

The Thatcherite Offensive and the Socialist Response.

Plenary Presentation for CSE Conference by the Canley Gates Cycle Club.

In the opening plenary we want to raise a number of questions about the nature of the current phase of the capitalist offensive, and especially about the political significance of Thatcherism. Since the aim is to raise questions, rather than to present a supposedly definitive position paper, we will approach the issue by looking at a number of different interpretations of Thatcherism before looking at the practice of the state in various different areas. The presentation has been put together by several individuals, without making any attempt to iron out differences of interpretation. We hope that the resulting tensions and inconsistencies will be the basis of fruitful discussion and not merely the source of confusion.

In the general presentation our aim will be to present a number of stories, as convincingly as possible in a brief space, which express different interpretations of Thatcherism. The aim is not an academic or theoretical one, for the interpretation of Thatcherism has fundamental strategic political implications for socialists.

Following the general presentation we explore the actual practise of Thatcherism in specific areas. In these specific explorations we are especially concerned to examine the relation between Thatcherite policies and those that preceded them. The papers are together intended as background to the opening plenary. They will not be formally presented.

Our characterisation of the different interpretations of Thatcherism is not intended to do full justice to each, or even to give an entirely accurate description of the view of any one tendency. The aim is to raise questions and to bring out contrasts. The characterisations are, therefore, unapologetic caricatures. We do not adhere individually or collectively to any of them.

Two common themes stand out in most current discussions of Thatcherism. The first is that Thatcherism marks a decisive break with social democracy and a profound intensification of the class struggle. The second is that this change of direction is an expression of the contradictions of social democracy. It is these themes that our general presentation is designed to bring into the open and to confront by discussing the stories within which they are embedded. Each of these themes has fundamental strategic implications for the left.

The argument that Thatcherism marks a sharp intensification of the class struggle implies that socialists should engage in a broad movement, uniting in opposition to the Tory offensive in order to hasten the downfall of the Tory government, even if the immediate result is the restoration of Labour to power. Our studies of the actual policies of the Thatcherite government to date indicate, on

the other hand, that the contrast between Tory and Labour governments is not so marked. If this is the case, and there is not such a substantial difference between Tory and Labour forms of class rule, it would be inappropriate for socialists to focus their struggle against the Tory or Thatcherite offensive, but should struggle against class rule as such, however difficult that might be, giving the opposition to the capitalist offensive a specifically socialist content.

The argument that Thatcherism expresses the contradictions of social democracy is one shared by left and right. This argument implies that the Tory government is setting up the final confrontation between labour and capital so that the working class faces an increasingly clear choice between Thatcherism and socialism. The Tories themselves present the alternatives of Hayekian liberalism or state tyranny, and insist that there is no middle way. The social democrats warn that the Tory intensification of class warfare will destroy the fragile consensus (tissue of lies) on which social democracy depends. Many of the slogans of the left mirror those of the right in proclaiming the death of social democracy, the radicalism of the Tory offensive, and the starkness of the alternative facing the working class: total victory or total defeat.

If this account is correct the bulk of the work done in the CSE over the past ten years loses much of its relevance: to discuss the forms of class domination and of class struggle may have been correct in the 1970's when the struggle was fragmented and social democracy ascendent, but in the 1980's the veil has been removed and the struggle takes the form of a frontal assault of one class against another in which forms of domination, the fragmentation of the class, the ideology of reformism, become subsidiary issues.

It should be clear already that an enormous amount hinges on the analysis of the relationship between Thatcherism and social democracy as responses to the developing crisis of capitalism in Britain. If social democracy is bankrupt, if Thatcherism represents a last chance turn to hard-line open class warfare, the failure of Thatcherism can only herald socialism (though whose and how may still be a matter for debate). But if social democracy is not as dead as it appears, and if Thatcherism does not mark such a sharp change of direction, there ceases to be any necessary connection between the struggle against Thatcherism and the struggle for socialism, and the debates we have had in the CSE retain their relevance. We shall begin by looking at the Thatcher's tale. It is important to trace this tale seriously because all the indications are that, whatever the reality that it conceals, the present government really does believe its own rhetoric. The next tale in the worker's tale. This is not, unfortunately, the tale of the typical worker, but the tale of a relatively class conscious worker to which any socialist strategy must relate. Its elements are, therefore, common to the tales that follow.

The Thatcher's tale

Thatcherism is based on a critique of the social democratic/reformist/corporatist consensus that has dominated British politics for the

last 15/35/115 years according to which the state has taken increasingly direct responsibility for the social and economic reproduction of capitalism. The critique is based on the argument that reformism, although motivated by good-will and the noblest of humanitarian sentiments, has actually made the problems it purports to resolve steadily worse. The reason is that growing state intervention has progressively undermined the bases of capital accumulation, reducing economic growth, living standards, levels of employment, and the resources that can be made available for social provision of health, housing, education and welfare. We have collectively lived beyond our means and this has impoverished us both individually and collectively. The crisis which results is expressed in falling living standards, rising unemployment, rising unproductive employment, growing state regulation, growing state expenditure, rising taxation and inflation. The cure for all these evils is not further state intervention, which can only make matters worse, but a cutting back of the state to a level that the economy can sustain.

The argument is not simply one about the level of state expenditure, or about the extent of state intervention. It is essentially an argument about the proper role of the state. In Adam Smith's formula the state cannot legislate for benevolence, benevolence is the result of the pursuit of enlightened self-interest (although Smith's interpretation of the formula was very different from that offered by the Tories). The state can only provide a framework within which enlightened self-interest can prosper. On the basis of a flourishing society the state can make collective provision, but the activity of the state must not undermine the basis on which it is constructed. This means that the state must provide a framework within which the pursuit of enlightened self-interest can flourish.

