

## Unit 20

### Britain, 1950-1990: Decline of Social Democracy

### This Unit aims to

- Continue on from Unit 19, following the economic and political scene in Britain after the Second World War.
- Investigate the failure of Keynesian demand management.
- Examine the post-war shop stewards movement.
- Look at the decline of the Communist Party and the emergence of the 'new left' and rank and file movement.
- Chart the onslaught of Thatcherism on the working class.

## Terms and abbreviations

**Keynesian Economics:** An economic theory advocating government intervention, or demand side management of the economy, to achieve full employment and stable prices.

**Macro-economic:** The performance of the overall economy, inflation, unemployment, and industrial production.

**Micro-economic:** The behaviour of small economic units, such as that of individual consumers or households.

**Corporatism:** A form of social organisation in which the state and corporate groups make the key economic, political and social decisions jointly. Individuals have influence only through their membership of corporate bodies. These include trade unions, professions, business corporations, and political pressure groups.

**Corporate State:** A society governed by, and composed of, economic units of employers and unions in certain broad industries, all of which are subordinate to the state.

**NEDC:** National Economic Development Council. Known as 'Neddy', a forum for economic consultation between government, management, and trade unions.

**NEDO:** National Economic Development Office.

**TGWU:** Transport and General Workers' Union.

**GMBW:** General, Municipal and Boilermakers Workers' Union

**NUM:** National Union of Mineworkers

**ASLEF:** Associated Society of Locomotive Engineers and Firemen, the principal union for railway drivers.

**OPEC:** Organisation of the Petroleum Exporting Countries.

**New Left:** A reaction to the Stalinism of the Communist Party especially after the Soviet invasion of Hungary in 1954. It was soon to develop into a "socialist humanist" wing and a more Leninist variation.

**SWP:** Socialist Workers Party.

**SWF:** Syndicalist Workers' Federation. Anarcho-syndicalist group formed in 1950.

**DAM:** Direct Action Movement. Anarcho-syndicalist group formed in 1979 later to form the basis of the Solidarity Federation.

# Introduction

The new Tory Government of 1951 simply continued the policies of the Labour government that had preceded it. It dismantled the last of the wartime controls and pursued regulatory strategies for controlling the British economy through Keynesian economic demand management. In essence, this was based on the idea that the government should intervene in the economy (by tax controls and capital investment, etc.) to regulate demand. The aim was to ensure that total consumption within the economy was kept in line with total production. Whenever consumption began to outstrip production, the government would seek to deflate the economy in order to reduce demand. Whenever it was over-production that was the problem, the plan would be to encourage spending in order to boost demand and consumption.

Inflation (rising prices and wages) and balance of payments deficits (more imports than exports) were seen as resulting from too much demand in the economy, while unemployment arose from too little demand. Therefore, in theory, good Keynesian demand management could lead to full employment by pulling various strings to ensure balance of payments equilibrium, stable prices and spending controls. In other words, the idea was that the government could create economic stability by lowering and raising taxes, decreasing and increasing public spending, raising and lowering interest rates and controlling credit, according to whatever certain key economic indicators suggested was needed. If necessary, the government could even resort to wage controls to limit demand, or lowering or raise the pound's value to ensure exports did not fall below the level of imports.

In essence, demand management could be used to end capitalism's tendency towards 'boom and bust', thus ensuring a stable environment for market forces to efficiently allocate resources and so create wealth within society. It is not hard to see the attraction of demand management amongst the 1950s British elite. Since free market policies had been so disastrous for Britain in the 1930s, their unpopularity now ruled them out, so demand management was the least worst option for an establishment that was still really wedded to free market philosophy. Though demand management gave the government power to intervene at the macro-economic level, the job of manipulating supply and demand at the micro-economic level still rested with the free market. The state intervention that did occur was

primarily based on fiscal and monetary policy decisions made by the Treasury and the Bank of England, which were still bastions of free market thinking within the British State.

