolisation' and 'de-empowering organised labour' but nonetheless acknowledging a role for public sector enterprises as well as government intervention in the form of incomes policy and an industrial strategy. David Owen, Time to Declare, Michael Joseph: London 1991. Cf Duncan Brack, David Owen and the Social Market Economy, Political Quarterly Vol 61 (4) Oct-Dec 1990 463-476.

an uncanny resemblance to much of the Blair agenda of 1994-97. Owen critics Ivor Crewe and Anthony King describe him as wanting to reconstruct British politics "on to a new post-Thatcher basis, one which...a high level of social reform would be added to an emphasis on competition, the free market and free enterprise" [55]. Seeking to embrace 'Thatcherism with a Human Face' (or to become, as Denis Healey once sniped, Mrs Thatcher in a trouser suit [56]) Owen attempted (with some political success but little electoral advantage) to market the phrase 'tough but tender' as illustrative of this new approach, one combining 'competitiveness and compassion' and 'the social market and social justice'. These (and similar) phrases, heavily laden with symbolism, marked an attempt to bridge the gap between an opposition party previously of the centre and the Thatcherite juggernaut.

In actuality and to the dismay of his colleagues in the Gang of Four (as early as 1984 Roy Jenkins' now well known distaste for Owen was clear in his private warnings that the SDP should not take a 'junior Thatcherite approach') Owen saw a need to build upon Thatcherism not bury it. His idea of the 'social market economy' was a reaction to a changed politics, one in which neo-liberal attitudes (if not, yet, the inchoate appeal of Thatcherism) appeared to be setting the political agenda. Here, this appeal to a kindler, gentler politics acknowledging the centrality of a state-led social policy in addition to market driven economics was a distinctive pitch, one intended to harness opponents of the uncaring winner take all nature of Thatcherism to supporters of its radical, modernising spirit. The market was considered an essential tool to achieve economic success which itself could not provide for social harmony. In the event, should both elements of this approach clash, it was the primacy of the market in economic and industrial life that was to prevail. By 1987, Owen continued to refer to the notion of 'social justice' but increasingly spoke more of his commitment to a market unhindered by government intervention.[57]

In the eyes of one former director of policy of the Liberal Party, Owen came to be identified "as one more footsoldier in the forward march of the New Right"[58]. In the event, the SDP political adviser closest to Owen, Danny Finklestein, joined the Conservative Party together with a small

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[55] Anthony King and Ivor Crewe, SDP, Op Cit p364. Neither author appears to be a great admirer of David Owen, to say the least.

[56] Interview with David Owen, London, September 1997.

[57] Not for nothing had Keith Joseph (the first UK politician to publicise the idea of a "social market economy" been persuaded to drop the concept at the urging of Alfred Sherman and other colleagues at the Centre for Policy Studies. For the New Right the "market" element of the "social market" economy was considered more important than its "social" connertations.

[58] Duncan Brack, David Owen and the Social Market Economy, Op Cit p475.

group of adherents from the 'Owenite' SDP just before the 1992 General Election (Owen himself was to endorse John Major at that election). From the Social Market Foundation, Finklestein went on to become the Conservative Party Head of Research in 1995. Owen was the first opposition politician to recognise an attraction in the Conservative agenda. His willingness to embrace the economic agenda of Thatcherism led to him being attacked as well as praised from all sides for being a "closet Conservative"[59]. In many ways, Owen now strikes one as a prototype Tony Blair, a Blair Mark I, initially designed by Margaret Thatcher (where the Blair model was also engineered by Neil Kinnock)[60]. His political leadership of the ailing SDP a reaction to the neo-liberal agenda of Thatcherism and an early indication of the way the political wind was blowing. If there is no monument to David Owen, the plinth on which it would stand has been occupied by Tony Blair.

Owen's political legacy is, of course, limited. Owen went the way of all flesh through the lack of a political base but nonetheless acknowledging the intellectual force represented by Thatcherism, and recognising, as does Blair and ultimately Neil Kinnock, the need to accommodate with it. As SDP biographers King and Crewe suggest: "The SDP did not teach the Labour Party to be a modern, centre-left party. Neil Kinnock did -assisted, if indirectly, by Mrs Thatcher" [61]. Quite what is meant by the phrase a "modern, left of centre party" is unclear; it is often more of an assumption than a fact. King and Crewe do not specific this other than to demonstrate the common perception that the Conservatives are right wing (or, at times, ultra right) while Labour is left wing (at times, ultra left and centre-parties centre. By themselves such terms as left, right, and centre (to say nothing of the phrase sensible) are meaningless. Irrespective of party traditions all parties are more of less left wing or more right wing dependent on the nature of contemporary politics. The "centre" is not fixed; it shifts sometimes to the left and sometimes to the right. The present day centre (the sensible place for parties to supposedly position themselves) is to the right of that occupied in the 1940s, 1950s, and 1960s.

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[59] In the mid-1980s Mrs Thatcher was widely reported to consider Owen the most likely next non-Conservative Prime Minister. Although many people thought the charge that Owen was a "closet Thatcherite" was damaging, the man himself was unconcerned, protesting only that he would never become a Conservative because he agreed with aspects of the Thatcherite agenda but not the project in its entirety. Interview with David Owen, September 1997.

[60] Blair's rhetorical pitch for "compassion with a hard edge" at the 1997 Labour Conference echoed Owen's call for "tough but tender" policies and "competition with compassion" some fourteen years earlier.

[61] Anthony King and Ivor Crewe, SDP, Op Cit p469.

Is social democracy in fact imprisoned within an unreemable past? David Coates, a critic of Labour both 'old' and 'new', suggests that 'New' Labour is not in fact terribly new [62]. He argues there has always been two main grouping within the Labour Party: "....social reformers (keen to subordinate the power of private capital to progressive social ends) and bourgeois radicals (keen to modernise the local industrial base)", traditional versions of modernisers and traditionalists [63]. While Coates' attempts to categorise 'New' Labour as 'Just the Same Old' Labour is mistaken, his categorisation of these groupings (never as distinct as he would suggest; key political figures of the Labour right, Crosland, Gaitskell, Evan Durbin or even Roy Jenkins, for example, embraced both distinctions at certain moments in their careers) does underline the reality of 'New' Labour: "The politics of Labour's social reformers have always focussed on redistributing power (and resources) from the privileged to the poor. The politics of Labour's bourgeois radicals have always focused on strengthening the competitiveness of local capital, from which to glean surpluses for welfare provision without major policies of income redistribution" [64].

Although the attitudes which cast Blairite economic policy may not be as "fundamentally novel" (to use Coates' phrase) as modernisers would have us believe, the fact that the party no longer reflects, even marginally, the specific agenda of what Coates describes as "Labour's social reformers" demonstrates a great deal about the transformation in the Labour Party. Equally, the programmatic appeal enunciated by "Labour's bourgeois radicals" (if we can describe 'New' Labour modernisers as such) has so little in common with 'Old' Labour practice given its economic prescriptions reflect a neo-liberal rather than a social democratic mould. Attlee, Gaitskell, Wilson, and Callaghan (all "bougeois radicals" to Coates way of thinking) were (in aspiration usually not achievement) committed reformers with radical ambitions. This is why Roy Hattersley, long a man of the Labour right, has seen his party shift to his political right while he, as true today to the revisionist philosophical beliefs he had when first elected to the Commons in 1964, has remained more or less in the same space on the ideological spectrum.

Although concerned at the rhetorical level with the promotion of social justice, Labour is today

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[62] Coates argues: "What previous Labour governments did was work with the grain of market forces...to trigger privately generated economic growth and that, of course, is precisely what New Labour is saying as well"David Coates 'Labour Governments: Old Constraints and New Parameters' New Left Review 219 1996 p67. Naturally, as a reformist rather than a revolutionary party this is what the Labour Party stands for: Yet Coates is mistaken to assume that "New" Labour and the policy stances associated with it is fundamentally the same as past Labour practice.

[63] ibid p68.

[64] ibid.

principally concerned with strengthening the power of capital and allowing competition within the market to secure social reforms by virtue of 'trickle down' economics. For critics of 'New' Labour such as Coates Blair's politics are a rejection of past Labour practice: "Tony Blair seems determined to establish Labour's electoral credentials by demonstrating the party's distance from the unions, and by eschewing any vestigal class appeal. His rhetoric of stakeholder capitalism allows no space for the creation of new state institutions of planning and control, and puts him well to the right, not simply of Will Hutton but even of a former Social Democrat like David Marquand" [65].

Labour's transformation is not simply an accommodation to 'political realities', nor a reflection of 'modern politics'. Where Tony Blair suggests that "[t]he totalising ideologies of left and right no longer hold much purchase" [66], the case made that left-wing "totalising ideologies" are no longer relevant is born of actually existing politics, the product of interacting political and economic actors against the background of political, social and political events. Here, we may assume that Blair believes that mainstream social democracy or reform liberalism not just old hat command style economy socialism falls into this category. It is not an automatic fact of life that is simply arrived at. *Labour's transition is a reflection of the impact of Thatcherism and its direct influence on the pattern of mainstream ideological politics.* Here, the suggestion of Jessop et al that Thatcherism is a failed economic project serves to obscure its lasting consequences. The idea that Thatcherism "proved more adept at rolling back the frontiers of the social democratic state and the gains of the post-war settlement than at rolling forward a new state able to engage in an international race for modernisation in the next wave of capitalist expansion" [67] may persuade, but the hold Thatcherism has exerted upon contemporary politics demonstrates the lasting success it has had as a political project.

In contrast to Blair's politics, Labour's revisionist agenda of the 1950's demonstrated the firm purchase of the party's traditional approach. Where Crosland et al advocated a reform agenda involving a recasting of the party's public identity by devising a new approach which would secure Labour's age old objectives, the Blair agenda evidences a quite different purpose. Writing on Gaitskell's political world view in 1959, his most recent biographer, Brian Brivati, concludes: "For Gaitskell, democratic socialism had evolved to a point at which the tools existed to provide a more

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[65] ibid p72

[66] Tony Blair Speech, Labour Party Press Release, June 1996.

[67] Bob Jessop, Kevin Bromley and Simon Bromley, Farewell to Thatcherism? Neo-Liberalism and New Times, New Left Review No 179 pp81-102 p98.

equal society through a combination of public ownership (in a variety of forms and decided upon a basis of efficiency); demand management (with an awareness of the disincentive effects of high taxation); and physical controls, either through indicative planning (national plans and targets) incentives or, as necessary, through directive measures (further nationalisation) [68]. This world view reflected the political milieu within which Gaitskell was located; the modernity which fashioned his political outlook: it is one which find no reflection in the politics of Tony Blair.

In his speech to the 1959 Labour Conference, Hugh Gaitskell, a right-wing but nevertheless classically "old" Labour figure, declared his party in favour of "social justice, an equitable distribution of wealth and income...a 'classless society'...[where] the public interest must come before private interest" [69]. In contrast, Tony Blair's speech to the 1996 Conference indicated the refashioning of language since 1975: "A society of opportunity. A society of responsibility...the Decent Society, a new social order for the Age of Achievement" [70]. In opposition and now in government, Blair's language is often symptomatic of the Thatcherite project: Setting out to reclaim the Tory words "Freedom, Choice, Opportunity; Aspiration and Ambition", he often suggests that Labour's mission is "not to hold people back but to help them get on". In his eyes, Labour is committed to entreprenership as much as to equity [71]. Indeed, only through entreprenership (combined with the government safety net Winston Churchill and other non-socialist historical figures often made reference to) can equity be likely to be secured.

