

LABOURISM AND SOCIAL DEMOCRACY POST 1945

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INTRODUCTION

By the middle of the 1960s, the economic and social foundations of the modern British Welfare State were well under construction, indicating the renewed impetus to capital accumulation established post 1945.¹ This new-found impetus expressed itself in the intensification of mass production, the development of new light industries associated with mass consumption, and the dramatic increase in the service sector.² If one compares this period of time with the depressed conditions of the inter-war economy, then it becomes clear that the socio-economic and political changes set in motion after 1945 were qualitative in nature.³

Politically, the renewed impetus was made possible by the revival of Social Democracy. By the 1940s Social Democracy had reversed its earlier marginalisation to become the major ideological force behind capital accumulation in the UK, fulfilling its earlier promises of ceding key social

¹Expenditure on social welfare as a percentage of GDP increased rapidly from the early 1950s onward. By 1961 it had absorbed 14% of GDP, and by 1975 22.5%, reaching 23.7% by 1981, see Paul Johnson, *The Welfare State*, in R. Floud and D. McCloskey, *The Economic History of Britain Since 1700, Volume Three: 1939-1992*, (Cambridge: CUP), 1994, p295. The average growth rate in personnel consumption between 1951-73 was 2.4, which was a substantial increase as compared to the inter war average of 1.5%, Charles Feinstein, *Success and Failure: British Economic Growth Since 1948*, in R. Floud and D. McCloskey, *ibid*, 1994, p99.

²G.C. Allen, *The Structure Of Industry in Britain* (Longman: London), 1966, provides a concise account of these changes.

³As Alford indicates regarding the inter-war situation; 'the striking feature...was the persistently wide margin of unemployed resources...', B.W.E. Alford, *Depression or Recovery? British Economic Growth 1918-1939*, (Macmillan), 1972, p82.

reforms. These included an extension of the right to vote, the provision of social insurance, developments towards mass public education, the socialisation of health care, and the regulation of the wage contract. The reforms were complimented by further infrastructural changes to industry to assist capital accumulation, such as the extensive municipalisation of large parts of energy production, including, gas, electricity and water and other related public services.

Why did Social Democracy come back in from the ideological margins of class politics? A clear answer must distinguish between the general principles and particular content of Social Democratic reforms. The general principles of Social Democracy are necessary attributes of developments within the capitalist economy and the composition of the contending classes, capital and labour. In this respect, Hilferding locates the general principles of Social Democracy in two developments. First, the socialisation of capital and subsequent political control of finance capital, which embroils the State in its attempt to regulate the developing social power of labour through various social and industrial reform programmes. For Hilferding,⁴ Social Democracy was finance capital's strategic policy option to contain the growing threat that a more collective - and powerful - labour movement posed for the continuance of capital accumulation. The second development was imperialist expansion abroad, under-written by agreements reached between western powers at the 1884 Berlin Conference over the partition of Africa.⁵ In other words, the principles of Social Democracy are premised on the struggle to contain the threat of the labour movement internally and the necessity to accumulate profitably in the face of the latter through imperialist expansion.

Although these general principles make Social Democracy necessary for continued capital accumulation once the capitalist system reaches a certain point, the principles alone are never sufficient for Social Democracy to flourish because the regulation of the market, the weakening of the disciplining effects of the reserve army on labour and, most crucially, the partial decommodification of

⁴ R. Hilferding (1911) (1981) *Finance Capital, The Highest Stage of Capitalism*, London, Routledge Kegan Paul..

⁵E. Griffiths, *The African Inheritance*, Routledge, 1995, p34.

key social needs that follow, open up the possibility of strengthening the labour movement. The sufficiency criteria is established under unique social circumstances that are able to transform the weakening of the reserve army and decommodification of social needs into a means of politically atomizing the working class. Outside of such a context, the reality is that the *particularities* of Social Democracy develop unevenly and only under very special circumstances do these particularities become generalised into a social welfare state.

The *particular* ways in which Social Democracy actually developed pre-1945 can be understood in terms of the divergent class forces driving the major capitalist powers towards Social Democratic class compromise and Imperialist expansion. For example, the road to Social Democratic concessions and Imperialist expansion embarked on by British capital were paved by the necessity to overcome the relative decline of domestic capital accumulation. This was due mainly to a combination of a falling rate of profit and the threat of social unrest. By contrast, in Germany the particularities of Bismarkian Social Democracy were more a response to the rapidly developing internal and external politics of unification and the subsequent greater need to exercise international power as a means of consolidating capitalist relations domestically.

The point to be made here is that in both its general and particular manifestations Social Democracy pre-1945 had remained only latent as a means of containing the working class. It is certainly true that *particular* reforms inherent to Social Democracy had been implemented, such as embryonic social insurance schemes of one type or another, but these were far from being a general strategic programme of working class containment on a par with what occurred post 1945.

Indeed, as far as classical Marxists were concerned, the social democratic containment of labour had become still-born by the inter-war years. Hilferding's assessment of the 'latest stage' of capitalist development was that Social Democracy had reached its mature phase and that any further development would be either an evolution toward socialism, or a movement in the direction of authoritarianism. For Trotsky, Social Democracy by the inter-war years had

exhausted its potential to contain workers through social reform.⁶ His assessment of the need for a *United Front* in Germany was premised on this and the related view that, in the face of an international counter-offensive against the USSR (and worker uprisings throughout Europe in general), then, in the short run, Social Democracy had in fact to be *saved from its own imminent collapse* under the heel of Fascism. Similarly, Trotsky's understanding of the need for a 'Transitional Programme' for the epoch was premised on the belief that workers should press for social reforms that Social Democracy *could no longer deliver*. Moreover, Lenin's argument that revolutionary socialists must continue their work within Social Democratic institutions in the West was premised not on a belief of its long-term stability but on the need to combat the ideological influence of reforms associated with Social Democracy,⁷ within the working class. For Lenin too, Social Democracy generically applied was too unstable to gain hegemony within the capitalist class.⁸

Classical Marxism was not of course alone in its prognosis of the impossibility of Social Democracy. This was also the growing common sense amongst British capitalists. A general awareness Neville Chamberlain demonstrated when lamenting on how the Social Democratic programme was looking increasingly like a

paradise lost...men as diverse as Cecil Rhodes and Karl
Pearson ... were imbued with a sense of the inevitability of

⁶As Hillel Ticktin points out, Trotsky's view that the mature form of Social Democracy was so unstable that it would survive Fascism, but not the coming Second World War, was premised on his mis-understanding of the objective barrier that Stalinism had become to working class emancipation world-wide. 'Trotsky's Political Economy of Capitalism', H. Ticktin & M Cox, *The Ideas of Leon Trotsky*, Porcupine Press, 1995, p87-107. One of Ticktin's central arguments is that Stalinism was fundamental in stalling capitalist decline and prolonging the *transition period* (indeed mutating it into barbaric forms). It is this crucial insight that I aim to take up and extend to illuminate an understanding of the class context of the revival of Social Democracy in the UK post 1945.