Despite its apparently foolproof theory, demand management had numerous failings, which together created more of a "stop-go" economy than a smooth machine being 'tweaked' by government. In other words, it created precisely the instability that it was supposed to overcome. Partly, this was due to the way the stock market reacts to changes in fiscal and monetary measures (the herd instinct). Also, government often used their controls when it would most benefit the party in power, which was not always in the long-term interests of the economy. Typically, as unemployment rose or elections came near, the government would inject demand into the economy by cutting interest rates and taxes, and increasing government expenditure. In the resulting boom, consumption soon outstripped production, so imports were automatically sucked in to meet demand. This led to a balance of payments crisis, so the government (if it was all well-timed, now installed for their next term in office) would deflate the economy by cutting public spending, increasing taxes and raising interest rates. Thus, the economy would abruptly go into reverse, increasing unemployment, driving wages down and eventually forcing the government to boost the economy, starting the whole cycle off again.

The most significant failure of demand management was that it could not ensure adequate levels of investment – which had long been the biggest single weakness in the British economy (see Unit 19). With production control still with the private sector, there was no direct control over investment, so lack of investment continued to dog the economy, causing low productivity and loss of competitiveness. Hence, injecting demand into the economy caused rising consumer spending, but this could not be met by the unproductive British economy, so it led to an influx of cheaper imports, and subsequent balance of payments deficits.

The British political elite was still determined to maintain Britain as a world power, which meant continued high military spending and a high level of the pound, with the City's interests being put firmly before those of the domestic economy. Demand management did nothing to alter this central problem. Indeed, the cost of maintaining a high pound since the Second World War has been heavy. It has

## Desperate Measures

meant constant high interest rates to hold speculative capital in London and to reassure a nervous financial community, at the cost of discouraging private manufacturing investment. It has cheapened imports, which has ensured high penetration of the domestic market with foreign goods. It has left the economy vulnerable to periodic flights from Sterling by nervous foreign holders of a patently overvalued currency, creating numerous sterling crises (often precipitated by balance of payment difficulties). Always the result has been less investment in the domestic economy.

British military spending since the Second World War has consistently been the second highest in the world (after the US). Again, the effect of this on the domestic economy has been devastating. Nowhere more so than in research and development (R&D), where up to 40% of all research scientists and engineers have been tied up in R&D programmes geared to military ends. The obvious contrast here is with the most technologically efficient and therefore most competitive countries since the war - Japan and Germany. Denied a large army and with low military expenditure, their research scientists were obliged to concentrate on civilian projects. Instead of being diverted into wasteful military expenditure, researchers could concentrate on rapid technological development and expansion in the manufacturing sector.

With successive British governments starving the economy so they could maintain world status, it is not surprising that things steadily got worse for the British economy. While things looked good in 1950, as Britain enjoyed a relative advantage over its devastated competitors, by the end of the decade it was increasingly obvious that it was falling behind on every measure, including investment levels, productivity and growth. From being a high wage, high growth economy at the end of the Second World War, it was now well on the way to becoming a low waged, high cost economy, due primarily to low productivity caused by lack of investment.

By the early 1960s, the state of the economy led both the Tories and Labour to temporarily abandon demand management policies and flirt once again with economic planning. Many of Britain's leading competitors (notably Germany, Japan and France) had some state control over domestic investment. In Japan, the 1950s saw government embark on a gigantic industry-financing programme through special development agencies, with measures to target specific industries with investment. In West Germany, the government maintained a wide ranging investment programme, as well as taking ownership stakes in some 3,000 enterprises.

However, it was France that drew most attention in Britain. Here, the state consulted with firms and unions to set targets for future levels of output in each industrial sector. The government then directed industrial policy and provided finance and other assistance to enable the targets to be met. Though the growth targets were rarely actually met, the system was successful in that it ensured high levels of investment for the domestic economy. In dire need of some cure for the ailing British economy, it was to the French model that the Tory government turned in the 1960s. It set up the National Economic Development Council (NEDC), a tripartite body made up of unions, the state and management, with the task of formulating a co-ordinated national economic strategy. The National Economic Development Office (NEDO) was to prepare reports on targets and implement the strategy.