The pursuit of enlightened self-interest depends on a) the individual being free to choose among alternative courses of action, b) the individual being subject to the consequences of his or her own actions and c) the individual being aware of those consequences. Thus the state establishes the legal framework within which the individual exercises his or her freedom of choice, in particular guaranteeing the security of person and especially, property and the defence of the realm. The state also has to isolate the individual so that the individual is not able to evade the consequences of his or her own actions through collective organisation either to secure rewards that do not reflect the individual's own actions, or to prevent others from achieving their own ends. This involves curbing the powers of the state and of the trade unions in so far as these protect the individual from the consequences of his or her own actions and impose restrictions on the legitimate freedom of choice of other individuals, while increasing the vigour with which the state pursues its legitimate aims. Finally, the state has to ensure that individuals are aware of the consequences of their own actions, which involves a massive campaign of propaganda, on the one hand, and the provision of a predictable and comprehensible legal, political and economic environment on the other.

It is particularly in its economic intervention that the state has

eroded the basis of a dynamic society by breaking the connection between effort and reward for both capital and labour. High levels of state expenditure imply high levels of taxation and so the erosion of positive incentives to effort for both capitalists and workers. On the other hand, capital has been protected from the operation of the law of value and so the need to produce surplus value. Public expenditure in support of capital has prevented unprofitable capitals from being spurred on by the threat of liquidation. Inflation, which is a by-product of high levels of government expenditure, has provided paper profits through profit inflation and accounting profits that do not correspond to the production of surplus value, while introducing a degree of uncertainty and unpredictability that has undermined investment planning. Inflation has therefore weakened the incentive for capitals to produce relative surplus value, by introducing more advanced methods of production. Capitalists have been ready to postpone restructuring of the labour process and to concede inordinate wage increases in the expectation that they will be able to secure inflationary profits. Inflation therefore breaks the connection between the production and appropriation of surplus-value.

Curbing inflation and reducing the level of taxation is the focus of the Thatcherite economic strategy. Reducing taxation will restore incentives (as will cutting state handouts to unproductive capitalists and workers). Reducing inflation will compel capitals to resist wage demands and restructure the labour process. The two aspects of the strategy are linked by state expenditure, which generates high taxation and high inflation. The connection between state expenditure and inflation is made in the theory of monetarism. High levels of state expenditure generate high levels of public borrowing which fuel the expansion of the money supply. An excessive supply of money and credit undermines the role of the money market in rationing money capital, and it is this easy availability of credit that enables capitals to evade the law of value. Restricting the money supply will prevent capitals from conceding large wage demands, and will force them to restrict wage increases to levels commensurate with the production of relative surplus-value. Thus through competition in the money markets the connection between the production and appropriation of surplus-value will be restored. In the public sector the imposition of cash limits will similarly ration the supply of public capital and restrict state expenditure to projects which are "cost-effective".

Once the connection between effort and reward is reestablished by the reduction of taxation, the limitation of state intervention, and the establishment of a stable monetary environment, reason will once more rule and we will enter the best of all possible worlds. Workers will realise that they can only secure higher wages by their own efforts, for increases that they have not earned will erode the production of surplus-value and so threaten their jobs. Similarly workers will realise that the only way to retain their jobs and to increase their wages is to help their employers prosper by abandoning their resistance to restructuring the labour process. Capitalists will realise that it is only by producing surplus value, or by participating effectively in the realisation of surplus value, that they will be able to appropriate their share. With the revitalisation

of the economy it will even be possible for the state to pursue progressive social policies, within the limits set by the production and realisation of surplus-value. The whole process will be the smoother the sooner reason prevails and capitalists and workers abandon the expectations that they have acquired over the past decades.

The worker's tale

The worker's experience of Thatcherism has to be the basis of any socialist evaluation, and so we should begin our evaluation with the worker's tale. From the point of view of the worker Thatcherism does not appear so beneficent, much to the chagrine of Thatcher and her cohorts who can only attribute the worker's distrust to ingrained prejudice and educational deficiencies, fostered by socialist ideologies.

Politically the Tory attack on collective provision by the state and on the collective organisations of the working class erode the defences established by the working class against the power of capital. (It is noteworthy that the Tories do not seek to abolish the joint-stock company as a mechanism for the defence of the individual capitalist!) In the name of the freedom and responsibility of the individual Thatcherism clearly represents an attempt to defend the unfettered rights and powers of property, and a concerted attack on the defences of those without property. Above all it represents an assertion of the rights of capital and a massive attack on the working class. It is only through its collective organisation that the working class has been able to secure some crumbs from the rich man's table and to defend its right to a minimal level of subsistence in unemployment, sickness and old age. To destroy this collective organisation will perhaps stimulate the accumulation of capital, but it will also destroy the means by which alone the working class is able to secure itself some benefit from that accumulation. The worker is hardly likely to have confidence in the future goodwill of Tory government and capitalist employer to restore his or her standard of living when they can "afford" it.

Economically monetarism is also a scarcely veiled attack on the working class. The aim of monetarism is transparently to restore the fortunes of capital by increasing the rate of exploitation, both by restraining wages and by breaking down opposition to the restructuring of the labour process. The means by which working class resistance is to be broken is not only the legal and political attacks on the rights of workers to organise, to take industrial action, and to support in periods of illness and unemployment. It is also the direct threat of unemployment as the consequence of resistance, unemployment imposed by the individual employer, but enforced by the restrictive monetary policies of the government. Monetarism offers a direct trade-off between employment and submission to capital, as the government's propaganda machine constantly insists. And the threat is not an idle one, for if workers persist in demanding wages which cannot be met within the limits of an imposed decline in profitability or of government funding, or if they persist in resisting restructuring of the labour process, unemployment will be their fate.