As did Thatcher, Blair associates himself with words like 'freedom', 'achievement', 'people', and 'individualism' and 'community' . His willingness to do so reflects Thatcherite success in helping recast the language of public discourse. While such normative principles do have a significant purchase in traditional Labour politics (and all are principles Labour should eagerly be associated with), Blair too often gives the impression he is not so much re-acquiring them as Labour values as appropriating them in their given Conservative (read: Thatcherite) form. Such quintessential Labour concepts as 'the state', 'collectivism', 'public provision', 'solidarity' have all been deemed negative and out of date. That Blair and his party are willingly entering into Thatcherite territory indicates the fact that, as Stuart Hall suggests, "Thatcherism discovered a powerful means of translating economic doctrine into the language of experience, moral imperative and common

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[68] Brian Brivati, Hugh Gaitskell, London: Richard Cohen Books 1997 p298-299.

[69] Labour Party Annual Conference Report 1959 p241.

[70] Tony Blair Speech, Labour Party Press Release, October 1996.

[71] The Times 12 April 1986.

sense, thus providing a philosophy in the broader sense...This translation of a theoretical ideology into a popular idiom was a major political achievement" [72]. To a considerable extent, this "popular idiom" found expression by the mid-1990s in the language within which all parties express their political intentions: Whatever else, Blair's politics are proof positive of that.

Nonetheless, both Gaitskell and Blair in their very different ways both demonstrate that Labour, in the words of Ralph Miliband, has long been "concerned with attempts at a more efficient and more humane administration of a capitalist society" in contrast to (as Miliband himself would have preferred) seeking to "adapt itself to the task of creating a socialist one" [73]. Labour's task has always been one of managing capitalism: When faced with the choice between securing the profitability of the private sector and strengthening capital over social reform and the redistribution of wealth and power Labour has always chosen the latter. This is the distinctive function of Labour both 'Old' and 'New'. But the purposes identified by New Labour are different from past agendas. The economic policy instruments borrowed from Thatcherism do little to manage (let alone reform) capitalism in line with the social justice agenda with which Gaitskell and its ilk were happy to associate themselves. For the Gaitskellite revisionist: "There was a belief, not merely in the occurrence of major changes in the structure of contemporary capitalism, which are not in question, but in its actual transcendence in its evolution into an altogether different system and, needless to say, a much better one" [74]. While wanting capitalism to work better for everyone (and, should it prove possible, ending poverty much as moral reformers would like to do away with sin), the Blair government gives every impression of being content to accept (even if it wishes to reform) the ideological status quo inherited from the Thatcher and Major governments.

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[72] Stuart Hall, The Great Moving Right Show, in Stuart Hall and Martin Jacques (eds), The Politics of Thatcherism, London: Lawrence and Wishart 1983.

[73] Ralph Miliband, Parliamentary Socialism, London: Merlin Press 1972 p344.

[74] Ralph Miliband, The State in Capitalist Society, London: Quartet 1969 p111.

Chapter 8.

Exploring Political Change: A Theory of Consensus Politics.

8.1 Understanding Consensus Politics.

8.2 Consensus as Constraint: Party Competition and the Shifting Middle Ground.

8.3 A New Consensus: Thatcherism and the Reinvention of the Labour Party.

8.1 Understanding Consensus Politics.

A theory of consensus politics embraces notions of stability, continuity and, most particularly, a concept of change. It offers an insight into governing across election cycles and the alternation of parties in office. It can demonstrate how policy development is a product of "agreement on procedures and broad policy goals with contained disagreements about methods and means" [1] and, in the transition from one consensus to another, it provokes an appreciation of shifts in political opinion across time. It promotes an understanding of both policy and political change as an alteration in governing political agendas informed by dominant political ideas. The idea of consensus in political historiography usually "describes the overlap between the economic, foreign and social policies of both Labour and Conservative governments"[2] throughout the post-war period until its breakdown in the 1970s.

For David Marquand "From the mid-1940s to the mid-1970s, most of [Britain's] political class shared a tacit governing philosophy" [3], a philosophy evidenced in a post-war political mileau shaped by a semi-collectivist political outlook characterised by a significant degree of state management of the economy, a commitment to full employment, the mixed economy, and the welfare state. Here, political attitudes to government were characterised by an acceptance of state intervention realised in levels of state economic intervention hitherto unimagined (with the exceptional period of the statist prosecution of total war in 1949-45 and, to a far lesser extent, in

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[1] Dennis Kavanagh, Whatever Happened to Consensus Politics?, Political Studies Vol 23 1985 p529-546.

[2] Anthony Seldon in Bill Jones, Andrew Grey, Dennis Kavanagh, Michael Moran, Philip Norton, Anthony Seldon, Politics UK, Basingstoke: Harvester Wheatsheaf 2nd ed p42.

[3] David Marquand, The Unprincipled Society: New Demands and Old Politics, London: Fontana 1988 p2-3.

1915-1918). A semi-collectivist ethos (when compared to the pre-1930 status quo), a key feature of political life and government activity, was a hallmark of a theory of the state that came to be widely shared by political actors and public administrators, one common to both Labour and the Conservative Parties. As Marquand makes clear this shared adherence to a social democracy "did not cover the whole spectrum of political opinion, of course; nor did it prevent vigorous party conflict. The two great parties often differed fiercely about the details of policy; on a deeper level, their conceptions of political authority and social justice differed even more. They differed, however, within a structure of generally-accepted values and assumptions" [4].

The various distinctions between Labour and Conservatives in the 1950s (the highpoint of the post-war consensus) easily provoke examples of division and disagreement. Divisions over Suez is one particular a case in point as are the personal contests between Macmillan and Gaitskell and later Wilson, Home and Heath. To agree with one critic of consensus, Nicholas Deakin, general elections were indeed to some extent "bitterly contested between opponents advancing sharply different views of how the economy and the welfare state should be managed" [5] but on issues of domestic (and foreign policy) government and opposition front benches did clash repeatedly but the key fact (reflected in the sentence struck by Deakin) is that divisions centred upon questions of how the economy and the welfare state *"should be managed"* and to what ultimate end [6]. It was assumed by government and opposition alike that some form of Keynesianism and the existing economic norms of the 1950s, 1960s and 1970s were permanent features of the British political scene; these were 'guiding assumption' that determined the stance of political actors of whichever party. Traditional policy differences were subsumed as the ideological gap between the parties narrowed as politics was characterised by a 'progressive centre' influenced by the politics of the centre-left distinct from those of the right or the left. Keynes and, to a much lesser extent, Beveridge were symbolic forces in post-war politics, actors whose ideas were eventually appropriated by a Labour Party keen to discover additional methods of translating their wish list of the good society into practical politics in 1945-51.

The objectives to which each government pursued full employment policies is of course open to question; Labour was more likely to declare itself in favour on grounds of equity and workers rights, the Conservatives on grounds of individual benefit and economic efficiency. Although the record of the Labour government was castigated by the Conservative party in opposition, the

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[4] ibid.

[5] Nicholas Deakin, In Search of the Post War Consensus, <u>LSE Quarterly</u> 1989 p78

[6] ibid.

'guiding assumptions' of the Attlee administration (reflecting foundations established during the Wartime Coalition) were broadly endorsed by the incoming government led by Churchill after 1951 (and subsequently by Eden, Macmillan and, after a short and half-hearted hiatus, Heath). Rab Butler, the architect of Conservative post-1945 reapproachment, described it as an adaptation to the reality of the 'mixed and managed economy' albeit one which reflected an intention to introduce elements of an 'non-socialist' enterprise society.

While the Churchill-Eden-Macmillan administrations did little to turn back the pre-1951 collectivist status-quo, Conservative successes in the 1951, 1955 and 1959 general elections did ensure that the collectivist agenda offered by the Labour Party had 'come so far but gone no further'. Road haulage and steel may have been denationalised, physical controls relaxed, rationing abandoned, and Treasury policy liberalised, but the Conservatives contented themselves with the management of the situation they inherited (and reaped the benefits of the newly 'affluent society'. The phrase, 'there is probably no alternative' is one that has some significance when applied to the attitudes struck by Tory political actors in the 1950s. They may, as some say, 'have held their noses' while making an accommodation to an altered status quo, but change they nonetheless did. Eager to promote the 'property owning democracy' within the status quo they inherited, Conservatives may have stemmed the collectivist tide, but, with partial and incremental exceptions, did little to dramatically reverse it.

The debate on the post-war consensus (or, as some commentators would have it, the non-consensus) embraces both contemporary history and political science. Paul Addison's path-finding work, The Road to 1945, first published in 1975 (and issued in a second edition in 1994) credits the 'Keynesian revolution of 1940' and the experience of the Labour/ Conservative Wartime Coalition under Churchill with the emergence of a 'social democratic consensus' eventually set in concrete by the actions of the 1945-51 Labour Government (wartime measures included the 1941 Budget; the Beveridge Report of 1942; the 1944 Education Act; the 1944 Full Employment White Paper) [7]. Arguing that consensus "was an exercise in containment", a process committing both Conservatives and Labour to common principles of post-war policy, Addison suggests that after 1945 "whichever party was in office, the Whigs were in power. Party conflicts were compromised, and ideology relegated to the margins of government, by countervailing factors which impelled all administrations toward the middle ground" [8]. This "middle ground" less reflected the absence of ideology than the dominant predilections which governed the actions of

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[7] Paul Addison, The Road to 1945, London Pimlico 1994 (2nd ed).

[8] ibid p283.

political actors as evidenced in their selection of policy and their identification of objectives. Essentially, all major parties co-existed in a social democratic universe in the 1950s and 1960s. As a result this post-war consensus reflected the reality that "whether ministers were Labour or Conservative, they were borne along by a belief in the state as a modernising instrument" [9].

The notion of consensus has as many detractors as it has advocates (indeed, at present it is more fashionable to number yourself among the first rather than the second). Ben Pimlott, among others, has argued that consensus is a myth, "a mirage, an illusion that rapidly fades the closer one gets to it" [10] and the power of a rising revisionist case against consensus has been attested by the grand old man of the thesis, Paul Addison, who refers to "a rising generation of historians who stress the primacy of party and ideology and that fundamental differences divided them" [11]. Such "revisionist" historians and political scientists question the whole notion of consensus by stressing the differences between Labour and Conservatives as separate and distinct political parties characterised by the continuing conflict of political values and interests. They see Labour as the party of socialism and the Conservatives as the party of capitalism [12]. Kenneth O Morgan also questions the idea of a broad consensus after 1945 as "perhaps a later construct which requires qualification. It does not conform to much of the record of events, to the personal recollections of those active at the time, or to the voters contemporary conception of themselves" [13]. Anthony Butler complains that the issue of the post-war consensus has not yet been purged from political debate. Offering himself as another candidate to "flog this dead horse", he suggests that consensus,

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[9] ibid p291. Cf Daniel Bell, The End of Ideology, Chigago IL: University of Chigago Press: "There is today a rough consensus among intellectuals on political issues; the acceptance of the welfare state; the desirability of decentralised power; a system of mixed economy and of political pluralism. In that sense...the ideological age has ended" p373.

[10] Ben Pimlott, The Myth of Consensus, in Frustrate Their Knavish Tricks, London: Harper Collins 1995 p237.