⁷As Carl Levy points out, Fabianism was to remain influential in the Independent Labour Party and within trade union circles, *Socialism and the Intelligentsia 1880-1914*, Routledge and Kegan Paul, 1987, p2.

⁸See V.I. Lenin, 'Left Wing Communism-An Infantile Disorder', in Lenin Selected Works, Volume 3, Moscow, pp291-370, 1975.

progress and the evolution of mankind, with the whole complex framework of thought which is conveniently described as Social Darwinism. Advanced nations would catch up or drop out of history. The working classes would share in the generally advancing prosperity...Europe would have access to the unused riches of Africa to stimulate her industry. Africans would be enabled to cast aside their poverty, heathenism and subjection to harsh arbitrary regimes and enjoy the benefits of civilisation. The circle had been squared. Imperialism would solve not only the 'social question' of Europe but that of the colonial peoples as well.⁹

The bitter fact for Chamberlain was that the world had changed irrevocably between the years 1914-18, when Imperialist accumulation had been brought to a halt by the aftermath of World War and the Bolshevik revolution. For the capitalist class, the general principles of Social Democracy had to be rejected. In this context, the *particularities* of Social Democracy during this period – promise of public housing, public sector debt to increase spending on health and education, wage regulation – were simply rearguard actions of a capitalist class in retreat. The scale of the retreat was indicated by the escalation of class conflict during the 1920s and the subsequent depression of the 1930s. The capitalist class' inability to deliver on the fundamentals of its reformist promises initially gave encouragement to the working class to look beyond the meager reforms still offered. The radicalisation of the working class between 1918-26 came to a head with the defeat of the General Strike, paving the way politically for the movement back to the Gold Standard and balanced budgets and, ultimately, depression, as class struggle reached a point of stalemate towards the end of the 1920s and into the early 1930s.

The ruling class was in no mood either to reform or to accumulate; both of which were fundamental to any development of Social Democracy. Of course, elements of the Social Democratic programme did continue, but in a much more

⁹Chamberlain, cited in C.C. Eldridge, *British Imperialism in the 19th Century*, 1984, p167.

pragmatic fashion. The Liberals produced their *Yellow Book* which demanded a 'Committee of National Development' to oversee capitalism (1928); while a faction within the Conservative Party, lead by Macmillan and Boothby, looked to *Industry & State* (1927) to 'forge a plan for capitalism', but all of this came to nothing because at this juncture, British capital had forsaken radical reforms from any political direction.

The class stalemate in Britain reflected the dilemma facing international capital during this period. The World Economic Conference (1932) made very clear its continued commitment to the Gold Standard, balanced budgets and free trade. A point noted by Harold Macmillan who lamented how the conference had:

...failed in its purpose.

And it is vitally necessary that the failure should be recognised and proclaimed. For while there remains a lingering hope that everything will come right of its own accord, or any basis for the belief that a return to the old system is possible, as a result of the passing of resolutions or the signing of conventions, no definite, determined and realistic plan of action will be adopted...¹⁰

....The reply which must be made to those who dream of a return to the old days and rebel against any suggestion of organisation - of control... is simply that the world has changed, and that such a return is technically, politically and economically impossible.¹¹

The era was one of profound pessimism and class stalemate. In the context of this profound sense of class stalemate during the early 1930s, expressive of the general political malaise of the capitalist class, how do we explain the revival of Social Democracy in post 1940s Britain? The question here is not so much about the *particularities* of Social Democratic reforms, which had of course been developing piecemeal from the late 19th century onward. If this were the question requiring an answer we could simply cite the 'war effort' and the

¹⁰H. Macmillan, *Reconstruction: A Plea For National Policy*, 1933, p11.

¹¹H. Macmillan, *ibid*, p16.

ensuing 'collective consensus'. The latter has been the main non-Marxist way of explaining the concessions won and lost post-1918. The 'war effort' explanation has its own merits of course, but it did so in 1918 too, when only the particularities of Social Democracy were conceded for a short period by the ruling class. The 'war effort' explanation, therefore, side-steps the major question as to why the particularities of Social Democracy became rapidly developed and galvanized into a full blown Social Democratic programme able to underwrite the post-war boom and the rise of a social welfare state. Put another way, if World War I could not establish conditions suitable for the acceptance of the general principles of Social Democracy, then we cannot expect World War II to be entirely responsible either. Yet knowledge of the peculiar social circumstances within which Social Democracy became revived and refurbished post-1945 is crucial to an understanding of the present situation in which Social Democracy has fallen out of favour with the capitalist class as a means of containing the threat of labour. More specifically, knowledge of this kind can distinguish between simply a fall from favour and irreversible decline in the fortunes of Social Democracy. If the irreversible decline scenario is correct, as I will argue it is, then this has implications for how we contextualise the political programme of capital in Britain post-1979; and indeed how the working class should advance anti-capitalist and pro-socialist struggle.

In what follows, it is argued that Stalinism was vital to revitalizing Social Democracy post 1945. I will explain how and why Stalinism proved to be the all important factor in establishing the necessary class conditions for the revival of Social Democracy *in the form of Labourism*. Labourism as a concept reflects the influence of Stalinism on the form that Social Democratic revival took post 1940s. However, before explaining how and why Labourism consolidates itself as the basis for the post war boom and social welfare state, we need first to take a detour by providing a detailed definition of Labourism. The article then examines the role of Stalinism in consolidating Labourism. By so doing the aim of this paper is to outline both how and why Stalinism became crucial in establishing the appropriate class conditions for the revival of Social Democracy in Britain in the form of Labourism. With the above arguments in place, the article then briefly explains why Labourism's eventual demise provides the vital context for understanding Thatcherism and the emergence of New Labour.

DEFINING LABOURISM

Labourism has previously been defined in various ways, each tending to either omit or inadequately explain what is most fundamental to Marxism--its class basis.¹² Labourism has three principal class foundations - the *management of money*; the *partial decommodification* of labour power;¹³ and the *management of the labour process*. The three class foundations of Labourism are reciprocally related, but for purposes of definition, we need first to separate them for reasons of clarity. The first class foundation - the *management of money* - only became an accepted political necessity in the early 1940s amongst the capitalist class and its representatives in the Treasury, the Bank of England and the City of London.¹⁴ The movement away from a Gold Standard in 1931 had increased the *possibility* for managing money in accordance with the requirement to redirect money towards the decommodification of key social needs, such as housing, education, health and welfare. Nevertheless - despite its profound implications for easing the conflict between classes (e.g., by protecting the British working class from international benchmarks for the rate of accumulation of surplus value from labour power) - it was not until after 1945 that the management of money, through Keynesian fiscal and administrative planning, became the

¹²The definition of Labourism which follows emphasises its political economic aspects. For other more cultural and political definitions see, for example, Gregroy Elliott, *Labourism and the English Genius: The Strange Death of Labour England*, (London, Verso), 1993; Willie Thompson, *The Long Death of British Labourism: Interpreting a Political Culture*, (London, Pluto), 1993.