From the point of view of the worker, therefore, there is no doubt that the Thatcherite strategy represents a massive and frontal assault on the working class to force down wages and to break the resistance of the working class to capital. As such the working class has no alternative but to resist the Thatcherite offensive with all the means at its disposal.

That the liberal rhetoric of Thatcher, that "we have to be cruel to be kind", is a sham hardly needs to be pointed out here, although we should not forget that it is a rhetoric that does deceive even parts of the working class, particularly because of the context of the failures of social democracy within which it is expounded. To many workers the social democratic alternatives appear to have failed. Militant shop-floor resistance to capital has not always been able to secure real advances for the workers, as gains have been eroded by inflation, as closures have brought increasing unemployment. State intervention in the determination of wages through incomes policy has not worked to the advantage of all sections of the working class. For many workers, therefore, militancy on the shop-floor and intervention by the state really do appear self-defeating. In the absence of any coherent alternative it is not surprising that some sections of the working class have submitted to the Thatcherite onslaught and a few have even endorsed the Thatcherite strategy. Effective resistance to Thatcherism therefore has to go beyond isolated and fragmented militancy to a confrontation that is armed by a strategic perspective. But to whom should the worker listen?

The militant's tale

The militant sees a silver-lining behind every cloud, and the worker is immediately cheered by his (her?) tale: Thatcherism cannot be considered in isolation. It is fundamentally an expression of the bankruptcy of social democracy. Social democracy, or more broadly the reformist strategy, has secured relative social peace by making economic and political concessions to the working class. By showing the working class that constitutional political and trade union activity can bring results this strategy has ensured the allegiance of the mass of the working class to a reformist political party and to economistic trade unionism. However, the cost of reformism for capital has been that the working class has made cumulative political and economic advances, within the limits set by reformism, that have steadily increased the cost of incorporation. The result has been an organised working class that has been able to secure high wages, and been able to resist the introduction of new work practices, and and has enjoyed the benefits of escalating social expenditure. The result has been the erosion of the conditions of accumulation of capital as profits have been eaten away by high wages, high levels of manning and high taxation.

The crisis of profitability of capital and the fiscal crisis of the state are the symptoms of the fundamental crisis, which is that of reformism: the reformist strategy can only secure working class political endorsement of capitalism at the cost of undermining capital accumulation. The crisis is cumulative in that stunted accumulation further undermines the production of surplus value and intensifies the fiscal crisis and the crisis of profitability. By the late 1970's the stage had been reached at which there were no more alternatives: reformism could neither buy social peace nor sustain accumulation. The Labour Party could not, however, abandon

reformism for a whole-hearted monetarism. The "winter of discontent" marked the death of social democracy.

The rise of Thatcherism is clear evidence that British capitalism has lost the ability to make concessions to the working class. The optimistic militant believes that in the Thatcherite offensive capital increasingly shows its true face to the workers. The Labour Party is in disarray, with the forces of the left growing stronger by the day as the right fails to provide any lead in the resistance to Thatcher. It may be that there is a lull as the working class marshalls its forces, but this is because it is clear that fragmented resistance to Thatcherism will get nowhere, that only a concerted and unified class confrontation will be sufficient to defeat Thatcherism, and that rank and file pressure for such a confrontation is gathering momentum, forcing the trade union leadership, however reluctantly, to organise a class response or to stand aside. As the struggle develops it is inevitable that the movement will acquire an increasingly explicit socialist orientation as it becomes clear that there is no solution to the crisis within the limits of capitalism. The tasks of socialists in the struggle are to accelerate this process by mobilising rank and file pressure within the labour movement and by providing a nucleus around which the movement can fuse politically. The pessimistic militant retains the facade of the optimist, but is hard-pressed to detect any signs of movement and is not too confident of the prospects of his (or her) sect providing the nucleus of class resistance.

The social democrat's tale

The social democrats deny that social democracy is bankrupt and that socialism provides the only alternative to Thatcherism. For the social democrat Thatcherism is the cause and not the result of the undermining of reformism. Thatcherism is condemned as a politically rash break with consensus politics, opening up conflicts that cannot be contained and that could lead to serious social unrest and even revolution. It is Thatcherism that, by intensifying class struggle, is eroding the conditions for a reformist accommodation.

The social democrats are, of course, a mixed bunch and they don't all tell the same story. All agree that the Tories are playing with fire in opening up class divisions and in fostering a potentially disastrous class confrontation. On the whole the focus of the social democrats critique of Thatcherism is not that it represents an attack on the working class but that it will not work. Politically the brazenness of the Tory offensive will open up class antagonisms and undermine the accommodative mechanisms built up over decades. Economically the Tory offensive is based on monetarist policies that express an ideological, dogmatic and erroneous economic theory. The effect of these policies will not be to regenerate British capitalism, but to accelerate further the process of deindustrialisation, at best reducing British capital to a rentier role in the world economy, based on banking, property and services, at worst destroying British capitalism altogether.

The social democratic critique of Thatcherism is based on a critique of monetarism. On the right there is no objection to monetary control as such, only to "punk monetarism" that applies the stick without

offering the carrot. On the left monetarism is rejected altogether as a principal policy weapon in favour of direct intervention in the economic and social reproduction of capital. The social democratic critique of monetarism rests on more or less Keynesian premises.