[11] Paul Addison, Consensus Revisited' Twentieth Century British History Vol 3 No 1 1993; Dennis Kavanagh, The Post War Consensus Twentieth Century British History Vol 1 No 2 1990 pp115-51.

[12] Critics of the notion of consensus have tried to implode the whole idea: Cf Harriet Jones and Michael Kandiah (eds), The Myth of Consensus? New Views of British History 1945-1964, London: Macmillan 1996; Anthony Butler, 'The End of Post-War Consensus', Political Quarterly Vol 64 1993. Also Neil Rollings 'Poor Mr Butskell: A Short Life, Wrecked by Schzophrenia' Twentieth Century British History Vol 5 No 2 1994; Kevin Jeffreys, 'The Churchill Coalition and Wartime Politics, 1940-1945, Manchester : Manchester University Press 1991; Harriet Jones, The Post War Consensus in Britain: Synthesis, Antithesis, Synthesis in Brian Brivati (et al ed), History Handbook, Manchester: Manchester University Press 1996 pp41-9 . For an overview of the debate see Paul Addison, 'Consensus Revisited' Op Cit.

[13] Kenneth O Morgan, Labour In Power, 1945-51, Oxford: Oxford University Press 1984 p329.

a concept "too dangerously malleable for political analysis", offers no firm purchase to distinguish between myth and reality [14].

If the actual term consensus has clearly fallen into some academic disrepute by the mid 1990s, much of this is due, as Anthony Seldon suggests, to "confusion about what exactly is meant by it" [15]. In his discussion of the post-war consensus, JD Marlow suggests that the idea of consensus is an unexamined assumption in both historiography and political science: "For such a taken-for-granted notion, it is....ill defined, poorly explicated and inadequately analysed" [16]. This is a very fair comment, one that, given the historical record, suggests to this author the need for the concept to be reformulated rather than abandoned. As the debate stands the idea of consensus has often been misused as a result of its under-theorisation and the all too common assumption, given the origin of the term, that its primary feature is a common agreement between political actors and public administrators on the ends the state is obliged to meet and the means it employs to reach them. Operationalising a theory of consensus politics may therefore be a worthwhile and relevant contribution to the explanation of political continuity (as well as to the promotion of sustainable change).

Consensus (as applied in its post-war variant) is most definitely a problematic issue in political historiography and unpacking the term all too necessary. The problem is that it is often a problem of reading history backward, one which clearly implies an agreement (of sorts) between parties but obscures the question of what type of 'agreement' characterises a consensus; how much dissensus means no consensus? Although the word consensus is Latin for agreement, its use in post-war political history less implies agreement than, as Seldon would rightly have it, "a set of common assumptions and a continuity between the policies pursued by both the main parties when they were in power. It does not mean that there were not disagreements; there were many. But it does suggest that the differences in the policies practised when the parties were in office were

[14] Anthony Butler,'The End of Post-War Consensus', Op Cit p435

[15] Anthony Seldon, Consensus: A Debate Too Long, Parliamentary Affairs Vol 47 No 4 1994 pp501-14 p503. Seldon argues: "Consensus might have appeared to have existed, [revisionist historians] would argue, when looked at from a very broad perspective. But when viewed from close to the ground, or the documents, the reality was very different. To an extent, the difference typifies the different approach of historians, who tend to see the trees, and political scientists, who prefer to see the whole wood" ibid.

[16] JD Marlow, Questioning the Post-War Consensus: Toward an Alternative Account, A Different Understanding, unpublished PhD thesis Department of Sociology University of Essex 1995 p7. Ben Pimlott also rightly suggests that "the greatest problem with the consensus theory is in defining the essence of the consensus itself". The Myth of Consensus, Op Cit p238..

relatively small rather then fundamental" [17]. *The notion of consensus is all too often used without being defined in any precise or meaningful way. This approach invariably encourages damaging false assumptions. The problem with the idea is that, as with the term Thatcherism, we are stuck with unsatisfactory terminology coined in the past. Consensus is, frankly, a deeply unhelpful term (although the ideas which lie behind it are not), a phrase which can obscure that it was originally employed to illuminate. Consensus as a concept should be applied in a redefined, precise and meaningful way.*

A clear distinction must be drawn between the post-war consensus (of which so much has been written) and consensus politics in general. Here, reference to *a* consensus is the operative form as opposed to discussion of *the* consensus. Rather than one ideal historical consensus there are a number of consensus, each distinct from its predecessor and distinct form its eventual successor. Where the tide ran in favour of semi-collectivist politics in the 1940s and 1950s, the 1980s and 1990s have witnessed a tide swell of support at the level of the political elite in favour of economic liberalism. Hence, consensus (in the plural) is a series of 'general agreements' prevailing over time and subject to incremental modification. Policy is largely based upon normative values that structure outlook; should these normative values change or be altered in some way, for whatever reason, parties may move apart from each other in policy terms. As Addison suggests "the history of consensus is far more fundamental in politics (though less discussed) than the record of party strife" [18]. One, of course, has both. Inter party strife is not merely commonplace, it is rife; part and parcel of any competitive party system and as much a feature of the party system in the 1940s and 1950s as the 1970s and 1980s. Office seeking divides parties and so 'conflict' as 'disagreement' remains an endemic feature of an adversary political system.

The suggestion that a political consensus is a set of "commitments, assumptions and expectations" shared by political actors which transcend party conflicts and provide the framework within which policy decisions were made offers a valuable starting point [19]. Consensus thus denotes a high level of acceptance at the level of the political elite about the legitimacy of a chosen and existing set of political practices. Consensus should not be taken to imply total agreement. A crude analogy may usefully illustrate a laboured point: Should a couple (married or otherwise) agree after much

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[17] in Bill Jones, Andrew Grey, Dennis Kavanagh, Michael Moran, Philip Norton, Anthony Seldon, Politics UK, Basingstoke: Harvester Wheatsheaf 2nd ed p42.

[18] Paul Addison, The Road to 1945, Op Cit p13.

[19] The phrase "commitments, assumptions and expectations" is from David Marquand, The Unprincipled Society, Op Cit p18.

discussion to purchase a house in, say, North London, a consensus is formed between them. Both now accept that a move to South London, North Glasgow or Outer Mongolia is off their personal agenda. Although they agree on this matter they may well disagree strongly (how violently they disagree would depend on the nature of their association) on such other matters as the colour of the front door, the choice of wallpaper in the bedroom, the distribution of room space or even the allocation of domestic chores. Hence, the idea that consensus exists, as Pimlott suggests, "not when people merely agree, but when they are happy agreeing" [20], that it is a "harmony", is not so much a myth as a unsuitably straw man. Consensus, as the concept should be used, does not imply total agreement.

Thus, Dennis Kavanagh and Peter Morris suggest that the post-war consensus existed in the form of a set of "parameters which bounded the set of policy options regarded by senior politicians and civil servants as administratively practicable, economically affordable and politically acceptable" [21]. Disputation and ideological difference between parties were often the stuff of electioneering, distinguishing between competitors for government office and political leaders, when they disagreed on major issues of substance, did so over questions of objectives if not the choice of methods. Under any consensus, parties will broadly accept or actively endorse a series of policy options they regard as given, unchangeable and therefore politically acceptable. A theory of consensus politics is not reducible to 'an agreement of opinion' nor does it take the form of deliberate or conscious bipartisanship: Rather than assume complete and total agreement between parties across political issues the concept presupposes that an adversary style of politics will continue and may well prosper. *Consensus does not simply reflect a policy coincidence but implies a broad association as an agreement on general principles which inform the policy decisions parties make.* All parties will continue to seek electoral preferment by mobilising electoral support through the process of party competition.

If consensus is evidenced by continuity across party government over time, nuclear defence policy since 1945 provides a useful instance of the shared attitudes that characterised the governmental decisions of either party: (1) In 1947, the Attlee government secretly commissioned the construction of the atomic bomb; (2) In 1959-63, the Macmillan government began modernising the independent nuclear deterrent by exploring the possibilities of the ill fated Blue Streak and Skybolt projects, eventually purchasing Polaris from the US through the Nassau Agreement

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[20] Ben Pimlott, The Myth of Consensus, Op Cit p230.

[21] Dennis Kavanagh and Peter Morris, Consensus Politics From Attlee to Major, Op Cit p13-14.

brokered with the Kennedy Administration in 1963. The incoming Wilson government took possession of the submarines; (3) In 1977, a sub-committee of the Labour Cabinet agreed the Chevaline programme to modernise Polaris and Callaghan agreed at the Guadalupe Summit in 1979 to the principle of citing US Cruise and Pershing missiles in Western Europe. (4) In 1982, the Thatcher government negotiated the purchase of Trident from the US and the Labour opposition having (left and right) opposed the decision from 1979-1989 eventually pledged to commission the fleet. Here, with the exception of Labour's policy turn toward unilateral nuclear disarmament in 1960-1961 and 1980-1989, both parties, in government and out, have firmly accepted the principle of the nuclear deterrent and the geo-political world view upon which it was based. On the testimony of one participant, the full 1974-1979 Wilson and Callaghan Cabinet held only one discussion on this question in the five years it was in office, such was the assumption that the policy was uncontestable: modernisating of the existing deterrent was considered by a small ad hoc sub-committee of a Cabinet Committee.[22]. Consensus on specific policy cannot be questioned; it reflects a status quo just as a changing consensus indicates a degree of political change.

Criticising the now wholly outdated notion of adversary politics pioneered by SE Finer in the 1970s, Richard Rose argues it is incorrect to assume that "party government in Britain would be characterised by an abrupt oscillation in public policy, with the direction of government swinging from well on the right to well on the left and back again in the course of a decade" [23]. Developing the idea of a moving consensus, Rose suggests that parties rarely make a difference and that incoming governments, rather than deploy a partisan approach, are bound by the status quo they inherit: "On grounds of party doctrine, whether the Conservatives or Labour Party is in office should make a big difference to patterns of public expenditure. In practice, the growth of public expenditure has shown a steady secular trend upwards through the years, varying little with the complexion of the party in office" [24]. Of course, while Rose correctly draws attention to the continuities between party governments that lie at the heart of any theory of consensus he does not take into account the opportunities for change that occasionally arise: Parties can (but often they do not) make a difference. Witness the Thatcher-led Conservative party.

Misreadings of history and misinterpretations of the rationale that underlay the actions taken by

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[22] Interview with Tony Benn, London August 1994.

[23] Richard Rose, Can Parties Make a Difference? London: Macmillan 1984 p156.

[24] ibid p119-120.

political actors cloud the debate on consensus politics generally (to say nothing of the historical debate on the post-war consensus). The notion of consensus that has followed on from the Addison school of thought needs to be re-evaluated. It is not the case that whichever policies were introduced became part of this post-war consensus, nor that parties were tweedledum and tweedledee composites. Contradiction is as much a feature of the true consensus as is association; change amid continuity and disagreement amid agreement are factors which should complement rather than question a theory of consensus politics. A theory of political consensus has nothing in common with the idea of a social consensus, one predicated upon a mutual harmony between all parts of an organism, a condition where different parts of the same whole integrate together in a form of mutually beneficial co-existence. A political consensus is not analogous to a form of cohesive interdependence between parts of a social system. The term consensus need not be usually employed as a descriptive (or perjoratative) term. It does not mean nor should it imply a uniformity of belief or behaviour. Nor does it presuppose a homogeneous conformity among all political actors of whichever political origin.