¹³Commodified labour power refers to a state whereby human labour can be bought and sold in the market place relatively unrestricted and largely in accord with the criteria of profitability. Decommodified labour power refers to a situation whereby human labour is administered and distributed according to two rationales: the requirements of capital accumulation and those of the State, with the latter increasingly dominant. *Partial decommodification* occurs when human labour power is administered and distributed by the requirements of production and those of the State, and only indirectly by the criteria of profitability and external labour markets.

¹⁴For a detailed empirical account of how Keynesian fiscal policies came to be adopted during the inter-war period and the debate between Keynes and the Treasury, see Roger Middleton, *Towards the Managed Economy: Keynes, the Treasury and the Fiscal Policy Debate of the 1930s*, (London), 1985.

accepted orthodoxy within policy-making circles.¹⁵ Once the principle of managing money was accepted, the way was then paved for a much more *systematic* application of deficit budgeting, demand management policies, state administration of industry and attempts to control the general flow of capital across economic borders. In essence, one can say the management of money paved the way for class compromise over the establishment of parameters with respect to the rate of extraction of surplus value across the economy.¹⁶ A compromise which formed an explicit part of Beveridge's *White Paper on Employment Policy* (1944) provides an indication of the significance of the turn towards managing money for both economic and social policy in its statement that:

The Government accepts as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war...Total expenditure on goods and services must be prevented from falling to a level where general unemployment appears.¹⁷

Moreover, Beveridge's *Full Employment in a Free Society* (1944) continued the general easing of the old orthodoxy of 'balancing' the internal and external budget in favour of class compromise. Proselytizing about the fashioning of 'three new rules of national finance' it maintains:

The first rule is that total outlay at all times must be sufficient for full employment. *This is a categorical imperative taking precedence over all other rules, and overriding them if they are in conflict with it.* The second rule is that...outlay should be directed by regard to *social* priorities. The third rule is

¹⁵ It was not until the 1940s that J.M. Keynes's *The General Theory of Employment, Interest and Money*, (London: Macmillan), 1936, achieved hegemonic status.

¹⁶ I do not suggest that Keynesianism was able to fulfill its task of managing money. I make the more crucial point that the capitalist class had unified around the *need* to manage money in an effort to contain the working class and revive capital accumulation. The actual policies, e.g., 'demand management' were, of course, hit and miss.

¹⁷ Extract taken from G. Pilling *The Crisis of Keynesian Economics: A Marxist View*, (London: Croom Helm), 1986, p48.

that, subject to the first and second rule, it is better to provide the means of outlay by taxing not borrowing.¹⁸

In other words, there would, henceforth, be a significant *partial reversal* of previous conditions of exploitation/accumulation which were pivotal to the expansion of capital. In particular, there would be a substantial reversal in the political economy of the previous Treasury/City of London orthodoxy, which would ensure labour power was distributed in full accordance with the requirements of capital accumulation. Under the new Labourist orthodoxy, the latter arrangement would be undermined, in as much as decisive flows of capital would, henceforth, be distributed according to social needs (as the latter were defined by those responsible for administering the emerging Welfare State). From a Marxist perspective, one can say that this particular class foundation of Labourism had effectively established the *conditions* for the State to regulate the law of value and, therefore, established the basis for *policing the administration and distribution of social needs* through the fiscal management of the economy.

The second class foundation of Labourism involves the partial de-commodification of labour power. By 1945 the provision of social insurance had moved from being partial and means tested to becoming a *universal* social welfare norm, which was increasingly seen as a social need *external* to the reproduction of the labour force through the labour market. The various antecedent national social insurance schemes/reforms paved the way for this (for example, the 1834 Poor Law Act, the 1905 Unemployed Workman's Act, the 1911 Social Security reforms and the 1934 Unemployment Act). However, they were *partial* and means tested in nature and were not, therefore, a serious threat to the primary role of the labour market as a means of reproducing and disciplining the working class. The Social Insurance Act (1943) began the process of changing all this by introducing the principle of a *universal social wage* independent of the sale of labour power. In doing so, the Act effectively sanctioned the *partial de-commodification* of labour power, where the labour force were guaranteed a source of social re-production outside of the labour

¹⁸ W. Beveridge *The White Paper on Employment Policy*, (CMD 6527, HMSO), 1944, p147 (my emphasis).

market and therefore a means of resisting the reduction of their sensuous labour activity to abstract labour activity.¹⁹ It was this partial loss of control by capital over abstract labour formation and, therefore, control over capital accumulation, which provided the material basis for the further development of the *institutionalisation* of the formal regulation of national wage bargaining between Capital, Labour and the State.²⁰ Hence the outcome of the *partial de commodification* of labour power and heightened resistance to the reeducation of labour power to abstract labour was the consolidation of an 'industrial relations system' in the form of distinct *tripartite institutional relations* between state-bosses-unions *after* 1945 as a means of state administration of labour power to support the weakening material basis of commodity fetishism.

The third class foundation of Labourism - *the administration of the labour process* - developed along with the first two foundations. Prior to the 1940s, the State's involvement in the strategic management of labour power had remained at best sporadic and superficial. After 1940 all this changed and managing the labour process became an overriding concern of State policy. Of course, compared to other industrialised economies in this period (for example, Germany), the State's involvement in the British economy could still be described as low key even after 1940. However, compared to the British State's *historic* involvement in managing the labour process, its involvement post-1945 marked a significant break with the past. By 1941, for example, personnel officers became compulsory in all but the smallest of factories. Membership of the Institute of Industrial Administration rose almost 500% between 1939 and 1945 (517 to 2508). Membership of The Institute of Personnel Management rose from 760 in 1939 to 5730 by 1960.²¹ Moreover, the post-1945 Labour Government consolidated these changes with the creation of the British Institute of Management (BIM) and the Production Efficiency Board (PES). The aim of the latter being to extend Taylorist principles of control of the labour process.

¹⁹For one account of the relationship between commodity, value, the substance of value and abstract labour in opposition to sensuous labour, see, Massimo De Angelis, 1996, 'Social Relations, Commodity-Fetishism and Marx's Critique of Political Economy', *Review of Radical Political Economics*, V28, N04.

²⁰Alan Fox describes as the consolidation and integration of the British Industrial Relations System, *History and Heritage* (CUP), 1985.

²¹ John Child, *British Management Thought* (1969), p113.

The major imperative behind the increase in management and administration was the drive to *manage* the transformation of labour power into abstract labour, and, by doing so, *manage* the rate of surplus value extraction in accordance with the pre-arranged class compromise struck within the newly formed 'industrial relations system'. In this respect, the campaign to revive workplace Joint Production Committees, far from being 'a drive for industrial democracy', was 'part of a programme to encourage worker co-operation and involvement without infringing on managerial prerogative'.²²

The three foundations of Labourism briefly highlighted above and, taken together, marked a profound alteration in the balance of class forces within the British Economy. In acting reciprocally the foundations of Labourism began to exert a *systemic* presence on the political economy of capitalism in Britain by the mid to late 1940s.²³ Having clarified the fundamentals of Labourism, the key questions we now need to address are how and why the class foundations of Labourism emerged to underpin the revival of a full blown Social Democratic programme post-1945?