The basic principle of monetarism is that the money supply is the main factor in determining the rate of inflation. The Keynesians object that changes in the money supply will have a much bigger impact on the real level of economic activity than on the rate of inflation, except at levels approaching full employment. Keynesians offer a variety of explanations of inflation, but they are mostly based on the idea of cost inflation and especially on the belief that increases in wages are the major cause of inflation. Inflationary wage increases are possible for one or more reasons: because of the expectations of workers that they should receive higher wages, because of the monopolistic powers of trade unions and/or because of a high level of economic activity that leads employers to bid up wages. In either case increases in the money supply are consequences and not causes of inflation.

Monetarists do not have any explicit theory of the precise mechanism involved in the relationships they propose between the money supply and the rate of inflation. Indeed monetarism is marked by a radical positivist disavowal of any claims to theoretical realism. In theory monetarists argue that prices are set by the interaction of supply and demand. Inflation can, therefore, only be caused by an excess of supply over demand, and in particular by an excessive supply of money. In conditions of underemployment, in which the rate of unemployment exceeds the "natural rate", an expansion in the money supply will increase the level of economic activity until supply and demand are in balance. Below the natural rate of unemployment, however, an expansion in the supply of money will not call forth corresponding increases in supply but will instead stimulate inflation as the excess of demand over supply forces up prices and wages. The task of government is to ensure that monetary expansion corresponds to the expansion of real economic activity by controlling the supply of money to maintain unemployment at or above the natural rate.

In theory, for the monetarists, inflation can be cured relatively painlessly by applying the principles of household management to the national economy, reducing the rate of growth of the money supply and increasing unemployment to the natural rate (whatever that might be).

However in practice it is recognised that there are complications that make the adjustment process potentially more painful. Firstly, although the monetarists in principle argue that inflation cannot have an exogenous cause, such as the power of trade unions, they do recognise that monopoly can at least complicate the adjustment process. Thus it is necessary to curb the monopoly powers, especially of the trade unions and public corporations, in order to give free reign to monetary forces. Secondly, the state is insensitive to monetary control and so the level of state activity must be restricted directly, through cash limits, and reduced by transferring state functions back to the private sector. Thirdly, the picture is complicated by the role

of "expectations". If employers expect that inflation will persist they will be ready to concede wage increases in the expectation that inflation will restore profitability. If workers expect that their employers will be able to pass on wage increases they will be ready to make "unrealistic" wage demands. These inflationary expectations have become ingrained after years of lax monetary discipline, and as long as they persist a reduction in the supply of money will have a more limited impact on inflation, affecting instead the level of economic activity and so of unemployment. Thus in the adjustment period contraction of the money supply will lead to increases in unemployment even above the natural rate until expectations adjust. The adjustment of expectations depends on a growing conviction that the money supply will not expand beyond the planned rate of inflation, and on a conviction that in a time of monetary constraint an increase in prices or wages will erode the competitive position of the supplier and lead to bankruptcy and unemployment. Thus the monetarist emphasis on fixing firm monetary targets for the rate of growth of the money supply well in advance and on exhorting workers and employers to recognise the "economic facts of life".

Keynesians reject the theory and practice of monetarism to a greater or lesser extent. In the "Phillips curve" Keynesians recognise a trade-off between inflation and unemployment, and they recognise the role of the money supply in regulating economic expansion and contraction, but only as one among many policy weapons. The main differences between monetarists and Keynesians concern the precise relationship between inflation and unemployment. For Keynesians "expectations" are relatively inflexible, so the threat of bankruptcy or unemployment implicit in strict control of the money supply is not sufficient to modify expectations. In this respect the effect of restrictions on the growth of the money supply will be to lead to a high level of unemployment before those restrictions begin to modify "expectations" and so induce employers to resist and workers to moderate their wage demands. Moreover the existence of trade unions and of workers' determined aspirations to maintain or improve their standard of living imply that even at relatively high levels of unemployment wage inflation will persist. This is particularly the case because for workers there is no direct connection between increasing wages and unemployment: the worker who secures the higher wage is not necessarily the one who loses his or her job. In more radical Keynesian terminology wages are set not through the competitive labour market, but through a class struggle in which the ability of organised workers to defend and improve their living standards is not very sensitive to the threat or the reality of unemployment. Thus Keynesians insist that economic policies have to take expectations and workers' aspirations as given, and adjust policies in the light of those constraints. This implies the need for direct state intervention to moderate the level of wage settlements, within a framework of more or less strict monetary and fiscal control which are the policy tools required to regulate the level of economic activity and of unemployment.

The difference between Keynesians and monetarists, which is not entirely coincident with that between social democrats and Tories, is not simply a difference between those who believe that the working class should be contained by collaboration with the state and those who believe that the working class should be contained by direct confrontation. The

monetarists really do believe in monetarism, they do believe that the impact of monetarist policies on the level of economic activity will be brief because inflationary expectations will soon adjust to the new situation, and workers in particular will accept a cut in real wages. They therefore don't believe that monetarism will lead to class confrontation. The Keynesians, on the other hand, believe that wages can only be constrained by incomes policies combined with relatively small doses of unemployment, while monetarism must lead to massive unemployment, economic breakdown and class confrontation. In effect the difference is one of the judgement of the impact of the threat of unemployment on the class struggle, and this difference is reflected in the addition of a class struggle variable to the various econometric models that predict our future. Thus the Cambridge Economic Policy Group retains the Keynesian assumptions about the inflexibility of wage demands in the fact of expectations of high unemployment, and predicts imminent economic collapse. The Treasury has extreme monetarist assumptions that the threat of unemployment will be sufficient to restrain wage demands and predicts a modest setback followed by steady recovery.