This first move towards economic planning met considerable opposition from within the Tory Party, the Treasury and the capitalist media. The result was a quick U-turn, and the 1963 launch of the "dash for growth". This was simply a demand management strategy based on the idea that injecting high levels of demand into the economy for a sustained period would stimulate investment, raise productivity, and thus enable the expansion to become self-sustaining. No real answer was provided on how the government would deal with the immediate influx of imported goods, with its inevitable balance of payments crisis and consequent run on the pound. Inevitably, the policy was a complete failure, as, swamped with imports, a massive balance of payments deficit occurred, and capital ran scared from the faltering British economy. In the event, the Tories avoided having to deal with the crisis caused by its "dash for growth", by losing the election to Labour in 1964.

## Labour from crisis to carnage

The new Wilson government was committed to abandoning demand management through the introduction of a corporate system, again based on the French model. They resurrected both NEDC and NEDO and set up the Department of Economic Affairs, charged with formulating a National Economic Plan in conjunction with NEDC and NEDO. It was also designed to counter the influence of the Treasury. Further Economic Development Committees were established both within industries and regions in order to set targets for growth at the micro-level.

In the event, Labour's grand corporate economic plan under which the government, management and unions would come together to steer the economy came to nothing. The severe balance of payments crisis inherited from the Tories led to a crisis in which Labour was urged by its left wing to devalue the pound to make exports cheaper and imports dearer' and so overcome the crisis. However, this would threaten the pound's role as a reserve currency and undermine the City, so the government rejected it. Importantly, the US also opposed devaluation, as the US economy was also in steady decline, only just out-performing Britain's growth and productivity, so the US wanted sterling to remain as the last line of defence in support of the dollar.

Instead, the government introduced surcharges and deposit schemes on imports, as well as the usual deflationary policies to reduce demand. However, these were to no avail, and the crisis deepened until the pound was finally devalued in 1967. The Chancellor of the Exchequer, James Callaghan, resigned over his refusal to devalue the pound and was replaced by Roy Jenkins who immediately set about causing more havoc by further deflating the economy instead of attempting to take advantage of the lower pound to boost domestic production and exports. As a result, despite the ending of the balance of payments crisis, the Labour government entered the 1970 election with a depressed economy, rising unemployment, and inflationary pressure.

Even without the balance of payments crisis, Labour's move towards economic planning was flawed. The French system, which they sought to emulate, had within it considerable powers of state control over private firms in order to ensure investment levels. There was a consensus across the political spectrum that the state should have the power to intervene in the running of capitalism. This was not

the case in free market Britain. Labour's plans did not include any control over individual firms on the grounds that this would prove unacceptable both to capitalism and the British elite. Without such controls, Labour's plans amounted to little more than government providing money to industry in the hope that they would use it wisely.

The dawn of the 1970s saw a new Conservative government take the reigns as the British economy slumped into deep crisis. The long post-war boom had sheltered the increasing uncompetitiveness of Britain's economy – but it was now well and truly coming to an end. With the world economy sliding towards recession, the British economy became increasingly exposed, as competition increased in the tightening world market.

## Reformism vs. militancy

Before examining the economic highlights of the 1970s, it is worth looking at developments in the British Labour movement in the 1950s and 1960s. There were three main options open to labour activists in defending the economic interests of British workers; Marxism-Stalinism, anarcho-syndicalism, or reformism.

The Marxist solution to Britain's economic failing was to argue for greater state control in order to plan the economy. The amount of state control argued for varied from party to party, from entire state economic control of production to selective control over the "commanding heights" of the economy, to an extension of the French-style corporate policies introduced by Labour in 1964. For the anarcho-syndicalists, the solution lay in the strength of the working class and its ability to organise in order to get rid of capitalism and the economy, and replace it with a system of production and consumption which was under direct workers' control. Prior to the Second World War, syndicalism had significantly shaped Britain's working class movement and, though after the war the anarcho-syndicalist movement remained small, some of the basic ideas developed within British syndicalism were to continue having a significant influence on post-war workers' militancy.