A POLITICAL ECONOMY OF LABOURISM

Labourism cannot be understood as a process pertaining to one country; it is the consequence of external and internal class forces. Firstly, the possibility of maintaining Labourism requires crucial external conditions and intra-ruling class collaborations. Two interrelated aspects of the latter were provided first by the international framework for accumulation established by the Bretton Woods System of infrastructural aid and international regulation of money and second by the emergence of the Cold War. Bretton Woods was crucial to re-establishing capital both nationally and internationally through the reconstruction of world money based on the dollar acting as world money and supported in doing so by the International Monetary Fund, World Bank and

²² Tomlinson, J. 1993: 'Mr. Atlee's Supply-side Socialism', *Economic History Review*, XLV1, 1.

²³ In this sense it is not suggested that all aspects of the resulting 'welfare state' are somehow functions of control over the labour movement, although, clearly many can be seen in this way.

World Trade Organisation.²⁴ The Cold War System had an even greater influence than Bretton Woods on Labourism, providing the latter an appropriate political and economic context. As Cox has argued, the Cold War System developed as a highly contradictory system of social control, 'in so far as Stalinism both negated and supported the dominant world market economy led by the United States...[and]... Western capitalism supported and negated Stalinism'.²⁵ Yet the particular configuration that Labourism takes can only be fully understood by locating its class contours within a specific economy. In this respect, the argument pursued below is that within the wider international context *Labourism* developed in Britain as a symbiosis of *Stalinism and Social Democracy*, to become a category of working class containment.

The pre-Labourist era in Britain was defined by a mixture of depression and a vague optimism amongst the bourgeoisie. On the one hand, Kalecki was pessimistic, observing that 'as not only months but years of the world crisis pass by...the question, when will the crisis end, increasingly gives way to a different question...Is the overcoming of the crisis *altogether possible* for the capitalist system?'.²⁶ Keynes, on the other hand, believed he could detect:

a new conception in the air today...called planning...
But whether it is going to prove possible to carry out *planning* in actual practice without a great change in the traditions and in the machinery of democratic government - that is the big question mark.²⁷...[W]hat we do know is that the current failures of unplanned regimes in the west does establish a *prima facie* case for state planning.²⁸

²⁴For a detailed description of the emergence of the Bretton Woods System see, R.N. Gardner, *Sterling-Dollar Diplomacy in Current Perspective: The Organs and Prospects of Our International Economic Order*, New York, 1980.

²⁵Mick Cox, 'The Cold War as a System', *Critique*, No 17, 1986, p19.

²⁶M. Kalecki, *Collected Works, Volume One, Capitalism, the Business Cycle and Full Employment*, edit by J. Osiatynski, Oxford, 1990, p43.

²⁷J.M. Keynes, *Collected Writings, XXI, Activities: 1931-39*, Macmillan Press, 1982, p84.

²⁸Keynes, *ibid*, p86.

However, the key problem from the vantage point of the capitalist class was how planning capitalism could be attempted without it leading to the politicization of the working class. A point not, apparently, lost on Macmillan (1931), who observed wistfully:

If we can assume that Britain will escape the catastrophe of war or civil disturbance, then it is probable that when the history of the present period comes to be written, it will be seen as a hiatus between the old economic system and the new. It is a period which cannot yet be dignified by the name transition. *For to visualise a transition it is necessary to see more or less clearly both the beginning and the end of the process.* The history of events has made us familiar with the framework of the system which we are leaving behind. Unfortunately there is no such clarity about our destination....The great need of the moment is not only for a policy of action to deal with a pressing situation, but for a new theory of social and economic organisation which will facilitate the evolution towards a new economic system suitable to change the circumstances of the modern world.²⁹

In class terms, the capitalist system desperately required a new way of containing labour that would not have the unintended consequence of leading to the further politicisation of labour, as a basis for renewed capital accumulation. Closer examination of Macmillan's wording is significant here. If the Capitalist system was to survive it required not only a 'new social and economic organisation', but, even more crucially, it required knowledge of the latter's likely *beginnings* and where exactly it was likely to '*end*' (i.e., would it lead to the hoped for *de*-politicisation of labour, or not?). This indeed was the dilemma facing capitalism and one which Labourism was eventually to resolve. One obvious *beginning* (to make use of Macmillan's language) was the galvanising effect of the 'war effort' in promoting an ethos of collective compromise between capital and labour and between fractions of the capitalist class. The 'war effort',

²⁹H. Macmillan *Reconstruction: A Plea For National Unity*, (London), 1931, p1 (emphasis mine).

combined with State propaganda about the 'new Jerusalem', was absolutely crucial in helping to establish a class consensus over the need to use the power of the State to regulate the economy. The latter factor has been well documented.³⁰ It cannot, however, be the sole, or even the most crucial factor. For one thing, such an ethos was in abundance after World War One, yet this was soon dropped in the heat of the class struggle which took place between capital and labour post-1918. Another basis for securing confidence amongst the ruling class in this *beginning* was the full development of Keynesian fiscal theory. There is some credence to the argument that once Keynes had formulated the *General Theory of Employment, Interest and Money*, a systematic economic theory of Government fiscal and monetary intervention came into being, which effectively undermined the traditional commitment of the State to the political economy of balanced budgets.³¹

However some vision and, therefore, confidence about how this would end was still a missing ingredient. Paraphrasing Macmillan, while 'visions' that inspire *beginnings* are crucial, they may come to nothing if a 'vision' of an appropriate *end* is not also within sight. *Beginnings*, alone, would be far too risky to embark on such a political project for those in power. The capitalist class had a great deal to lose should Social Democracy go beyond their control and cede too much power to the labour movement. Put simply, the capitalist class had to be sure of containing the power of labour within any new settlement between the classes; Keynesianism and the ethos of war collectivism *alone* could not guarantee that containment.

The most crucial part of that missing vision of where state intervention would end was eventually provided by the Labour Establishment's *intellectual* and *practical* acquiescence to Stalinist ideology. The Labour Establishment is defined as including: the Labour Party, trade union officials and the left

³⁰For this perspective on the post war settlement see in particular C. Barnett, *The Audit of War*. (London, Macmillan), 1986; E. Durbin *New Jerusalem: The Labour Party and the Economics of Democratic Socialism*, (Routledge, Kegan, Paul), 1985.