For the social democrat monetarism spells class confrontation and economic collapse in the name of a dogmatic adherence to an implausible theory. Social democrats do not disagree that the state must be active in curbing the wage demands of the working class, but they disagree with the methods used. Thus Callaghan and Healey insist that monetarism is fine when combined with other measures, but on its own its implications are economically destructive and politically intolerable. For such right-wing social democrats the danger is that monetarism will discredit the monetary weapon altogether.

Thatcherism cannot be simply put down to an irrational adherence to a false economic theory. Thus social democrats recognise that Thatcherism does express real tensions that have developed as a result of past social democratic policies. In particular the Labour government's social policies that protected the disadvantaged from the impact of recession and a severe incomes policy that favoured the low-paid meant that better-off sections of the population, including sections of the working class, were hit by taxation and inflation. These sections of the population, short-sightedly motivated by greed, provided the electoral base for the Tory victory. The Tory offensive therefore is not seen directly in class terms, but represents an attempt to reverse the redistributive policies of the Labour government so that the poor and disadvantaged will bear the brunt of the crisis.

For those who did not benefit from Labour's policies the symptoms of the crisis, and foci of their dissatisfaction, were high taxation, high inflation and growing state control. Not surprisingly the Tories spotlighted these as the central issues in their pre-election propaganda, and all three were identified as consequences of the interventionist state, itself the product of a long series of reformist initiatives. The ideology with which the Tories appealed to the electorate was not an explicitly anti-working class or even anti-egalitarian ideology, but one which counterposed the freedom

and initiative of the individual to the stultifying impact of the state. For the social democrat Thatcherism expresses a general dissatisfaction with "statism".

For Healey and Callaghan the lessons of Thatcherism are few. The Tories came to power on the basis of unrealistic policies which the electorate will soon see through and at the next election will return a Labour government. The experience of Toryism will have convinced the organised working class of the need to restrain its wage demands and to restrict unacceptable industrial practices so that a new concordat can provide the basis for a stabilisation of class relations. Such a solution will not resolve the crisis of British capitalism, but it will provide a stable economic and political climate within which Britain can continue to decline gracefully.

For right-wing social democrats the lessons are more radical, but they are largely political. The right-wing believe that the Tories have capitalised on an anti-statist mood that does reflect the degeneration and bureaucratisation of social democracy. Nationalisation and state provision has been pursued for its own sake, while Labour's social goals have fallen by the wayside. Thus the right-wing appeals to the principles of market socialism and selective reformism, incorporating Tory anti-statism and individualism into a reformist framework: the formula is monetarism with compassion.

Left-wing social democrats are less sanguine than the right about the prospects for reformism without a fundamental restructuring of British capital that can provide the resources for the restoration of the welfare state. They argue that the failure of social democracy reflects a failure to put social democracy into practice. On the one hand, it is not sufficient to keep wages in check to restore British capitalism (although it is, at least implicitly, recognised to be necessary). The crisis of capitalism has penetrated so deeply into the fabric of the British economy that much more fundamental state intervention in the restructuring of capital is necessary, including even direct state regulation of foreign trade and state direction of investment. The support of the working class for such a radical restructuring can only be secured by making major political concessions, particularly over the participation of workers in the management of the companies that employ them.

The Edinburgh person's tale (n.b. this is an unauthorised and hypothetical caricature)

The Edinburgh person takes it for granted that the Tories do not differ from the Labour government that preceded them in their attempt to impose the rule of capital on the working class. In terms of the content of the Tory attacks, they merely continue those of Labour before. It was the Labour government that introduced control of the money supply, cash limits, public expenditure cuts, massive increases in unemployment, restraint on wages. If the Tory cuts appear more savage it is only because Labour had cut so much already. However there is a fundamental difference between the Social Democratic and the Thatcherite states, and this concerns the form of domination characteristic of each. Social democracy is marked most fundamentally by a particular form of domination of the working class in which the

state regulates social relations through corporate forms, creating such forms for itself or absorbing them into its apparatuses. Thatcherism marks a fundamental break with these corporatist forms of regulation of social relations and their replacement by a renewal of the individualism that is the most fetishistic form in which capitalist social relations appear. Thus the state under Thatcher seeks to isolate the individual, to strip away the collective support that has been the channel through which the individual has received benefits from the state while being subordinated to the authority of the state as the political form of capital. This change in the form of state domination involves a centralisation and strengthening of some state functions and a dismantling of others so that the gulf between state and individual is enormously widened. Thus the state withdraws from direct intervention in the day-to-day working of the economy, but imposes much more rigid monetary discipline on the economy than ever before so that the state regulation of economic social relations is regulated as far as possible through the money form. In the same way powers of local authorities are being taken away and either abolished, where they infringe individual "rights and freedom", or taken on by the central state.

This change in form of domination reflects the contradictions of the corporatist strategy not in a simple economic sense, but in the sense that the rise of corporate forms of regulation of social relations progressively undermined the fetishistic illusions of bourgeois individualism of the commodity and of money and so undermined the capitalist form of state domination. The danger for capital of such a development is that the erosion of the capitalist form of control would progressively reveal the class character of the state that had been concealed behind that form and so would give an increasingly political character to all struggles that involved the state. Thatcherism thus represents an attempt to reimpose the fetishistic categories that serve to displace and to mystify class struggles.