Ben Pimlott too quickly questions the entire edifice of consensus: "It is easy to take for granted hard-won reforms, and to forget how bitterly they were contested at the time. When one policy triumphs over another, it is tempting to regard the change as inevitable and, as part of a progressive, consensual evolution. Yet the reality of radical reform is that it has seldom come without a fight" [25]. Certainly: Pimlott correctly draws attention to the difficulties that any ideas based reform (be it from the left or the right) experience in the transition from heterodoxy to orthodoxy. This applies to the rise of neo-liberalism just as much as to the rise of social democracy. Pimlott correctly argues that "Labour's [1945-51] programme was fiercely resisted and furiously resented" [26] but Labour 'won' the post-war argument by the fact that it helped refashion the status quo. In short, Labour appeared to be making the political running; smarting from their electoral defeat (and fearful of another), the Conservatives felt obliged to alter their appeal in line with this new status quo. Equally, the post-1979 reforms of the Thatcherite government were the subject of fundamental disagreement between Labour and the Conservatives in the 1979, 1983 and, to a far lesser extent, the 1987 and 1992 Parliaments. Labour's opposition to the Thatcherite project had literally to be seen to be believed in 1979-87 (as did the less intense disagreements between Labour and Conservatives in the post-war period). One difference is that the Conservative opposition (in terms of the alternative policy it offered) to Labour in 1945-51 was weak and half-hearted compared to Labour's avowed attempts to expiate Thatcherism root

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[25] Ben Pimlott, The Myth of Consensus, Op Cit p235.

[26] ibid p236.

and branch in the period, say, 1979-1986. Both were, of course ultimately unsuccessful.

A more sophisticated analysis of consensus suggests that it is not simply an 'agreement' marked by the absence of 'disagreement'. Consensus as 'settlement' offers a more satisfactory framework of reference [27]. Where Colin Hay argues that a settlement generally refers to the "relationship between the state, economy, civil society and the public sphere that was to emerge and become institutionalised in post war Britain" [28], a consensus embraces less a state regime than a settlement as a re-definition of politics as an 'art of the possible' reflected in party stances. Hay would both agree and disagree with this: "It is important to emphasise that the notions of post-war settlement and post-war consensus, despite their superficial similarity, cannot be conflated. They refer to fundamentally different objects of analysis. Thus while the former refers to the broad architecture of the state and its modes of intervention within the economy, the private sphere and civil society, the latter takes as its referent the emphemeralities of daily politics and hence the nature of the governmental process" [29].

This is a distinction between settlement and consensus that makes much of the fact that a notion of settlement implies a difference between a state regime and the political system: Thus reference to the post-war settlement in this scenario suggests that "the creation of the mixed economy and the welfare state during the post-war Labour administration laid the foundations for the economic and political settlement between capital and labour in the next two decades" [30]. Hay limits his discussion of consensus to a "tightly specified topic", one that is based upon "policy goals; policy means; policy outcomes; political style; the presentation of policy to the electorate; and even the range of policies excluded from the political agenda" [31]. While agreeing with this specification of consensus it is hard to see how this is unrelated to the idea of settlement: Defining a settlement

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[27] That there is nothing new on this is typified by the age old agreement on the rules which political actors accept as governing the constitutional game known as British government. There are sets of conventions which, as adhered to be political actors, may comprise a consensus of sort; expressed fidelity to established customs and conventions, for example the constitution; social mores; existing rules of behavior; and patterns of authority; or the mode of production.

[28] Colin Hay, Restating Social and Political Change, Buckingham: Open University Press 1996 p44.

[29] ibid p45.

[30] Bob Jessop, The Transformation of the State in Post War Britain, in Richard Scase (ed) The State in Western Europe, New York: St Martin's Press 1980 p28. Cf Colin Hay, Re-Stating Social and Political Change, Op Cit p44.

[31] Colin Hay, Re-Stating Social and Political Change, Op Cit p44.

in relation to state theory is necessarily one thing. But it can also apply in the form of a political convergence between political elites, as is typified by the similarity of political actor strategy as realised in policy convergence. Hay does recognise that consensus can be considered to be an "epiphenomenon of settlement" where "an elite consensus could be said to exist in as much as the structures, practices, boundaries and responsibilities of the state regime are taken as circumscribing the politically possible, and as setting the context within which political projects can be conceived" [32]: The two phenomena are closely related.

A consensual settlement, within which policy is enacted, is the result of implicit and unstated 'guiding assumptions' shared across parties, an 'agreement' existing in the form of a 'framework', one that reflects a prevailing political orthodoxy. This framework structures rather than determines political activity: *The idea of a settlement-as-framework-guiding-political choices is a proverbial 'baby' that should not be thrown out with the consensus-as-willing agreement-between parties 'bathwater'. A consensual settlement reflects a framework of political ideas and values within which political activity takes place. It reinforces a set of attitudes which find expression in political, economic and social policy. This both underpins and reflects the prevailing paradigm within which political actors operate.* A political consensus is therefore best defined as a shared adherence to a limited series of methods and objectives common to government rather than a commonly held direction of purpose. It is a form of conformity (if not outright compliance) with an established political agenda which defines what governing actors can do and what they should aspire to do. Political actors can come over time and through experience to internalise a set of political values that constrain and shape their behaviour rather then overtly determine their actions.

Of course a consensus may also be characterised by what it EXCLUDES rather than the political outlook it EMBRACES. Because a consensus need not entail specific policy outcomes, the social democratic consensus can be adjudged by a range of policies incompatible with it and excluded from the governing political agenda subscribed to by political actors of all parties. Policies ruled out included: sacrificing full employment for the control of inflation; excluding the trade unions from the political system; establishing control of the PSBR as a central objective of government policy; considering the reduction of public expenditure to be a good thing in itself; reducing the level of public ownership to the absolute minimum; ruling out the possibility of increasing the income tax take-up to maintain and/ or expand public services. This negative aspect (what politicians rule out) of consensus politics reinforces the positive aspects (what politicians are prepared to consider) of the phenomenon.

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[32] ibid p46.

A consensual settlement is almost a mock theory of governance, one which guides what governments (and, as importantly, what prospective governments) can and should do (and what they consider themselves able to do). Dramatic political change may be defined as the transition from one consensual settlement to another. Consensus, as a set of constraints which are deemed to limit what actors can and cannot do therefore provides an 'exercise in containment', reflecting a political agenda derived from a variety of sources in which certain common principles are enshrined in policy [33]. It reflects a series of contestable political beliefs that have over time become translated into a set of assumptions, an implicit 'agreement' on the role of public administration, one existing as a 'framework', which reflects the preparedness of political actors to accept a prevailing political orthodoxy based upon a set of prescriptive and conceptual political ideas. This shapes a 'climate of opinion', not simply (or even significantly) the opinions and attitudes of the mass electorate but those of key opinion formers and other political players. This 'climate of opinion' is informed by the pre-dominant values which set the boundaries of the acceptable for public policy. Certain policy approaches or political values may be deemed illegitimate because they conflict (or simply challenge) these core values: Here only 'safe' questions may be raised which do not threaten existing attitudes on the direction of policy and the ideological appeal that underpins it. A dominant set of prescriptive ideas come to inhibit political actors; they structure political activity and serve to define the limits of possibility. This is where the settlement between governing and would be governing political actors comes to pass.

8.2 Consensus as Constraint: Party Convergence and a Shifting Middle Ground.

A consensus can therefore be described as an arrived at unstated accommodation between parties on the various foundations of policy (what is government for; what can actors do; and, perhaps more importantly, what actors should expect to be able to do). It is this framework which constructs the set of "parameters which bounded the set of policy options regarded by senior politicians and civil servants as administratively practicable, economically affordable and politically acceptable" to which Kavanagh and Morris refer in their definition of consensus [34]. It lies at the heart of consensus politics and determines the objectives and assumptions which structure policy choice. Adopting a spatial model of ideological competition stretching from left to right, consensus politics reflects an set of parameters enclosing a space on the political continuum within which political actors position themselves. From this perspective parties are divided (in addition

[33] Paul Addison, The Road to 1945, Op Cit p238.

[34] Dennis Kavanagh and Peter Morris, Consensus Politics From Attlee to Major, Op Cit p13-14.

to office seeking) by the technical question of which of them can successfully claim to better manage the status quo rather than change it. A consensus, characterised by what is considered to be feasible (not necessarily desirable), defines what is considered possible as illustrated by an 'essential bias' in policy selection. It describes the conformity (if not outright compliance) with an established political agenda, an acceptance of common political values which define what governing actors can expect to do and what they should aspire to do. Over time and through experience parties come to internalise a set of political values that constrain and shape their behaviour and so influence their actions.

Political change is a reflection of the rise of new ideas and practices that political and economic elites come to accept as necessary, inevitable and, in certain cases, unchallengable. Distinctive political ideas (should they demonstrate their economic, political and administrative viability) thus impact upon policy formation. They form part of a dominant political discourse, a series of micro-ideological propositions which, as a set of normative recommendations, shape a broadly informed belief system that has far reaching social implications when realised as public policy. Ideological prescriptions affect the political-economic-social context within which government operates. This structures what political actors and governmental institutions actually do and so impacts upon the outputs of the state. Of course, a pragmatic response to social and economic pressures may serve to modify the impact that a political ideology might have. Equally, the reception climate that greets a ideological project is an important factor. For one agenda to succeed, others have to fail; for change to prosper, the status quo has to be discredited. The failure of Keynesianism paved the way for the resurgence of market liberalism much as the limitations of individualism prepared the way for social democratic collectivism.

Party politics, as a response to wider political influences often structured by the form that party competition takes, comes to reflect a dominant micro-ideology such as social democracy or neo-liberalism, individualism or collectivism (as distinct from macro-ideology such as capitalism, socialism, communism and fascism). While major parties office seek in order to policy seek, their policy seeking (while influenced by their historical traditions as a party of the left or the right) will reflect "prevailing wisdoms". The abiding feature of the British party system (be it three party politics in a two party system) is that major protagonists broadly accept prevailing macro-ideological norms. While they can and do disagree on the micro-ideological alternatives by which existing society is managed and, if deemed necessary, reformed, parties do come to accept the primacy of a dominant micro-ideological alternative if it enhances their office seeking role and can be linked to their historical ethos. Thus, the Conservative Party found itself able to live with the social democratic Britain fashioned after 1940 just as Labour has become accustomed to the neo-liberal agenda that characterises contemporary politics.

From this perspective consensus politics structures party attitudes as reflected in the political objectives they identify and the policy methods they choose. Given that parties do "compete for votes by locating themselves on a optimal place on the ideological spectrum" [35], Sartori's model of party systems suggests that the ideological distance between parties is one factor determining the direction of party competition: Where a short distance results in centripetal competition and a long distance centrifugal competition [36], centripetal competition, convergence toward a centre, is part of a process where parties, competing against the background of a socio-economic and political environment, interact with one another. This centre (using the term as Sartori applies it) is of course defined politically; rather than being fixed it shifts (and is shifted) within the ideological continuum stretching from left to right. For example, the politics of Keynesianism came to symbolise the centre only because it reflected the semi-collectivist ethos to characterise British politics in the post-war period; that particular centre ground is very different from the one to characterises contemporary politics. Hence, the nature of the ideological difference between parties is central to an understanding political change (and to an acknowledgment of the light a theory of consensus politics can cast upon it).