³¹Although they provide fascinating insight into the Treasury elite, Peter Clarke *The Keynesian Revolution In the Making*, (Oxford: Clarendon Press), 1988; and S. Howson & D. Winch *The Economic Advisory Council 1930-39*, (Cambridge), 1977, are seriously limited by the lack of a political economy context.

intelligentsia who had close links with the first two. Of course not all of those involved with the Labour Establishment *wittingly* aligned themselves with Stalinist ideology. More accurately, the hierarchy of the labour movement's institutions were won over either directly or indirectly by Stalinist ideology in their general conception of a specifically British road to 'State Socialism'.

By ideology, I refer to the *practical* imposition of the world view of a social group (or groups) claiming to express the general interest of society as a whole. This meaning incorporates Gramsci's notions of *ideological hegemony* and *power bloc*.³² By embracing Stalinism, the Labour establishment effectively assisted the capitalist class in forming a *power bloc* able to contain the working class within the confines of a full blown, revived, Social Democratic programme.

On the surface the TUC appeared to be hostile to the USSR. According to Citrine, 'Neither the Russians or their stooges in England were acceptable partners for good trade unionist'.³³ Moreover, the Labour Party had continually refused affiliation rights to the CPGB and, moreover, it had sought to distance the latter from any direct influence upon the labour movement.³⁴ Notwithstanding the surface froth, Briggs and Saville suggest reasons as to why '[the] growing political sympathy towards the Soviet Union [was] one of the most striking characteristics of the British Labour Movement in the 1930s':

the coincidence in time between the beginnings of the world economic crisis at the end of the twenties and the launching of the First Five Year Plan that brought about a much deeper interest in contemporary Russia. Russia's industrialisation apparently offered the sharpest contrast to the collapse of output and the rapid rise in unemployment levels in the capitalist world...[I]t was not in any way extraordinary that large numbers of working people and intellectuals should

³²Antonio Gramsci, *Selections from the Prison Notebooks* (New York), 1971.

³³Quote taken from Daniel Calhoun, *The United Front: The TUC and The Russians 1923-28* (CUP), 1976, pp403-4.

³⁴Mark Jenkins, *Bevanism*, (London), 1984.

begin to look upon Soviet Russia with a new understanding and appreciation.³⁵

So powerful was the grip of Stalinism on the Labour Establishment that socialists like Cole who were highly skeptical of state imposed regulation would consistently gloss over the oppressive nature of the USSR.³⁶ Cole provides a prime example of how the relationship between socialism's *means* and *ends* tended to be discarded by key intellectuals within the Labour Establishment in their eagerness to embrace Stalinism.

In particular, Stalinism held out three possibilities for increasing the Labour establishment's power and influence in reviving Social Democracy on the basis of a new compromise between capital and labour. Firstly, there was the USSR's rejection of the market as a mechanism of control over labour and regulator of production *in favour* of State administration. The principal theoreticians of the Labour Party had long been drawn towards a technical approach to the concept of 'socialist planning', which was very similar to that of the Stalinist Elite who controlled the USSR. Unsurprisingly, it was a conception of 'socialist planning' with little role for democratic accountability. As Barbara Wootton, a prominent intellectual within the Labour establishment during this period argued, 'detailed democratic control of economic affairs is at best a hopeless morass and at worst...a hypothetical pretence'.³⁷

Contradictory though it was in practice, the possibility of undemocratic forms of planning provided the basis of a political compromise between the capitalist class and the Labour Establishment, which was eventually to be seized upon by both. On the one hand, the Labour Establishment could point to the USSR as *material evidence* of the success of their *conception* of 'socialist planning'. On the other hand, the capitalist class began to see in the Labour Establishment a potential ally in the establishment of non-market controls over the labour movement, which were increasingly necessary, but thus far politically unattainable for reasons already discussed above.

³⁵Briggs and Saville, 1977, p260

³⁶G.D.H Cole, *The Intelligent Man's Guide Through World Chaos*, (London), 1932, pp545-6.

³⁷Thompson 1996, 110

Conceptions of 'Socialist planning' varied across the Labour establishment (e.g., for Durbin it was a *Supreme Economic Authority*; for Meade a *National Investment Board*; for Cole a *National Planning Authority*). In this sense there was no simple hegemony within the Labour Establishment. Nevertheless, the underlying anti-democratic content of each variation of 'planning' provided unity of purpose. In particular, the key members of the Labour Establishment were in agreement that 'socialist planning' should take the form of top down administration to be carried out by appointed 'experts' and technocrats - although the mix between this and 'market mechanisms' remained a contentious issue. In their overall vision, democratic accountability was far less important than economic efficiency. Indeed, the 'socialist plan' being conceived for Britain would, it was argued, be much superior to that of the USSR model because, unlike the USSR, it would make use of markets as price information centres in order to co-ordinate the supply and demand of capital, labour, goods and money!³⁸

A second attraction of Stalinism for the Labour establishment was the links the USSR created between 'socialism in one country' and 'class and nation'. Both of these links re-enforced, *in the eyes of the Labour Establishment*, the viability of their own general politics of class compromise and class containment within a nationalist form. The USSR became for all intents and purposes the material embodiment of class harmony within a national framework. For had not the USSR experienced a revolution, established a 'planned' economy, and systematically promoted all this in Marxist terms as evidence of the development of 'socialism in one country'? Relatedly, there was now clear material 'evidence' (embodied in the very existence of the USSR) that class and national identity could be harnessed to promote class compromise and class containment *in the name of 'socialism'*. For the Labour Establishment - as a matter of necessity - the answer had to be an unqualified yes on both counts: because their very existence as a political force within the capitalist system depended on this affirmation. For capitalism the USSR was not only a source of its own decline but also growing evidence that one could *contain* the working

³⁸See Durbin, 1985 for a thorough account of the 'socialist' planning debate within the Labour establishment.

class while promoting the virtues of the kind of 'socialism' amenable to providing a renewed basis for accumulation. Therefore, both capital and the Labour Establishment had much to gain from the shadow that Stalinism cast upon the working class movement.

The third significant attraction of a Stalinism *reconfigured to British ruling class requirements* was that, contrary to the USSR, it did not require *direct* repression to control the working class of Britain. The discipline imposed on the labour movement by an ailing market would prove to be adequate to the task so long as it was heavily supplemented by the State's administration of labour, and for this the inspiration provided by the USSR was of course crucial. For all three reasons combined, Stalinism became a natural ally to the Labour Establishment in their quest to breath new life into the Social Democratic programme and so gain access to the central levers of State power in order to carry the Labourist programme through to its conclusion.

As indicated earlier there were differences within the Labour establishment over how to achieve a balance between 'plan' and 'market' in consolidating Social Democracy. One group (which included influential members of the Parliamentary Labour Party and TUC such as Gaitskell and Durbin from the Labour ranks and Bevin and Citrine from the TUC), endorsed the view that 'planning' and the market should *complement* each other. The practical benefits for this group were clearly discernible. For the TUC, the balance between 'plan' and 'market' translated ideally as a) a strong centralised state to guarantee the co-ordination of long term fixed capital investment and controls over circulation of capital and, b) the continuation of voluntary 'free market' collective bargaining. The attraction of such a 'balance' was that it provided the TUC with the best of all *their* possible worlds; state involvement *and* labour market conditions were best conducive to expanding union membership. To an extent, if one reads the findings of the Donovan Report (1968)³⁹ on the class containment implications of the formal and informal collective bargaining system erected post 1945, is evidence that the TUC achieved its objectives.