The sceptic's tale

The sceptic has seen it all before and is as little impressed by the rhetoric of politicians of the right as of the left. For the sceptic Thatcherism is nothing so grandiose as a new strategy for capital, expression of the bankruptcy of social democracy, last ditch of a dying class. For the sceptic Thatcherism is bits of economic and political liberalism picked up from old copies of Classics Illustrated and from after-dinner chat at All Souls; learnt by heart in front of a mirror to be presented as part of a deep philosophical image created by Saatchi and Saatchi; mixed up with a load of old grocer's aphorisms and signifying nothing but the gullibility of Tories when confronted by a "philosopher". Politically Thatcherism is simply an opportunistic electoral alliance built up from opinion poll data and woven into a winning theme by the same Saatchi and Saatchi. Within the Tory Party Thatcher means nothing more than the success of success: convenient lever with which to remove the unpopular Heath, enjoying political support so long as she can win elections.

The sceptic is unimpressed by elections or by changes in government and sees instead the continuities, remembering not only Dennis Healey, Harold Lever and co, but also the Concordat, that looks just like the Tory Employment Bill; the cuts in Health and Education; the sabotaging of the NEB; racist immigration policies; craven collaboration with US imperialism; massive increases in unemployment; falling living standards for many; the notorious team of Merlyn Rees and Roy Mason whose achievements the Tories will be hard-pressed to match. The sceptic even remembers who appointed Michael Edwardes, Charles Villiers and the state sector hatchet men.

The sceptic is not persuaded that social democracy is bankrupt or even seriously discredited, remembering that by the Autumn of 1978 the Labour government had reduced inflation, stabilised unemployment, had even achieved some redistribution in favour of the low paid, and looked set to win an Autumn election. The sceptic is not convinced by the claim that reformism is expensive for capital, for the benefits of the welfare state, limited as they are, are paid for largely by the working class; only a very small proportion of state expenditure can realistically be considered to represent concessions wrung from the state by the working class, as is best shown by the difficulty governments are finding in cutting state expenditure back significantly; increasing real wages have been achieved only marginally at the expense of profits, the bulk of the increases being paid for out of increases in productivity often associated with intensification of labour; etc etc.

The sceptic does not confuse the symptoms of the crisis of British capitalism with the underlying causes. Thus wages and state expenditure have risen more slowly in Britain than in most advanced capitalist countries, and have only increased in relation to profits and to the GDP because the latter have risen so slowly. The British working class has not precipitated a crisis by its aggressive and militant posture. The British working class has shown itself almost completely incapable of fighting plant closures and redundancies, it has failed to secure increases in standards of living and of social provision to match even the least organised of the advanced capitalist countries. It has, to a very limited extent, shown itself capable of defending its standard of living, its collective institutions, its conditions of work and its standards of social provision in the face of the crisis of capitalism. Thus the strength of the British working class over the last two decades has been almost entirely defensive. The crisis is a crisis of British capitalism, not a crisis of social democracy, in which the organised working class has had to fight hard and often unsuccessful battles simply to try and maintain the status quo.

The sceptic wants to ask about the roots of the crisis. The sceptic's memory goes back to the 1960's, when the working class were considered to be the victims of the crisis and not its agents, when the backwardness of British industrial capital was blamed on capital and not on the working class. The roots of the crisis then were identified in an archaic industrial structure tied to stagnant markets; to a starvation of investment in research and development and in advanced technology as capitalists milked existing investment for what they could get from

it; to a diversion of funds into unproductive investment at home and abroad. Over the past two decades, as over the previous century, the state has hesitated to intervene positively and directly to revitalise British capitalism, largely because such intervention could only be on the basis of the conscription of capital that would set dangerous precedents for the violation of the rights of property. Instead the state has shied away from such intervention and has sought to shift the burden of the crisis first and foremost onto the working class. For the sceptic Thatcherism offers no more solution to the crisis than did Wilson, Heath or Callaghan, all merely offer slightly different forms of accommodation.

The sceptic does recognise that there are differences between Labour and Tory governments, that each has its semi-sacred cows, but these differences are relatively minor, exaggerated by the rhetorical attempts of each side to differentiate itself from the other. The sceptic is ready to recognise that the Tories may be able to cut more deeply into government expenditure than a Labour government would dare do (although the Tories have yet to match the scale of the Labour cuts): but the difference is much more in emphasis than in magnitude, mainly in the Tories spending more on defence and police while Labour would perhaps spend more on education. The sceptic is also ready to recognise that there is a difference between the Labour and Tory governments in their approaches to the trade unions, but this difference is partly one of negotiating style and partly one of tactics, it is not a strategic difference that has major implications for either the form or the content of the class struggle. The sceptic is not a crude reductionist. The sceptic is even ready to recognise that the Tory leadership may be sufficiently attached to the monetarist dogma that it would be ready to drive the economy into collapse in pursuit of their dream, although it is most unlikely that they would survive politically to achieve this. The sceptic does not believe that there is any inevitability about the course of development of the class struggle, but only that the election of 1979 does not mark the watershed that so many suppose.

The conclusion the sceptic draws is that a struggle against the Tory cuts, Tory monetarism, Tory this or that will lead nowhere but back to where we came in: polite monetarism will replace punk monetarism. The sceptic remembers 1974: social democracy was bankrupt. Heath had thrown the state into the final battle on behalf of capital and had lost, revolution was around the corner. The sceptic has read about the 1930's (and so have the Tories), when socialists also believed the crisis would do their work for them. While the militant is carried away by the euphoric prospect of a fight to the death with Thatcher, the Mad Monk, Sir Howe and the particularly nauseous Messrs Edwardes and Horrocks (easier meat than Healey, Mason, Callaghan and Moss Evans in a bar-room brawl), rushing from Rank and File Coordinating Committee to Sexists Against the Tories to selling the latest appeal for a general strike outside the gates of another closed factory, the sceptic reflects on the sad fact that the ever-deepening crisis of capitalism has its parallel in an ever-increasing crisis of socialism, not in an irresistible advance. The sceptic was a pessimist, seeing no light at the end of the militant's tunnel,

until, one day, six weeks late, through the letterbox came the CSE Newsletter announcing the CSE Conference 1980. The sceptic realised that the last three decades have thrown up thousands of socialists who have been through the demoralising experience of the apocalyptic vision and who want to come together to discuss not just the crisis of capitalism, not just the defensive response of the working class to that crisis (which is not in our hands), but the socialist response to crisis. How can the struggle against capital be turned into the struggle for socialism? The sceptic realised that the concerns that have dominated the CSE for the last few years have never been more relevant. So the sceptic and her friends made a block booking for the Conference.