Here, a political consensus as settlement embraces the notion of a centripetal accommodation between political parties, one which reflects an micro-ideological convergence between parties as part of a process of political change (and, in time, a form of political continuity once a convergence has taken place). This concept draws a clear distinction between the middle ground and the centre ground within an ideological continuum. The median ground is fixed, a hypothetical point on a spatial model between left and right. In contrast, the political middle ground is fluid, a movable point on the same space between these alternate poles. A shift in the location of the political middle ground serves to illustrate the prevailing 'ideological predilictions' that characterise political activity at any one given time. What is commonly referred to as the median point is this political middle ground, a constantly shifting political construct.

For reasons explored in a previous chapter a (changing) political middle ground must be distinguished from a (fixed) political median point equidistant between left and right. A shift to the right does not mean the end of the left (nor visa versa) but merely illustrates a shift in position on the part of parties or electors along the ideological axis: Fascism, as a demarcated point on the far right of the political spectrum, does not cease to exist because no political actor and few

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[35] Alan Ware, Political Parties and Party Systems, Oxford; Oxford University Press 1996 p48.

[36] Giovanni Sartori, Parties and Party Systems, Cambridge: Cambridge University Press 1976.

to maintain their electoral strength, a transformation of the ideological environment within which they are located will also exact the same reaction. In distinguishing 'left' and 'right' one must be therefore careful not to associate changing political appeals with an 'end of ideology' thesis. The distinction of left versus right remains the primary dimension of political competition between parties although the fulcrum of this axis is forever shifting. The centre of gravity within this left-right dimension along which parties are aligned can alter and move dramatically.

In explaining the shift from one micro-ideological agenda to another consensus defines the changing political middle ground reflected in party location along the left-right axis of ideological engagement. While parties continue to compete (and compete fiercely) with one another in terms of office seeking, a dominant political discourse shapes the overall form that policy seeking takes. Ideological parameters (which define the ideological terrain they stake out) are clearly drawn within a process of centripetal party competition. That the parameters to characterise pre-1975 politics are very different from those of post-1995 is an illustration of political change as evidenced within party competition. Catch-Up accommodation (in addition to the process of preference shaping party competition) may therefore be an explanation of the process of change, adaptation and transformation; proof-positive of the existence of a series of consensus politics in which the shifting political middle ground is an illustration of this process (Cf Diagram 6).

This framework of analysis suggests that a dominant micro-ideological discourse can overshadow subordinate, less influential discourse and so influence elite (not necessarily popular) political opinion and determine the set of policies (the predisposition that informs policy choice). Consensus can be characterised as passive acquiescence rather than active endorsement. This idea lied at the heart of the idea of consensus as settlement: *It involves a process of convergence around (not necessarily on) a new political middle ground, one illustrated by the micro-ideological agenda upon which parties come to settle. Parties continue to disagree not only because they are office seeking competitors but because they are located at the left and right of this political middle ground, political actors who can differ on specific objectives at the same time as they agree on the legitimacy of the general methods established by a dominant micro-ideology; Labour looks to the left of the political spectrum at the same time as the Conservatives* sus as settlement: *It involves a process of convergence around (not necessarily on) a new political middle ground, one illustrated by the micro-ideological agenda upon which parties come to settle. Parties continue to disagree not only because they are office seeking competitors but because they are located at the left and right of this political middle ground, political actors who can differ on specific objectives at the same time as they agree on the legitimacy of the general methods established by a dominant micro-ideology; Labour looks to the left of the political spectrum at the same time as the Conservatives*

| Diagram 6: The Politics of Catch-Up as Illustrated on a Spatial Model of Party Competition. |

L1   C1 (L2)   (C2)

1983

Left   Right

1997

Left   Right

(L1)   L2   C2
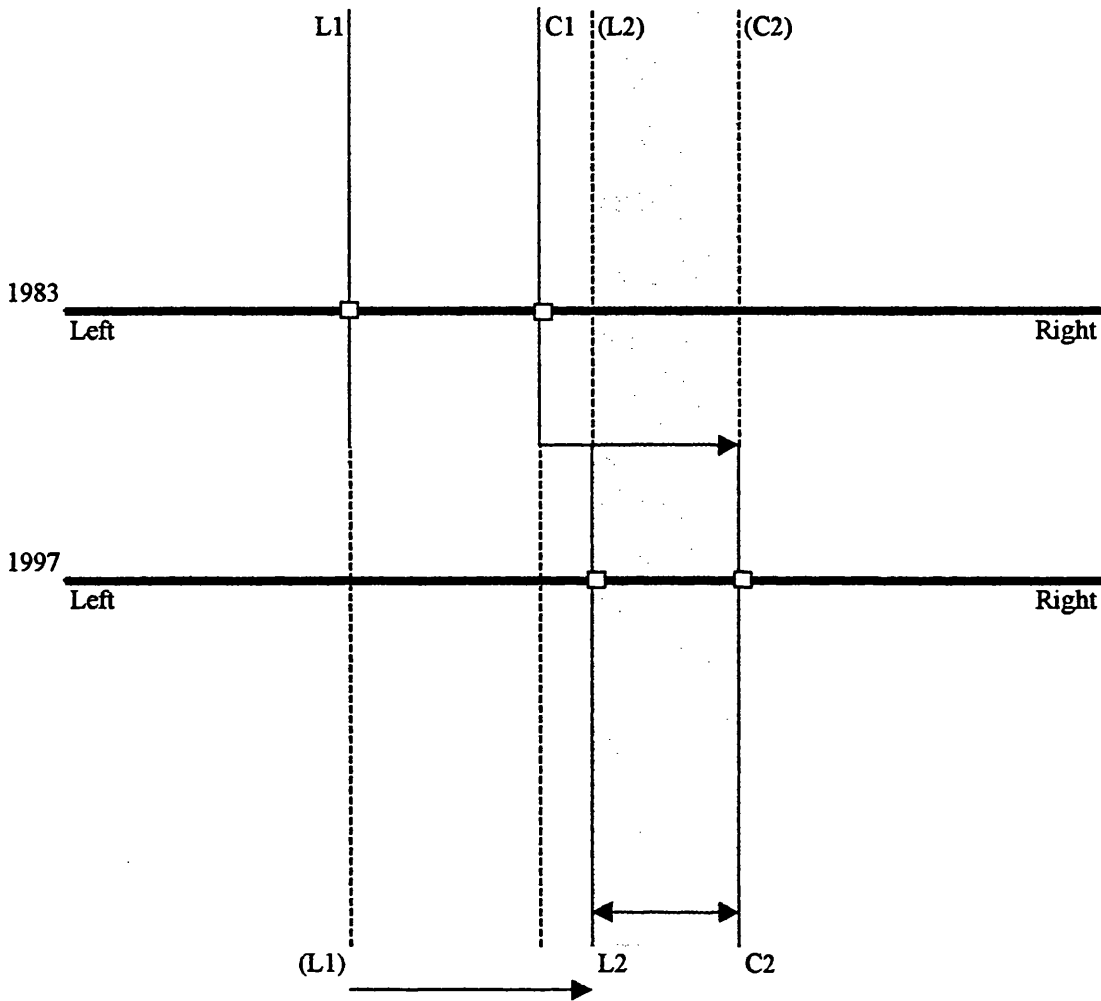
1. The shaded area marked L2-C2 marks out the political 'middle ground' in the ideological space stretching from left to the right in 1997. This is the area of 'contestation' that currently divides Labour and Conservatives in terms of their political differences: It illustrates the politcal ideological 'terrain' around which contemporary politics is fought.

2. The distance C1-C2 indicates the direction in which the Conservatives have travelled in the period since 1983. Building on the foundations established in the 1979 and 1983 Parliaments, the Thatcher and Major governments continued to shift their party alignment to the political right.

3. The distance L1-L2 is the distance travelled by the Labour Party since 1983. This spatial area (highlighted bu an arrow indicating the distance travelled) is that conceded by Labour in the period to 1997. Labour's shift to position L2 was influenced by the Conservatives moving location from C1 to C2. It is this shift that characterises the Politics of 'Catch-Up'.

look rightwards. (Cf Diagram 7).

Consensus are not arrived but are constructed; they emerge as a result of the interaction of political actors through a process of synthesis involving both agreement and disagreement, where it is accepted that a set of constraints limit the horizons of the aspirations of political actors. Charles Webster suggests that the emergence and development of the National Health Service in 1945-1955 was the product initially of conflict not consensus, its end form characterised by an uneasy compromise rather than a consensus [37]. The post-war consensus found expression in the concept Butskellism, a concept drawn from the now famous phrase coined by the Economist in 1954 [38]. This drew attention to the similarity in approach between the Tory Chancellor of the Exchequer and his Labour predecessor (and then opposition counterpart) Hugh Gaitskell and distinguished the moderate centrist positions of both individuals within their respective parties. Gaitskell was said to have liked the appellation while Butler, fearful that it would damage him in the eyes of his parliamentary colleagues, hated it and rejected the assumption that his politics were similar to Gaitskell's: "Both of us, it is true, spoke the language of Keynesianism. But we spoke it with different accents and with a different emphasis" [39]. Continuing differences and re-emphases thereby remain part of the scene of any period of consensus.

In 1963 Tony Crosland published The Conservative Enemy (not the sort of title associated with a harmonious association between parties or a cheerful, happy agreement) where he suggested "deep differences exist between the two parties about the priority to be afforded social welfare. This is not because Conservatives are necessarily less humanitarian, but because they hold particular views as to the proper role of the state, the desirable level of taxation, and the importance of private as opposed to collective responsibility. Their willingness for social expenditure is circumscribed and the consequence is a quite different order of priorities" [40]. This illustrates how continuing differences can be perceived. Major British parties, of course, do not simply ape one another; even if they are not polarised at different ends of the ideological spectrum they remain to some extent both different and distinct.

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[37] Charles Webster, Conflict and Consensus: Explaining the British Health Service, Twentieth century British History, Vol 1 No 1 1991 pp115-51; Charles Webster, The Health Service Since the War: Volume 1, London: HMSO 1990.

[38] Attributed to then staff writer Norman McCrae.

[39] Rab Butler, The Art of the Possible, London: Hamish Hamilton 1973 p162-163.

[40] Anthony Crosland, The Conservative Enemy, London: Jonathon Cape 1963 p123.