³⁹Donovan Commission: *Report of Royal Commission on Trade Unions and Employers Associations*, HMSO, 1968.

Another group within the Labour Establishment were distinguished by their belief that the 'plan' should *suppress* the 'market'. This faction was represented by, amongst others, Aneurin Bevan, G.D. Cole, Stafford Cripps, Strachey.etc.⁴⁰ Their vision was of a greater use being made of the Labourist project to enroll the state in the control of the capitalist class as well as the working class. In their view, the state (with the help of decentralised institutions *representing* management, labour and community groups) should co-ordinate and allocate the majority of socio-economic resources directly and less through the medium of fiscal policy. In other words, for this group the market would become of secondary importance as a control mechanism in society.

However, an overarching sense of unity remained so long as the above differences did not jeopardize the aim of the Labour Establishment to become part of a new power bloc alongside capital always dominated and scaled down the impact of such differences. The ease with which the personnel of the Labour Establishment continuously crossed from one inner group to other both demonstrated and continued to enhance this unity. The mobility proved vital in weaving a tightly knit community of interests within the Labour Establishment. For example, the resultant cross-fertilisation of ideas between factions eventually led to the creation of two influential 'think tanks': the *Society for Socialist Inquiry and Propaganda* (SSIP) and the *New Fabian Research Bureau* (NFRB). They were two of the main institutions through which the leading figures of the Labour Establishment (Bevan, Gaitskell, Durbin, Dobbs, the Coles, Morrison, Dalton, Attlee, Cripps, Foot, etc) could air their grievances and forge a unified commitment to Labourism.

THE MARGINALISATION OF THE LEFT WITHIN THE LABOUR ESTABLISHMENT

However, the differences within the Left Establishment, which manifest over the differing emphasis given to state or market proved hard to contain. This made the unity within the Left Establishment always approximate and contested and,

⁴⁰Strachey, for example, was very clear (up until the mid 1930s at least) about the need to supersede the market with a planned economy, John Strachey, *The Coming Struggle For Power* (Gollancz), 1932.

ultimately a threat to its advance within a new power bloc. One major source of disharmony of particular interest here was Stalinism's connection to Marxism.⁴¹ Ironically, Stalinism's capacity to be interpreted *selectively* by different groups within the Labour Establishment was also its major source of weakness as far as their political pretensions were concerned. For the left within the Labour Establishment, Stalinism's use of the language of 'class struggle' and 'revolution', was drawn upon very effectively to further its influence within the working class.⁴² For the right, on the other hand, the connection only served to weaken its ability to influence capital and so its ability to take its place within the Labourist *power bloc* alongside of the capitalist class.

The contradiction surfaced more clearly with the emergence of the *popular front* movement. The Popular Front between Communist Party and Social Democratic groups became a major institutional link between Stalinism (specifically its distorted form of Marxism) and the left within the Labour Establishment. Ostensibly the *front* arose to resist the rise of Fascism and defend Social Democracy.⁴³ While the intentions of many individuals who joined the *popular front* may have been honourable, as an institution the *front* became a very effective vehicle for achieving two inter-related reactionary objectives. First, it served in the general subordination of the working class to cross-class collaboration and *inter-class compromises* which politically weakened the working class. Second, it served in the advancement of the USSR's foreign policy of appeasement and 'peaceful coexistence' with capitalism.⁴⁴ The *Tribune* group – perhaps the most powerful organization

⁴¹As Philip M Williams points out with regard to Hugh Gaitskell a member of the right wing and future Labour leader, 'Gaitskell's examination of Marxism led him to repudiate it as old-fashioned, false and intellectually crippling'...not to mention....'an impediment to his left wing friends...', *Hugh Gaitskell*, p51.

⁴²Mark Jenkins, *Bevanism*, (London), 1984,

⁴³Hinton, 1983, pp159-60, *ibid*

⁴⁴The Popular Front developed by forging a cross-class alliance, and by ditching a previous commitment to international socialism. Ostensibly it was to aid social democracy against the threat of Fascism, in reality it was a sop for Stalinism. While individuals within the movement may have had a variety of principled reasons for joining the Popular Front, its broader purpose cannot be divorced from its link with the Communist International and the Moscow political line. The Labour Party's rejection of the Popular Front had less to do with principle and more to do with the fact that: a) it did not control the movement, and b) the Front

within the Labour Establishment - in becoming the most ardent supporter of the *popular front*, also became the USSR's most enthusiastic supporters. As Jones recalls:

[Tribune] published an article by Harry Politt on the need for working class unity, it offered Palme Dutt review space to eulogies the published letters of Lenin, and it commissioned the communist Pat Sloan to demolish Trotsky's *The Revolution Betrayed*...J.R. Cambell's apology for the Moscow Trials *Soviet Politics and its Critiques* was favourably reviewed, Trotsky was incessantly denounced, and Stalin's unscrupulous redrafting of recent history *The History of the CPSU* was praised in lavish terms. Both in *Tribune* and elsewhere the British fellow travelers campaigned vigorously for a popular front and for Communist Party membership to the Labour Party.⁴⁵

Alongside *Tribune* in developing the influence of the *popular front* within the British labour movement were the CPGB, the Bevanite left, and *The New Statesman & Nation*.⁴⁶ Their combined commitment to the *popular front* inspired further their attempts to defend the USSR and become apologists for the systematic atrocities which had been occurring in the USSR, as well as the Comintern's equally murderous influence in the Spanish civil war and beyond.

Moreover, the right of the Labour Establishment were concerned that the *popular front*, through the spurious link between Stalinism, 'Marxism' and the left, would effectively consolidate the very group within the Labour

at the time was against the policy of Rearmament. As Hinton has observed, once the unpopularity of Chamberlain's appeasement policy had reached its peak in 1938 and so the Stalin/Hitler Pact of 1939 had politically disarmed the left, the Labour Party took up the politics of the *popular front* 'in all but name' and used it 'to shift the weight of Tory hegemony' and secure its admittance 'to positions of real power', J. Hinton, *Labour and Socialism, A History of the British labour Movement 1867-1974*. (Univ of Massachusetts Press), 1983: pp159-60.

⁴⁵ B. Jones, op-cit, 1977, p36.

⁴⁶ B. Jones, *ibid*, 1977, p36.

Establishment who favoured a more pragmatic attitude to the role of the state and the market. The right, to recall, were working hard to establish the commitment of capital to a *mixed economy*, in which the market remained dominant and without which they would remain unable to achieve their aim of winning over the capitalist class to Labourism. One does not have to impute any over-arching collective consciousness on the part of the right, but simply note that they had to politically disarm and neutralise their left allies by some means or other. In this respect, the popular front proved to be useful in achieving this end.