Towards a Conclusion.

The Canley Gates Cycle Club does not have a collective position, nor does it have anyone whose position coincides with any of those caricatured above. However in the course of our discussions of the significance of Thatcherism in general and in specific areas of state policy we have mainly been asking ourselves how sharp is the break between Labour and Tory governments and how significant is it. The results of some of our work are summarised in the brief position papers attached, but very broadly they endorse the sceptic's interpretation that in substance, and so far, the differences between Labour and Conservative governments are predominantly ones of style and of rhetoric and not ones of substance. Where there are substantive differences we have to ask a) whether a current Labour government would do anything differently; b) whether a future Labour government would seek to reverse the relevant policy decisions/legal changes and c) whether the differences are primarily of tactical or primarily of strategic significance.

In terms of cuts in public expenditure the planned Tory cuts are on a similar scale to those of Labour. The Tories plan to increase defence expenditure (although Labour would probably have had to do the same) and plan to cut education more sharply than has Labour in the past (although with the justification of falling rolls - will Labour restore the cuts?). They hope to keep social security expenditure stable, but the hope is almost certainly a vain one although it is unlikely that Labour would have cut social security payments. Like Labour the main savings in public expenditure are to be achieved in the fields of housing, industry etc, and lending to nationalised industries (although Labour relaxed the latter in the run-up to the election). It might be argued that although the Tory cuts are scarcely different from (though slightly less than) the Labour cuts, their significance is greater because they come on top of Labour cuts and so they hit that much harder. There is some truth in this argument, and the figures show that Labour was losing its grip in the run-up to the election, while many of Labour's cuts are only now beginning to bite. But we still have to ask whether Labour would have proceeded to cut public expenditure after the election, and if so whether they would have done so on a similar scale to the Tories. Our answer is that the differences would in fact have been slight, and this is confirmed by the work we have done on particular sectors,

especially housing and education, where the Tories have been able to implement cuts and put together their housing and education reforms so quickly because the groundwork had already been done under the Labour government, and much of the legislation had already had already been drafted by Labour. The contradictions inherent in the Tory policies in so many fields between attempts to reduce state intervention on the one hand and attempts to use the state as an agent to restructure social relations on the other were contradictions that equally marked Labour policies and that had already been thoroughly explored in Labour-initiated discussion documents that established the policy options.

The sharpest change between Labour and Tories appears to be in the handling of "industrial relations" and in policies towards the trade union movement, and the understanding of this has presented us with our greatest difficulties. Firstly, the substantive significance is not clear. The Tory Employment Bill appears to represent a concerted assault on the trade unions in which the full force of the law is to be used to weaken the power of trade unions largely by undermining trade union discipline and so making possible the appeal to the membership over the heads of the union organisation. However we are rather doubtful about the practical significance of the legislation for the conduct of disputes: closed shop legislation waited until the horse had bolted; legislation on secondary picketing is much less important than the mode of implementation of legislation concerning pickets; legislation introducing ballots can be double-edged, as Heath found. Thus the Bill appears to offer a legal form and not to define specific content. Secondly, we have to ask what is the significance of introducing this legal form. The content of the Employment Bill differs little from Callaghan's Concordat with the TUC. The differences between Labour and Tories essentially concern the tactical effectiveness of voluntary agreement as against legal regulation. However the two cannot be dissociated since it is the threat of Tory legalism that is the main spur to agreement to Labour voluntarism, while the problems inherent in the legal form (that the state does not control the implementation and enforcement of the law directly, so it cannot give rights to prosecute etc without risking rogue employers upsetting the apple-cart; that the state cannot enforce the law against mass picketing etc) mean that it has to depend on an agreement to abide by the law. Thirdly, the Tory offensive has evoked very little response from the trade unions, whose resistance is almost entirely rhetorical and lacking in conviction. This seems to us to be very largely because the Labour government paved the way for these reforms by itself attacking as vigorously as the Tories the "evils" that are to be purged. Thus we have to ask whether Labour would repeal the Tory legislation if it came to power. Finally, and most important, it is clear that capital has intensified its offensive on the working class, not only in the most obvious places like British Leyland and British Steel, but apparently throughout the engineering industry and beyond. However this offensive has been building up for some time, and is not a result of the Tory conquest of power (?!) Capital, particularly in the engineering industry, has been engaged in a long-term struggle to break down plant-based and shop-floor working class organisation,

by-passing the stewards in order to reestablish authority on the shop-floor - management's right to manage. This has involved some intense struggles and serious working class defeats in which capital has tried to use existing law to limit the right to picket and, more dramatically, has appealed over the heads of the union organisation altogether to the individual workers, using threats of closure to secure support. The question that is raised by this is the very difficult one: what is the relationship between the intensification of class struggle and political change? Although the employers' offensive is an attack on working class organisation, an attempt to fragment and individualise the working class, to attack the right to organise and to discipline members (except militants), these moves do not depend on the Tory reforms of industrial relations, which merely modify the law to correspond more closely to the contemporary practice of industrial relations. The election of the Tory government does not, therefore, mark a check to the advance of the working class. It was under the labour government that the working class was thrown almost totally on the defensive, and the ground for the current defeats was thoroughly prepared.