Diagram 7: Party Convergence Around an Altered Political 'Middle Ground'
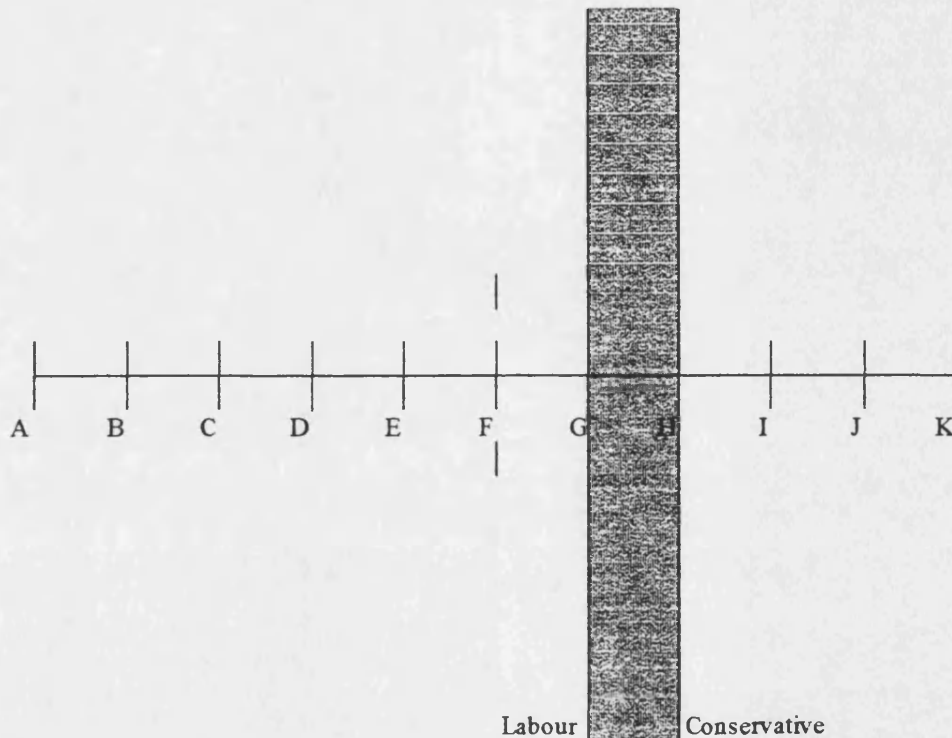
The new 'political middle' is the marked area between points G- H. This is the area of consensus characterised by party convergence on these two separate points. Here, points A-G and H-J are excluded from this consensus by the locations of the two parties. Of course, consensus on this 'middle ground' G-H (not 'centre ground F -the median point between A-K) does not imply agreement: Labour is on point G while the Conservatives are located at H (G-H does however mark out the location of their agreement and therefore the extent of their disagreement). From point G Labour is closer to point F than are the Conservatives; similarly, the Conservatives are closer to point I than are Labour. Either party is closer to other points on the scale than their rival: hence, in ideological terms, Labour looks 'left' while the Conservatives look 'right'. Nonetheless, the political attitudes and policy instruments consummate with location at political 'middle ground' G-H (as opposed to, say, political middle ground E-F assuming both parties were located there) characterise the dominant political paradigm within which contemporary politics is conducted.

The post-1945 welfare state and mixed economy were not reducible to Keynesianism (which was itself a tool utilised as part of a social democratic project). Keynesianism, a general way of looking at the economy rather than a specific doctrine, was not a rigid dogma but a tool of economic policy not in itself a ideological world view. As such, not merely at the rhetoric level but also in government, parties could (and did) interpret the policy tools and practices of the post-war consensus as simple mechanisms to be applied (or not applied) for differing objectives: Where Labour stressed the 'egalitarian society', Conservatives spoke of the 'property-owning democracy'. Within the post-war consensus "[T]he Labour and Conservative versions of Keynesianism were clearly distinct. Labour Keynesians like Hugh Gaitskell were ready to employ selective physically controls -such as import controls and controls over the export of capital. Conservative Keynesians like RA Butler preferred to rely on fiscal and monetary policy" [41]. Differences were however at the margin, one of emphasis rather than substance, simultaneously reflecting the shared micro-ideological perspective common to Labour and Conservatives *and* the fact that they respectively stood to the left and right of the political middle ground fashioned in the post-1940 period. *This process of convergence results in parties coalescing around a middle ground; they do not converge on it. Given their pre-existing attitudes and background (political traditions and genetic code) each party will make of the new settlement what it will in terms of its appeal, ethos and, as significantly, the political platform it deploys to distinguish itself from political opponents in place on the same micro-ideological terrain.* Here, this explains the juxtaposition of difference amid agreement[42].

It is therefore important to emphasises that continuity as well as discontinuity is a feature of any political scene. The transition from a political discourse based upon a semi-collective social democratic ideology to one characterised by a fidelity to a revived market liberalism does not involve a total break from the politics of the earlier period. Elements of the former paradigm continue to exist thus marking a process of continuity. Thus is characterised in the field of defence and foreign policy and, in the domestic field, by the state's perennial obligations to provide some

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[41] Paul Addison, The Road to 1945, Op Cit p290.

[42] Within a consensus characterised by party convergence upon a particular location within the socio-economic arena, parties distinguish themselves from their competitors by competition in sub-arenas where there policy appeal marks them out from others. Here, parties engage in both positive and negative campaigning arguing their case and damning that of their opponent. Office seeking can be dressed up as policy seeking when parties attempt to distinguish themselves from one another in terms of the electoral campaigning profile they establish."Programmatic association as policy coincidence; the politics of catch up typifies this situation at the same time that aggressive office seeking continues. Policy disagreement is however less of an issue, one constructed through the prism of office rather than policy seeking where a ratio between these primary goals may be drawn. It is here that the combative inter party relationship may be defined. Fundamental policy disagreement is the exception rather than the rule.

form of welfare for its citizens such as education, housing, social insurance, and health care. Social democratic or neo-liberal, capitalism remains capitalism.

Thatcherism was constrained in policy terms by the public programmes it inherited from preceding administrations. The policy departures it could engineer determined by the government's electoral and political freedom of manoeuvre and the administrative feasibility of the changes it hoped to make. As Rose suggests "Taken together, the Conservative and Labour parties are only part of the political system. While the fact of election gives the governing party a legitimacy denied many other groups, it does not ipso facto give it the power to do what it wishes" [43]. Nonetheless, the political changes the Thatcher government brought about helped usher in a new dominant micro-ideology. Successive electoral outcomes can serve to structure elite discourse and so promote a consensual settlement embracing a new political middle ground. A consensus is thus an 'arrived at' position, the result of the interaction of political forces over time, one of contesting positions (against the backdrop of economic and social structures and political events) in which there are winners and losers. While Rose criticises he idea that parties make a difference he does acknowledge the existence of what he terms a "moving consensus"; one which arises from "differences in the priorities of the parties and the disagreements thus generated" [44]. By "taking an initiative" parties can break with "the existing view that everything is all right in a given policy area" [45].

From this perspective, where the status quo is dramatically challenged (what Kuhn refers to as 'revolutionary' versus 'normal' science), consensus is the outcome of a resolution of conflict realised by the triumph of one political agenda over others. The successful agenda forms a new paradigm, a backdrop against which politics is then conducted. Here, actors come to acknowledge this framework; they may criticise it, seek to alter it, or even work at its margin but they are obliged (or, more particularly, feel themselves obliged) to choose to work within it. Politics as an art of the possible (butressed by the dictates of office seeking) requires parties to choose this course of action. As such, dramatic political change is invariably followed by consolidation as advocates of an unsuccessful position, having been seen to have been soundly trounced, withdraw from the political field hurt or else tailor their traditional appeal to the winning view. Certain political actors see themselves as going against the grain of current political realities. In so doing they thus 'capitulate' to their opponents in recanting their earlier view or else bide their time in

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[43] Richard Rose, Can Parties Make a Difference, Op Cit p143.

[44] ibid p152-153.

[45] ibid p153.

hope of making some advance when a more propitious time permits. Agreement exists within limits; consensus is thus a form of settlement with parameters as discernable boundaries, not an agreement (in the dictionary sense of the word) freely entered into.

Political change is thus characterised as an alteration in the ideological suppositions that govern the definition of policy options. It is a reflection of the impact that a paradigmatic shift can have on the 'belief systems' of political actors as evidenced in their intentions. A consensus reflects an altered policy universe, one provoked by an acknowledgment that a fundamental shift has been engineered in the form of political debate as parties come to accept a prevalent micro-ideology. Contra Downs, ideological convergence within a party system is not necessarily a reflection of median voter convergence but the result of a narrowing of the ideological distance between parties, one in which an electorally weakened party comes to accept the legitimacy of a micro-ideology for either instrumentalist or expressive reasons.

Consensus politics are nonetheless characterised by an imperfect transition in which one political tradition is influenced by another. In the contemporary world Labour's social democratic appeal has been colonised by a neo-liberal politics. While social democratic ideals are not entirely replaced by a neo-liberal appeal the social democratic agenda becomes subsumed within a neo-liberal political agenda; Labour, the agency associated with social democratic ideas, becomes 'neo-liberalised' in much the same way as traditional Conservatism made its gradual historical compromise with liberal democracy post-1860 and the collectivist agenda after 1918, a shift typified by the post-war Tory embrace of 'Butskellist Keynesianism'. Of course the ideology of the public sphere is not reducible to the dominant political mode; subordinate agendas continue to attract support at the same time as they are overshadowed by the dominant discourse. 'Hayek's ideas' were in circulation during the 'time of Keynes' even through they were not articulated at the level of the state nor did they form part of the dominant political agenda.

Equally, the neo-liberal spectrum stretches from left to right, embracing both radical and moderate versions of the micro-ideology. Classical neo-liberalism was an ideal Thatcherism could not (indeed, would not) match up to in its entirety. While Thatcherites saw New Right politics as offering a perspective on social, economic and political reality that suggested a programme of political reform, they were would be reformists and not revolutionaries. They found the world as it was and, where they could do so, they altered it. The neo-liberal political agenda they advanced did not sweep away all the social democratic world in its entirety, but only in part changed it (in certain policy areas more than others); in short, reformed it. Thatcher was a Thatcherite and not a Hayekian; her government's reforms began at the margins of the status quo and only moved toward the centre as far as it was possible to do so. Root and branch transformation was not an

option: 1979 was not a British Year Zero and the identity of the state, economy and polity that characterised the pre-1979 social democratic world was only in part 'neo-liberalised'; it was not transformed utterly.

The process of paradigm shift (as typified by the transition from a social democratic ideological discourse to one informed by neo-liberalism) is therefore one of gradual disengagement from the practices of the past combined with their partial retention in some form. Certain elements of the previous consensus prevail, however altered in form they may be: the aspects of the social democratic consensus that survived Thatcherism (thus far) are state welfarism (when compared to the reversal of the trade off between inflation and full employment as the defining aspect of a dominant neo-liberal politics. Here, certain elements of the social democratic settlement can be seen to have been neo-liberalised; not all past policies have been abandoned as the survival (thus far) of the Beveridgian welfare state testifies. The past, from this perspective, can be more than prologue; refashioned by a newly dominant elite discourse, it may continue to exert an influence over what the state does and, as crucially, the expectations civil society has of it.

8.3 General Conclusions: The Reinvention of Labour as the Consequence of Thatcherism.

There is something of a vacuum at the heart of a theory of consensus when it is not related to political change. Malcolm Smith rightly suggests that of itself consensus as a concept may not demonstrate how it "is arrived at, the mechanism by which general agreement [his definition] is reached, or how general agreement changes over time, how resistant or alternative stances are incorporated into a new, replacement general agreement" [46]. Writing of the efforts of Conservative Ministers to block certain Labour initiatives in social policy reform after 1942, Paul Addison suggests that they were *"acting, nevertheless, in a field of force, created by Labour"* [47]. Conservatives drew up plans for social reform that were *"closer to Labour ideals than they were to the ideals of Neville Chamberlain"* [48]. The result of the return of the Conservatives to office after 1951 saw the collectivist advance of the 1940's stemmed but not reversed and, while the Churchill government may have gone some way to meeting the pledge to 'set the people free' by

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[46] Malcolm Smith, The Changing Nature of the British State, 1929-1959: the Historiography of Consensus in Brian Brivati and Harriet Jones (eds), What Difference Did the War Make; Leicester: Leicester University Press 1993 pp37-47 p42.