The opportunity to marginalise the left presented itself in the form of Stalin's pact with Hitler (a case of historical accident advancing class imperatives). Of course, the pact had its own complex dynamics. However, in so far as its effect on the Labour Establishment is our concern, it dealt a fatal blow to the left within the Labour Establishment and hence proved to be decisive in shaping the development of Labourism. The suddenness with which Stalin was able to reverse relations with Germany brought the split within the Labour Establishment to the surface and speeded up the marginalisation of the left within the Labour Establishment. The *Tribunite's* and their fellow travelers were forced, by the right, to denounce the USSR's policies. The left's sudden reversal of its slavish support for the USSR, created a - largely unintended - political opportunity for the right, which they were quick to seize. As Jones reflects, '[t]he *Tribune* left...in separating themselves from the Kremlin turn had, ironically...smoothed the path of Morrison and Attlee...'.⁴⁷ In particular, the right of the Labour Establishment were able to make political capital out of the Stalin-Hitler Pact, which they then used to marginalise the left, and with it the commitment to the idea of state planning capitalism. Essentially, the right was able to link Marxism to Stalinist administration, and the latter *non-market formation* to political dictatorship. Henceforth the dominant trend within the Labour Establishment was non-Marxist (even rhetorically) and pro-market and the way had been cleared for it to take its place within a new power bloc to revive the Social Democratic programme of working class containment as a basis for capital accumulation. The latter, within the wider context of the

⁴⁷ Mark Jenkins, *Bevanism*, (London), 1984, p36.

Bretton Woods system and Cold War, became the basis of the Labourist inspired post-1945 economic boom and social welfare state.

As Jones observes, 'It was no coincidence.. that as the left wing monopoly of progressive socialist thinking should now be broken, books by such right wingers as Hugh Dalton and Evan Durbin began to attract attention, helping to form the basis of the programme which Labour would enact after 1945'.⁴⁸ Thus, by the late 1930s, *gradualism*, and the *mixed economy* became the key watchwords of Labourism. Of course, the 'economic core' of Stalinism remained of pivotal importance for the Labour Establishment to draw on when and if necessary. However, this 'economic core' was re-coupled to Social Democracy and formed the basis of Labourism.

The left's continued marginalisation gave them little option but to reconcile themselves with the Labour Party's reformist approach to Labourism. The new mood of 'reconciliation' was epitomised by John Strachey. Once thought of as the 'most effective populariser of Marxism-Leninism',⁴⁹ Strachey abruptly discarded his more radical published works of the 1930s - *The Coming Struggle For Power* (1932); *The Nature of Capitalist Crisis* (1935) and *The Nature and Practice of Socialism* (1936) - for the reformism of *A Programme For Progress* (1940), which popularised the political economy of *capitalist regulation*.

Recalling an earlier point, one can say that by the mid 1940s the material foundation for a *vision of the end* of Labourism - that is the material foundations for containing the working class - had been effectively constructed by the Labour Establishment. Macmillan could breath a sigh of relief! Thus the necessary *beginnings* - the war effort and Keynesianism, etc. - eventually found their appropriate means to the *end*: the material influence of Stalinism within the working class.⁵⁰

⁴⁸ B. Jones, op-cit, 1977, p54.

⁴⁹Thompson, 1996, ibid, p98.

⁵⁰I thank Tom O Gorman for his observation that, "'beginnings" and "end" here refer to a policy which would ensure the *ultimate end*, i.e., would allow the programme of Labourism to go forward with as little concern from the capitalist class as possible'.

THE DECLINE OF LABOURISM: IMPLICATIONS FOR THE PRESENT

In the limited space of this article, no attempt has been made to provide anything like a history of Labourism. The main objective of the article was to re-evaluate the conditions under which the Social Democratic programme was revived post-1945. Up to this point, we have been concerned with outlining a number of broad historical processes relating to the emergence of Labourism which have strong implications for an understanding of the relationship between Stalinism and Social Democracy. The purpose was two-fold. First to enhance an understanding of the class foundations of post-1945 Social Democracy. Second to help in developing an understanding of the present *Post-Labourist* era. It is to the latter we now turn.

It has been argued that Labourism provided the political underpinnings for the revival of the Social Democratic programme and the subsequent emergence of the Post-1945 Social Welfare State. Also outlined were the three class foundations of Labourism: the management of money; the partial de-commodification of labour power; and the management of the labour process. It was argued that in their totality they amounted to a class compromise- which polarised social need and exchange value in order to maintain the capitalist system. Lastly, the article made an attempt to reveal the extent to which Stalinism was the ultimate reason for Labourism coming into being. The essential point being that *without Stalinism* no Labourist settlement was conceivable and hence no revival of Social Democracy was possible. What implications does such a claim have for our present understanding of current events in Britain? Below I wish to highlight some of the more important implications. The more detailed account of the *Post Labourist* era we now experience is the subject of another more detailed investigation.

Since the mid 1970s Labourism has been in a steady process of deconstruction. As a means of facilitating the containment of class struggle - through a revival of the Social Democratic project - it had become an increasing source of limitation for both capital and labour. For the capitalist class, faced by a world recession, Labourism had become a drain on profitability and was increasingly seen as a greater threat to its own rule. Working class militancy in the 1970s

became increasingly politicised as attempts were made by the labour movement to wrest more from a capitalist class which was increasingly set on pulling the plug on Labourism. Since the 1980s there has been a determined drive to secure Sterling within some form of Euro currency as the capitalist class moved away from its commitment to manage money at the national level in accordance with the needs of class compromise. The 1980s also marked a period of time when the regulation of the wage (decommodification) gave way to the rhythms and mantras of 'flexploitation' (recommodification), and in which the management of the labour process through a national industrial relations system gave way to the anti-collectivist rhetoric of 'human resource management'. In sum, the 1980s was a period when the deconstruction of Labourism got fully under way. (It is in this context that one should understand and situate the rise of so called 'Municipal Socialism' in the 1980s, and especially the Militant Tendency's experience in Liverpool.)

Although the material decline of Stalinism and so its ideological impact in the West proved to be a decisive factor in the deconstruction of Labourism during the 1980s, was prior to the demise of Stalinism. This is of no surprise because while Stalinism was vital to the *creation* of Labourism, it in no way prevented Labourism, *once consolidated*, from being a very unstable form of class containment in its own right. Perhaps more crucially, the extra longevity of Stalinism vis-à-vis Labourism had an impact in shaping the approach taken by successive British Governments to the deconstruction of Social Democracy. The following observations will serve merely to illustrate this point.