What will happen to Thatcherism? Thatcherism is significant in establishing a more systematic framework within which the class struggle can be fought out in its present stage. Labour implemented its policies apologetically, piecemeal and in a fragmented way, constrained by the limits set by existing legislation and administrative procedures. The Tories have modified legislation and administrative procedures in order to make it possible to pursue similar policies more systematically, but this is a very limited historical role and one that threatens to be undermined by the stridency with which it is accomplished, that threatens to force Labour to commit itself to repeal and reform. Is this stridency purely rhetorical, or will the Tories intensify the class struggle? Crucial here is the Tory commitment to monetarism.

It is important to remember, although difficult to believe, that the Tories believe in monetarism. They believe that it is a substitute for class confrontation since reason will prevail individually and collectively. The question is what happens when Tory reason does not prevail? What happens when inflation does not come down and unemployment escalates? The ground to the right is prepared by the arguments that "monetarism is not enough", that left to itself it is too slow and painful and that further state intervention is required. This intervention could take the form of an escalation in the class struggle and a direct class confrontation expressing the authoritarian streak in mechanical materialism: the workers have been misled by poor education and politically motivated agitators to be ignorant of their own best interests. The state must intervene to protect them from the forces of darkness and ignorance by imposing a wages freeze and suppressing strikes. Alternatively there could be a U turn, a relaxation of monetary control, and an attempt to construct a Tory incomes policy (shades of Heath). Either strategy might be associated with import controls.

The social democratic alternatives are by no means exhausted. Indeed more varieties of social democracy are on offer than for a long time.

There is still life in Callaghan and Healey. They could win an election and let things tick over so long as the oil flows. In the longer term it is less likely that more radical attempts to resolve the crisis can be avoided, and as the crisis deepens the Alternative Economic Strategy will develop a broader appeal.

The AES as an economic strategy for the restructuring of British capitalism should not be too closely identified with the Tribune Left, which is perhaps the major political barrier to its implementation. In itself the AES has no socialist content and is simply a pragmatic reformist response to the growing contradiction between the socialisation of production and the privatisation of appropriation (a response that remains inadequate so long as it only conceives this contradiction within a national framework). Thus the AES could be introduced in slightly different forms by Lord Stansgate and Geoff Hodgson, or by Les Huckfield and Neil Kinnock, or by the right or the left of the Tory Party.

Many socialists consider the AES to be a programme to which socialists should attach themselves. For some the AES is in itself socialist, and so struggle for the policies embodied in the strategy is the key. It is likely that as such policies are espoused by the Tory Party these socialists will be disabused of their illusions. For others support for the AES is defended in more sophisticated terms. Support is defended partly in opportunistic (though not necessarily disreputable) terms, that it is the programme that currently dominates the left-wing of the organised working class and so is the struggle within which socialists should involve themselves. However it also has deeper roots. For some socialists this radical reformist programme is seen as a stage in the transition to socialism, extending the social power of the state to correspond to the ever-growing socialisation of production and so giving a stronger material basis for the transition to socialism. For other socialists the programme itself is unrealisable since it would infringe the powers of capital and the rights of property to such an extent as to evoke determined resistance from capital. Such socialists seek to exploit the contradictions inherent in such a radical reformism in order to drive it in a genuinely socialist direction. Finally there are some who have no interest in the economic content of the AES, but consider the political reforms with which it is currently associated of "democratisation" of social economic and political life to be important socialist objectives in themselves. The interpretation of the AES, as much as the interpretation of Thatcherism, clearly has fundamental political implications.

Finally we have to ask what is the role of day-to-day struggles in the development of a socialist resistance to capital's offensive? It seems clear that struggles against the cuts are not in themselves socialist, either immediately or indirectly. Thus the questions that we have been discussing in the CSE about forms of struggle, about the relationship between the experience of capitalism and the struggle for socialism and about the development of pre-figurative socialist forms are central questions still. The lessons we in the CSE have learnt over the past few years are that blind resistance to the rule

of capital does not have much to do with the advance towards socialism. Capitalism is permanently crisis-ridden, that is the normal form of capital's existence, and so it is inappropriate to look for a definitive resolution of the crisis. The crucial questions we face are how can struggles at all levels be given a socialist content? They are questions that become more acute as the struggles against the cuts, against redundancy, against wage cuts become ever more desperate and ever more pressing. How much scope is there left for building pre-figurative forms, for giving grass roots resistance a socialist content, for combining defensive struggles with socialist politics? For the bulk of the working class the struggle over the political direction of the class struggle is taking place within the organised labour movement. Should socialists abandon their utopian dreams and throw themselves into this struggle? Should they organise independently to provide a focus for authentic socialist politics? Or should they have less grandiose perspectives and involve themselves in grass roots struggles, coordinating their activities much more loosely?

In this general presentation we have raised questions about the nature of Thatcherism and the viability of social democracy that seem to us crucial to an assessment of the strategic alternatives that face the left: the Labour Party, Socialist Sects or the fragments (and beyond). We have not, however, discussed another set of questions that are crucial to a consideration of the practical possibilities of such strategic alternatives, namely those concerning the forces engaged in struggle in the present phase which could provide the social base for socialist politics. It is clear that the working class is seriously fragmented and there is a danger that the capitalist offensive will be able to exploit this fragmentation to set worker against worker, black against white, man against woman. In our workshops in practice we will have to face these questions in order to ask which struggles socialists should engage in and how we can exploit the conditions of capital to give these struggles a socialist direction.