[47] Paul Addison, The Road to 1945 Op Cit p282. Of course if the Tories were doing this in 1944 then their policy in 1954 (having accepting many of the changes initiated by the post-war Labour government) would be more constrained that had previously been the case.

[48] ibid.

restoring some authority to market liberalism at the expense of collectivist planning, the Tory party stood on the right of the post-war political middle ground. Then, as now, political and ideological constraints determined what ministers as political actors could do. As with the post-war consensus, the contemporary consensual settlement is a reflection of a pre-set paradigm where the present day Labour Party is, pace Addison and post-1945, *acting, nevertheless, in a field of force, created by THE CONSERVATIVES.* That Labour now draws up plans for government that are *"closer to THATCHERITE CONSERVATIVE ideals than they are to the ideals of HUGH GAITSKELL"* demonstrates the constraints imposed upon present day actors by the free-market view of economic and political realities.

As with the post-war consensus, the contemporary consensual settlement, a conformity within limits, is a reflection of an emergent paradigm and not a purposeful agreement commonly accepted by political actors (as implied by the term consensus). This example of political change both reflects and generates the political agenda which defines the dominant micro-ideology and its attendant set of political ideas, attitudes and values, one that has come to alter the perceptions of political actors regarding the possible role of government, its objectives and the methods available to it. Here, having been seen to 'win' the 1980s, the Conservative Party has led where Labour, having 'lost', has felt obliged to follow. David Held identifies a typology of compliance which classifies the various rationales behind political change, detailing the shift from opposition to (reluctant or enthusiastic) acceptance: (1) coercion; (2) tradition; (3) apathy; (4) pragmatic acquiescence; (5) instrumental acceptance; (6) normative agreement; (7) ideal normative agreement [49]. These stages, particularly (4) through (7) could all be taken to presage a process of consensus formation: Where one party is deemed to have successfully led (for whatever reason), others will follow. 'Pragmatic acquiescence' and 'instrumental acceptance' imply a resigned acceptance of an unsatisfactory situation for instrumentalist reasons, accepting the need to accommodate to an altered status quo because it is deemed to be in the party's interest to accept something it may not be entirely at ease with.

The consolidation of a dominant agenda will involve the reconstitution of party antagonism around a new political axis, an altered political middle ground. Here party change takes the form of a relocation along the ideological spectrum, in the case of Labour post-1983, a shift rightward, or in the case of post-war Conservatism, a shift leftward. Thus, political changes initiated since 1979 can be related to Held's typology: Persistent strains in the established social democratic consensus

[49] David Held, 'Power and Legitimacy in Contemporary Britain', in Gregor MacLennan, David Held and Stuart Hall (eds), State and Society in Contemporary Britain, Cambridge: Polity Press 1984; David Held, Models of Democracy, Cambridge: Polity Press 1986.

led to obvious crisis after 1973. This generated a polarisation in political opinion which saw the Labour party shift leftward and the Conservatives rightward, both moving away from the established political middle ground in a gradual process reflecting a centrifugal micro-ideological competition evidenced by the rise of Thatcherism on one hand and Bennism on the other, twin symbols of the crisis of social democracy and the post-war consensus it had engendered. Here, particularly after 1979, these alternative agendas (promoted in response to the perceived failings of the status quo), fought it out together with weak advocates of the pre-1979 status quo (the anti-Bennite Labour right and, initially, in 1981-83, the emergent SDP) in a 'war of position' eventually won by Thatcherism, a process which saw the preferment of one agenda over another as evidenced in governmental decisions, policy initiatives, and, perhaps decisively, electoral outcomes (the 1983 and 1987 general elections).

While Labour policy in 1970-87 was cast in a social democratic mould (albeit one cast in a radical form) the politics of Catch-Up since 1987 indicates the nature of contemporary political change. Labour's accommodation to a new neo-liberal middle ground a suitable illustration. It is a process which helps explain the emergence of the new neo-liberal paradigm and an instrumental feature of this (as any other) emergent 'post-Thatcher' political consensus. The course of the 1980s and 1990s witnessed the steady incremental encroachment of neo-liberalism as a dominant paradigm. From the beach-head established in 1979-85, Thatcherism has helped recast the form of British politics. Its ability to remake the political agenda was the outcome of a four stage process:

(1) A widespread discontent (at the level of the elite and the mass) with the post-war settlement provided;
(2) The Thatcherite opportunity to offer an alternative politics;
(3) This in turn activated the Thatcherite offensive as illustrated by its advocacy of a neo-liberal politics in practice (as tempered by the dictates of statecraft) post-1979;
(4) This political approach, based upon 'actually existing' Thatcherism, came over time to displace other alternatives as opposed interests (most notably the Labour Party) recognised that an articulated alternative to the Thatcherite phenomenon would have to be worked out within the paradigm it had established.

Party strategy is defined by a party's reaction to a political agenda. This is not simply a response to a prevailing climate of opinion but a catch-up reaction, an acknowledgement of a political transformation as paradigmatic shift in the form that the dominant political project takes. The most potent appeal of Thatcherism was the belief that there was no alternative to its vision of society. David Marquand has rightly observed "The new right still holds the ideological field.....On the all important plain of the political economy -the relationship between state and market, between

collective provision and individual spending- New Labour has still not offered a comprehensive challenge to the New Right's world view" [50]. Given that the politics of Thatcherism have succeeded in reinventing the Labour Party this should have come as little surprise. A political agenda based upon neo-liberalism is the dominant micro-ideological paradigm which informs contemporary politics: As Marquand also makes clear "decisive political victories must follow ideological victories. The inner citadels of state power fall only to those who have already won the battle of ideas" [51].

This is crucial to understanding the nature of contemporary political change in the UK; Thatcherism set the agenda. As Colin Leys argues: "Thatcher could not have done what she has without the prior and continuing ideological offensive: she could not have won the elections and she could not have carried through the radical -in British terms, revolutionary- economic and political changes she has, without discrediting and displacing the ideological defences of the structures she set out to dismantle" [52]. He utilises a more refined notion of hegemony than similar writers: "..for an ideology to be hegemonic, it is not necessary that it be loved. It is merely necessary that it have no serious rival"[53]. The idea of the *Thatcherisation* of the traditional social democratic project indicates that Labour's transformation reflects its re-location from one political middle ground to another [54].

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[50] The Observer 7 April 1996.

[51] ibid. As Marquand claims of post-war politics: "Though [the parties] differences of interest and belief were real and important, what stands out in retrospect is the extent to which their policies overlapped in practice. Social democracy may be defined as the philosophy of the overlap.... However strongly its adherents disagreed on other matters, they agreed in repudiating the dichotomies of market versus state; Capital versus Labour; private enterprise versus public ownership; personal freedom versus social justice" David Marquand, The Unprincipled Society, Op Cit p18-19.

[52] Colin Leys, Still A Question of Hegemony, New Left Review No181 1990 pp119-28 p126.

[53] ibid p127

[54] In exploring Labour's transformation, changing attitudes to the Party should also be noted. Mention should be made of the reappochment between Labour and a great many Thatcher supporting newspapers. Because Thatcher had had no firmer champion than Rupert Murdoch's News International, relations between Murdoch newspapers and Labour were rock bottom for most of the 1980s and early 1990s. This changed dramatically following Blair's accession to the leadership in 1994. Following a series of private meetings the Labour leader accepted Murdoch's invitation to address a NewsCorp Conference in Australia in July 1995. Although strong denials were made that any private deal was struck, Labour did move closer to Murdoch by heavily qualifying its past support for media regulation and cross-media ownership while abandoning plans to investigate the Murdoch empire. For its part News International swung heavily behind Blair-led Labour. Amazingly, given their unrelenting opposition (and outright hostility) to Labour in past elections, both the Sun and the News of the World strongly supported Labour in the 1997 general election. Blair also won a number of friends among executives and journalists of

Certain (and occasionally stark) differences naturally remain in evidence between Labour and the Conservatives. In economic terms Labour champions itself as the party of public services and professes a belief in co-ordinated capitalism as distinct from the Tory commitment to minimal regulation of markets. It offers a developmental state (encouraging industrial investment, training, re-equipment and development to strengthen the working of the market) at odds with current Tory policy, one that claims to modernise the capitalist economy to the benefit of all citizens. Constitutional reform is another issue that at present threatens to sharply divide the parties. Labour's professed belief in modernisation is thus one qualification which delineates 'New' Labour from 'Old' Conservatism, an appeal which distinguishes Labour from the Conservatives within the middle ground of contemporary politics. Labour now often declares its commitment to improve society but, in contrast to past arguments (typified in their own way by Gaitskell and Bevan; Benn and Crosland), no longer intends to use the state to reform capitalism in ways previously envisaged. 'Co-ordinated capitalism' (while distinct from a belief in the "minimal regulation of the free market" [55]) was not the objective of 'Old' Labour which saw the need to employ far reaching reformist measures to reconstruct the market and harness capitalism for definitive social objectives.

Nonetheless, Labour may not yet be a confirmed neo-liberal party: It stands beyond the ranks of the conservative movement but it has been profoundly influenced by that movement. Competing principles remain and have to be taken in to account; to some extent Labour has been neo-liberalised not become neo-liberal. Although far weaker than previously, the old remains firmly entrenched within the shell of the new . The record of the Blair government in office during 1997-2002 will perhaps provide definitive proof of the extent to which Labour's transformation has truly taken root. ,Without engaging in any pointless form of futurology, it is likely that when forced to choose between the objectives of moving toward an inclusive society or encouraging the enterprise economy Labour is likely to choose the second rather than the first. Time will tell. Only through the enterprise economy, leading Labour ministers counsel, can you move toward the more inclusive society (one which is invariably defined by less exclusivity rather than more inclusivity)

Associated Newspapers and the Express Group which publishes the Tory supporting Daily Mail and Daily Express. The Express halfheartedly supported the Conservatives while the Daily Star supported Labour; although the Daily Mail still called for a Conservative vote (as with the Express, even in 1997 its readership was heavily stacked in favour of the Conservatives) it did not attack Labour in the fashion it had done previously. Indeed, after the election Lord Rothermere, the owner of Associated Newspapers, indicated his strong support for Blair and his decision to take the Labour whip in the House of Lords. It is interesting to note that News International titles always couched their support in terms of "for Blair" the personality rather than "Labour", the Party.

[55] Mark Wickham-Jones, Recasting Social Democracy, Political Studies Vol 43 No 5 December 1995 p699.

While Labour modernisers contend that New Labour is not simply an 'accommodation of the right', Tony Blair, as did Kinnock before him, has acknowledged that the New Right held the political initiative in the 1980s and 1990s. Their project, although, in Blair's words, it "got certain things right", was "more successful at taking on and destroying some outdated attitudes and prescriptions, than it was at building and creating" [56]. No doubt Keith Joseph's 1976 observation that Britain was "over-governed, over-spent, over-taxed and over-manned" would find endorsement among the leading lights of Blair's administration: the "socialist anti-enterprise climate" of which he spoke, characterised by the "indifference, ignorance and distaste on the part of politicians, civil servants and communicators for the process of wealth creation and entrepreneurship" [57], an acknowledged feature of the era of so-called 'old' Labour. Claiming that the New Right successfully tackled certain economic problems, Blair cites others -"levels of investment in capacity and people, infrastructure, long-term unemployment, the quality of education, crime and welfare"- that were neglected [58]. It is these problems that New Labour claims it will address from the position it has staked out on the left of the new neo-liberal consensus: Party differences remain within the established framework.