The years of Conservative rule and the present rule of New Labour reflect different stages in the deconstruction of Labourism and the declining influence of Stalinism. The Thatcher years coincided with the need to make a dramatic assault on the institutions of Labourism during a period in which the physical and ideological decline of Stalinism had yet to make its full impact on the Labour Establishment. As a result, consecutive Thatcher Governments had to engage in more overt ideological struggle against the Labour Establishment in their approach to the task of deconstructing Labourism. In this sense their ideology of 'free markets', 'individualism', 'neo-liberalism' and 'rolling back the nanny state' had less to do with actual policy practice and much more to do with *intra* ruling class power shifts. Specifically, it had everything to do with re-

drawing old lines of power and *ejecting certain groups* from the existing *power bloc* (e.g., the Labour Establishment), which had since the 1940s played a crucial role in shaping and engineering Labourism. In fact, as we are now all too well aware, the Thatcher years - notwithstanding the ideological rhetoric - witnessed *more* State intervention in both the public and private sector, and more deployment of quasi-markets rather than actual markets in the policing of use values and social needs.

Of course one suspects that the hope within capitalist circles was that State intervention would take a different form once Labourism had been deconstructed. That is to say, after the deconstruction the capitalist class should establish a fresh basis for capital accumulation. However, to re-iterate, the Thatcher years was limited to one of deconstructing Labourism (as witnessed by the set piece attacks on the labour movement and the isolation of the Labour establishment) and the ad-hoc displacement of direct forms of state intervention with quasi-markets, quangos, amidst increased levels of bureaucratic state controls.

The Major Government was to continue this process of deconstruction into the 1990s, although the conditions and outcomes were different. Major's rule was set in the context of the 1989-93 recession (and the continued threat of recession) in a situation where the main ideological and institutional *obstacles* to the deconstruction of Labourism had been effectively removed. In this respect, the material collapse of Stalinism after 1989 had the effect of weakening its ideological hold within the British labour movement. The latter presented new fertile social conditions for accelerating the ongoing ejection of the Labour Establishment from the old Labourist *power bloc*. The Major Government were in a position to make steady progress in destroying Labourism in areas of public sector deregulation, privatisation and related anti-trade union measures *in a situation of little or no resistance from the Labour establishment*.

Yet, having secured the ideological victory over the Labour Establishment, the Major Government subsequently became embroiled in an *intra* Party war and could not, therefore, turn this to the full advantage of capital. Effectively, the ideological debate set in motion by the deconstruction of Labourism imploded, ostensibly over the issue of European integration, but more substantially over

which way forward for establishing - in a Post Labourist era - the political conditions necessary for renewed capital accumulation. Therefore, although there was by the 1990s little overt working-class resistance to the capitalist onslaught, the ideological infighting and the subsequent political disintegration of the Conservative Government meant they could not finish the task of establishing a new *power bloc* for a post-Labourist era. And without a new *power bloc* the capitalist class could not press forward with reconstituting the management of money within a European framework.⁵¹

The political trajectory of New Labour lies in this failure. Rather than simply the outcome of the betrayal of the Welfare State and Social Democratic principles,⁵² or the result of the movement away from Fordism, the *newness* associated with 'New' Labour belongs to two factors related to the above argument. First, New Labor's programme is premised on a willingness not only to deconstruct the aforementioned class foundations of Labourism, but also to free itself from the wreckage of the old Labour Establishment and realign itself with the forces of capital. Second, New Labour looked increasingly the more likely political force to forge a *new intra-capitalist power bloc* and, therefore more likely to enhance policy to, *develop* forms of 'flexploitation' and *reconstitute* the management of money through the subordination of Sterling to the new Euro currency. As Anderson & Mann put it, the Party which previously backed:

“widespread nationalisation, a big increase in public borrowing... [and]...a hike in spending on social security, health and education..[now]...backs unequivocally the idea that the only way for a country to prosper in the modern globalised economy is to guarantee monetary and fiscal stability and to ensure that its infrastructure and "flexible labour markets" - in other words, low wages, low social costs, weak trade unions

⁵¹To the extent that the split over Europe expressed a profound uncertainty in the so called 'new world order' by international capital as a whole, then the roots of the internal divisions experienced by British capitalism extend here too.

⁵² W. Hutton, *The State We're In*, London, Macmillan, 1995.

and a lack of legal constraints on firing surplus workers - are attractive to investors.⁵³

The full gravity of New Labour's commitment to the capitalist project of privatisation, deregulation and the related rhetoric of 'globalisation' becomes more comprehensible when placed within the context of the collapse of the class containment policy which Labourism - aided by Stalinism - represented for more than thirty years after 1945. The rise of New Labour parallels the demise of Stalinism and served notice that Labourism could no longer be tolerated.

The implications for Social Democracy of the decline of Stalinism is also evident across the European Left. Although the forms and consequences of Stalinism's influence have varied widely across Europe, the collapse of Stalinism as a material force has had *general* ramifications for the European left's various post-1945 Social Democratic Programmes. What is now becoming increasingly apparent with respect to the latter is the litany of *failed* half-hearted attempts by traditional Social Democratic Parties to re-invigorate Social Democracy across Europe. The truth is the 'new' Social Democrat is a 'paper tiger' forced to bow to the rhetoric of globalised capitalism and to advance the deregulation of State, money and labour. In this respect, the French Socialist Party has followed New Labour in Britain, and latterly the German Social Democratic Party, in back tracking on one old Social Democratic commitment after another. In essence the new 'Social Democrat' fails because he/she now operates within a *Post Labourist era* hostile to Social Democracy.

In conclusion, the present situation bears the hallmarks of the failure of two means of containing the social power of labour: on the one hand, the discipline of capital though commodity fetishism, and, on the other hand, Social Democracy's mutation into Labourism *post-1945*. We now operate in *Post Labourist* times. The capitalist class may have had success in *deconstructing* Labourism in their attempts to achieve a new social basis for capital accumulation (as opposed to financial speculation). However, a reconstruction looks further away than ever. To advance such a reconstruction the capitalist class must reconcile what has now become totally *irreconcilable*: profits with

⁵³Paul Anderson and Nyta Mann, *The Making of New labour*, Granta Books, 1997, pp183-4.

social needs; capital with labour; the market with forms of planning: in a word, without Labourism the capitalist class must reconcile themselves to capital expansion without *any* of the material conditions for the Social Democratic containment of the working class. The inability to do this presents the capitalist class with much the same problem it faced in the inter-war, pre-Labourist, period. The one difference now is that capital cannot call on the assistance of Stalinism to support a revival of Social Democracy in containing the threat of the working class. One immediate consequence is that capital's time horizon gets increasingly shorter and increasingly erratic, feeding off fractions of cuts in interest rate, financial parasitism and welfare subsidized labour power, in its effort to relieve pressures on profit rates. It is in this latter logic and its global ramifications that we are able to understand at least some of the major pressures driving the so called new imperialism (Harvey, 2003)⁵⁴ and the coming depression (Ticktin, 2003).⁵⁵ It is also within this logic that the necessity of a working class politics based on the articulation of social needs in opposition to value and profitability becomes an ever-starker proposition we must seize and act upon.

⁵⁴ D. Harvey (2003) 'The New Imperialism', Oxford

⁵⁵ H. Ticktin (2003) 'The Third Great Depression', *Critique* 34.