The road of reform and participation with capitalism was not really that of the labour activists, but of the union leaders, who took every possible opportunity to steer their organisations into deals with government. The union leaders, having being elevated into the decision making process during the war years, were anxious to maintain their influence in the post-war era (see Unit 19). They preached acceptance of the permanence of capitalism and the idea that the interests of union members were best served by the unions' ability to work within capitalism. Thus, union leaders increasingly viewed the ability to make gains not as dependent on collective strength, but upon the ability to negotiate. In other words, success depended on negotiation skills, including creating the 'right' environment for negotiations to take place – most important of which was an atmosphere of trust between union officials and management. Lord Citrine (ex-TUC General Secretary) described his role after the war;

*"I set about cultivating the acquaintance of the employers and government officials, and tried to play straight with them, and I found*

*that they did the same with me. We new that ours was a continuing relationship and that if one snatched a temporary advantage by sharp practice, the other would get his own back at some later date."*

'Sharp practice' included strikes, and virtually every joint negotiating body contained a clause prohibiting strike action until the negotiation machinery was fully exhausted. Wildcat actions were vehemently opposed by union leaders for putting the negotiation process at risk and undermined good relations, and any workers who did take strike action outside the process faced condemnation from management and their own union. Union leaders were so keen on keeping good relations with bosses that they often ignored their own union rules and met informally with management to settle disputes. Nicholas (General Secretary of the Transport and General Workers' Union, TGWU) told the Royal Commission set up to investigate the unions in the 1960s;

*"I don't know how many times I have sat in the lounge of the Station Hotel in York and met my opposite number on the engineering employers side and reached a deal."*

Nor were these 'behind the scenes' deals confined to 'right wing' union leaders. Leading left wingers Jack Jones and Hugh Scanlon met secretly with Ford management to end a 9 week strike in 1970, and then imposed the agreement on the workforce over the heads of the established negotiating committee. However, it was the union leaders' willingness to do anything for a few crumbs from the tables of high society that most sickened the workers they were supposed to represent. When the Tories won power in 1951, the union leadership immediately reassured them that the change of government need not risk the good relations between the unions and the state. The TUC announced that;

*"...since the pre-war days, the range of consultation between both sides of industry has considerably increased, and the machinery of consultation has enormously improved. We expect of this government that they will maintain the full practice of consultation."*

For their part, the Tories were happy to have good relations with the union leadership. The state interventionist wing was firmly in control, and they were keen to demonstrate that they were not an

anti-trade union party. Rab Butler, new Chancellor of the Exchequer, quickly proposed a formal agreement with unions; through which union leaders were given a major role on the understanding that they would control pay. Having seen the agreement over pay reached with the Labour government collapse through rank and file opposition, union leaders signalled their unwillingness, and the Tories quickly dropped the idea, not wanting to risk the consensus.

The union leaders were equally anxious to please their new government. When, at the 1952 TUC Congress, a resolution went against the wishes of the leadership, demanding that a list be prepared of industries ready for fresh round of nationalisation, they acted to sabotage it, thinking that further nationalisation would encroach onto the more profitable sectors of capitalism and would be opposed outright by the Tories. A report prepared for the next congress listed only the water industry, which was mostly controlled by local authorities. A post-war pattern of industrial relations emerged, based on the social democratic idea of workers and capitalism coming together in the interests of society as a whole. As Tory leader Macmillan enthused, co-operation would;

*“...get rid of what had been one of Britain’s greatest hindrances, the idea of two sides of industry and the talk of us and them. I prefer the slogan of working together.”*

The Labour government of 1964 reiterated these sentiments, with Harold Wilson appealing to the ‘Dunkirk spirit’ and the ‘I’m Backing Britain’ campaign. Boss-worker differences were now apparently subordinate to the “national interest”.

The new corporatist vision meant prominence for union leaders. By the 1950s it became the norm for them to be elevated to the House of Lords or given knighthoods. A look at 1950s union leaders reveals such people as Sir Vincent Tewson, Sir William Lawther, Sir Thomas Williamson and Sir Lincoln Evens. The 1958 opening of the new TUC headquarters was accompanied by a fanfare of The Royal Horse Guards in the Queen’s presence. A special issue of postage stamps marked the TUC centenary and the Queen was guest of honour at the centenary ball. Railway Union leader Jimmy Thomas could boast the Prime Minister acting as a witness at his daughter’s wedding. By 1969, the Sunday Times assured its readers that Vic Feather, TUC General Secretary;

*“...is never out of place whether he is choosing wine and a cigar in a smart restaurant or making deals with employers and Ministers”.*

The combination of trappings of high office and an apparently permanent status within British capitalism ensured the heyday of British union leaders. In return, they dutifully set up countless negotiation committees. For example, by 1960, GMBW Union alone was represented on 145 permanent negotiation bodies across 16 industries, and, by the early 1960s, 70% of Britain’s workers had their wages and working conditions regulated by collective agreements negotiated through the unions. Union membership was increasingly organised by employers through closed shop agreements, and it steadily rose, reaching over 11 million by the late 1960s.