Yet, in terms of objectives as well as methods (despite visions of the 'good society') 'New' Labour does not offer a distinctive political strategy as dramatically at odds with the Thatcherite project as was its past appeals. One selling point for a opposition party forced to accept the reforms of an entrenched government is to raise the standard of the 'better society'. This offers a rhetorical distinction to separate the pretender to the throne from its present occupant. Parties are invariably in favour of the better society in much the same way that one is against sin, and such an appeal, a vision for the better tomorrow in contrast to the inadequacies of today, can distinguish an opposition party from the government and so provoke a reason for the dissatisfied voter to support the call for a change of administration. Labour may offer in opposition a vision of the "good society" (in Blair's words: "collective action for common good; wealth and opportunity in the hands of the many and not the few; rights matched by responsibilities; a just society based on solidarity and mutual respect" but this may be only a useful selling point for an opposition party, a legitimate sales pitch that distinguishes between competing parties. Thus, although critics of the catch-up thesis are right to suggest that "Labour and the Conservative parties have a very different understanding of the role of the state and market, the nature of the

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[56] Tony Blair Speech, Labour Party Press Release 17 July 1995.

[57] Keith Joseph, Monetarism is Not Enough in Stranded on the Middle Ground, London: Centre for Policy Studies 1975 p8.

[58] Tony Blair Speech, Labour Party Press Release 17 July 1995.

values that underpin society, and what constitutes the good society [59], the fact that Labour's stated objectives differ from the Conservatives does not weaken an accommodationist thesis: Labour has not aped the Conservative Party but recast itself in keeping with the contemporary agenda as set by the Conservative Party.

Bearing in mind the fact that dramatic ideological shifts in party identity is rare, a sea-change in the political attitudes that govern a party's policy selection reflects an altered ideological discourse (changed by the successful agenda setting party. This becomes a feature of the public profile of the catching-up party: Specifically, should party A be able to demonstrate that it has successfully marketed and sold product X (evidenced by electoral success), then party B may well choose to abandon its preferred product Y in favour of a variant of product X which has been the cause of such success for their competitor (when the product Y of party B has not produced the same result). Of course parties are not free to directly copy their opponents; party B would not simply abandon product Y in favour of product X in light of the success of party A but alter product Y in favour of a new product YX (product Y as altered by product X). *To reiterate: party convergence is characterised not by agreement but by an association configured by a consensus around an altered political middle ground.*

Thatcherism has had lasting consequences for British politics. Having tried to break with the old social democratic consensus more dramatically to the left as had the Thatcher Conservative Party to the right, Labour found itself hemmed in by a political opponent which had established a firm ideological bridgehead, one underpinned by proven electoral success. While Labour was severely weakened by defeat, Thatcherite Conservatism was strengthened by its success; the rejection of Labour's avowedly left-wing alternative taken as an effective endorsement of Thatcherite ideology. Having passed the acid test of electoral confirmation in 1983 and again in 1987 and 1992, Thatcherism, assessed in terms of its general impact and the consequences it had on British politics, took root. As a result, Labour modernisation offers a programme for acquiring office as well as for government. It is (1) a reflection of political change as evidenced in party change where electoral politics reflect a political transformation; (2) a reaction to the Conservatives ability to command the political scene; (3) a response to the Thatcher and Major government's repeated political successes, the means by which they set the public agenda and so came to frame political debate. Where the Conservatives have led, Labour, modernised and new, has followed: A post-Thatcherite consensus (one reflecting the neo-liberal agenda fashioned between 1975-1995) now exists.

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[59] Martin J Smith, 'Understanding the Politics of Catch-Up: the Modernisation of the Labour Party' Op Cit p710.

Rather than remake itself Labour has been remade as a result of its perceived impact of the external shocks of the 1979, 1983, 1987 and 1992 general elections and the political changes wrought by those events. Labour's shift to the right is explained by the Politics of Catch-Up, a process by which the party found itself persuaded of the need to modernise itself in order to accommodate to circumstances that had been changed. Labour's engagement with Thatcherism reflects the recasting of mainstream ideological politics. As an agency of change Thatcherism has helped construct the prevailing political agenda to which other office seeking (and policy seeking) political agents have had to accommodate. If parties do not always react by adjusting their appeals in line with electoral attitudes a la Downsian theory they do respond to an altered set of parameters bounding the competitive ideological space as shaped by a successful (party) competitor. It therefore matters not just that Labour lost four consecutive general elections but that the Conservative Party won them. As a result, Thatcherism is a continuing phenomenon, part of an ongoing process which still impacts upon public life and exerts a considerable influence upon contemporary politics. Describing this influence is important; understanding the form that Thatcherism took is more important; analysing this change and accounting for its impact even more so.

In adjusting its appeals in line with the dominant set of political ideas, Labour has responded to an altered set of parameters bounding the competitive ideological space shaped by a successful (party) competitor. While not simply a photocopy of Thatcherism neither is 'New' Labour a 'third way' between the New Right and the Old Left. Claims that it has a wholly distinct agenda in economic and social policy (constitutional reform being another entirely separate matter) are wrong; rather than actively challenge the Thatcherite legacy, Labour's modernisation in fact first colludes with it before otherwise reforming it. In government it is clear that Labour's policy agenda involves a neo-liberal macroeconomic rectitude combined with the prospect of further liberalisation and retrenchment of the state's role in the economy: granting independence to the Bank of England in June 1997, the very first act of the incoming Blair government offers a case in point. Indications are that a dramatic cutting back of the welfare state and the introduction in some form of a workfare scheme will figure high on its list of priorities. Indeed, such is the continuing pull of liberalisation and the rolling back of the state in economic life, that the neo-liberal agenda underpinning the politics of Thatcherism may even be strengthened by Labour in office: a 'Nixon goes to China' syndrome, one which would mark the abnegation of the traditional social democratic project long associated with the Labour Party [60].

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[60] In discussing the political plight of the Major-led Conservatives in 1995, Andrew Gamble commented: "The forces of the right are strong and confident, and are busy fashioning an agenda which borrows as freely from Newt Gingrich as from Mrs Thatcher, stressing the themes of economic prosperity, tax cuts, national sovereignty and public order. The policy agenda in Britain

Thatcherite policy initiatives were part of a coherent political and economic project rooted in the ideology of the New Right. Thatcherism did exhibit symptoms of crisis management and may well have been the product of an interplay of opportunity and circumstance, chance and fortune but, given that over time it pursued an agenda based on a normative world view, it is best understood as a process enacted over time. At its very heart was an anti-statist commitment to roll back the frontiers not of the state per se but of the actually existing social democratic state. As a project simultaneously informed by an ideological doctrine and constrained by the dictates of statecraft, Thatcherism was an agent of political change, one eager to enact policy to reconfigurate both state and society at the same time it was responsive to political realities and electoral pressures. *Rather than spring from nothing, Thatcherism was constructed over time and through experience: It was an attempt to secure a series of goals by overcoming difficulties and renegotiating obstacles. Thus, while New Right ideology may not have been a blueprint it was Thatcherism's guidebook; it informed rather than instructed, persuaded rather than determined. In short, it suggested policy options rather than pre-ordained them.*

The political consequence of Thatcherism lies in a new political middle ground, a changed micro-ideological space between Labour and Conservative. Tony Blair's politics reflect this new political middle ground. In programmatic terms Labour has followed where Thatcherism has led. In its pursuit of the politics of Catch-Up, a series of staging posts can be identified: among them, the 1983, 1987, 1987 and 1992 General Elections; the shift in the Kinnock leadership in 1983-1987; the Policy Review of 1987-91; and the Blair reforms post-1994. Together, these staging posts mark out the change from the party Labour was in 1980 to that it has become in 1997: While electoral outcomes may have promoted Labour's change per se; they did not specify the actual form these changes would in fact take. Having (on its own admission) 'lost' the 1980s and the early 1990s, Labour's gradual acknowledgement of an alteration in its electoral environment went hand in hand with the perception of a shift in the ideological climate of British politics, the one reinforcing the other. Its transformation was promoted through its engagement with Thatcherism and the new, altered status quo that Thatcherism constructed through eighteen years of policy seeking.

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has already been shifted once in the last twenty years. The Thatcherite wing of the Conservative Party is confident it can be shifted again. They believe that this is the way to restore Conservative political hegemony in Britain, the great task still ahead is the dismantling of the welfare state" Andrew Gamble, The Crisis of Conservatism, New Left Review, 214 1995 p25. A political hegemony is one thing (electoral domination has never lasted indefinitely in Western liberal democracies), ideological hegemony another, while the party of the right, the Conservatives, was defeated electorally in the UK as witnessed by the May 1997 general election, the ideas of the right continue to exert a firm purchase on the dominant political discourse; wither the Labour government?

Party change to the extent exhibited by the Labour Party reflects wider political change: It is not just a response to cumulative electoral defeats but a reaction to an altered political terrain. *In contrast to the classical Downsian model (building upon that of Dunleavy) a model of party competition driven party change suggests that while electors do influence parties, parties influence electors but also separately influence other parties.* The ultimate consequences of Thatcherism demonstrates that under certain circumstances successful parties shape the choices other less successful parties make: Over time, party competition driven party change affects the location of the catching-up party within the ideological continuum. Labour's transformation reflects the fact that party competition driven party change, the process of Catch-Up, results in the consequential interaction of parties where one party is obliged to follow where a competitor parties leads: While electors can influence parties (the Downs model) and influence electors (the Dunleavy model) they also influence one another (while subject to the fact that the interaction of parties with electors facilitates the interaction of parties): Labour's catching-up is an acknowledgement that the parameters which bound the ideological space within which parties locate themselves has changed and that accommodation to this form of political change (evidenced in party competition) is necessary.

The dominant paradigm Thatcherism helped promote provides a compass by which successor governments navigate their procession though political and economic straits, Labour's transition is a reflection of the impact of Thatcherism and its direct influence on the pattern of mainstream ideological politics. Labour has moved ever rightward after 1994 whereas its programmatic stance in 1987 and 1992 were constructed under the same configuration of economic and social forces that apply in 1997. Neither Kinnock nor Blair have been working a blank canvass but a palimpsest already reworked by Thatcherism, one covered in markings Labour is unwilling (rather than being unable) to erase. As argued above: The methods of the Keynesian Welfare State *may* have been called into question but the objectives identified by revisionist socialism have also been questioned and also found wanting. *Labour's transformation indicates that parties are reactive as well as proactive institutions. As a response to an altered policy universe, one provoked by a fundamental ideological shift in the form of political debate, party change is reflected in the reshaping of a political appeal; an alteration of policy stance; or even a more general ideological re-orientation. This is a process over time and an example of how parties adapt and transform themselves within party competition.* As a reaction to (repeated) electoral defeat and a response to an altered policy universe, programmatic change is part of party change. It therefore matters not just that Labour lost four consecutive general elections but that the Conservative Party won them: Modernisation is therefore a metaphor for the politics of catch-up, a reflection of a new political consensus, one informed, not by post-war social democracy but by Labour's accommodation to (and adaption of) Thatcherism's neo-liberal political agenda.

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