In reality, for all their apparent status, the power of union leaders remained largely illusionary. Since the British state refused to intervene directly in the domestic economy, investment levels remained with the private sector, and without any government economic planning; the union leaders could not justify any role for themselves. Capitalist managers made all the decisions, then, if they chose, they could refer to the unions for consultation. Union leaders were left to try to get the best possible deal out of a situation they had no control over. Since Britain’s economy was increasingly uncompetitive, this meant trying to get the best deal from companies faced with falling profits. It was impossible to get blood out of this stone and, by the 1960s, pay and conditions of British workers was falling behind those in Europe. While union leaders could complain bitterly about poor levels of investment in Britain’s domestic economy, despite their newly elevated status, they were powerless to do anything about it.

## Shop stewards' movement

British union leaders thought that if they could persuade the government to adopt European style social market policies, they would further increase their power by being involved in the economic planning process. However, this was an illusion, not least because the workers – their members – would have stood in the way. The European model depended on a passive workforce and good industrial relations as well as state directed investment. The rise of fascism and the effects of the war had destroyed the workers' movement in most of Europe and Japan. After the war, the US moved in to quickly establish highly centralised social democratic unions, under extensive state control. Many experienced prolonged periods of industrial peace - Germany remaining virtually strike-free until the early 1960s.

Britain, neither occupied nor defeated, and with a syndicalist tradition of class struggle, direct action and hostility to state control, retained an influential militancy in the workers' movement. As the trade union leaders increasingly compromised and co-operated with capitalism, so the workers reacted by becoming more militant. So, by the early 1950s, the British workers began ignoring the calls of their union bosses to show restraint and workplace militancy began to reassert itself, based around the shop stewards' movement.

The shop stewards' movement that emerged in the 1950s was very similar to that which had emerged during the First World War (see Units 6 and 14). The idea that workers and management should work together in social partnership for the benefit of all was fundamentally rejected. Instead, they recognised that workers and management had nothing in common, but were opposed in a constant struggle over management, seeking to squeeze as much profits as possible out of the workforce, and the latter struggling to make the best of their conditions. The main tactic advocated in the workplace was confronting the boss class through direct action, most notably the unofficial or wildcat strike, which ignored both union authority and established negotiation procedures.

The shop stewards' movement also kept up many of the anti-state traditions of syndicalism, seeing state attempts to regulate industrial relations as little more than an attempt to undermine workers' power. Far from being a neutral arbitrator, the state was recognised as acting in the interest of capitalism against workers. Therefore, the shop stewards' movement was committed to free

collective bargaining, where workers' strength and right to organise was dependent on collective strength rather than state regulation. In general, both the unions and the state's attempts to regulate union activities were bitterly resisted.

Not surprisingly, the shop stewards' movement was unpopular with British capitalism. Swiftly, the establishment, media and the state began to point to this as the reason for Britain's ailing economy. By the 1960s, tired of having its attempts to regulate the unions spoiled by militant action, the Labour government instituted a Royal Commission to investigate the 'British disease' - a strike prone workforce.

British capitalism's hatred of the shop stewards paled alongside that of their own union leaders. As the yes-men tried to cosily integrate themselves into British capitalism, they were constantly frustrated by their militant members, who ignored agreed procedures and resisted attempts to get them to accept limiting pay. The leaders knew they were only accepted by capitalism for the role they could play in bringing stability to the workplace, and this was precisely what they (unlike many of their European counterparts), could not deliver on, due to the strength of workplace militancy. Right up to the 1980s, it is not an exaggeration to say that there existed in Britain virtually two union organisations, one based in the workplace around shop stewards, and one based on union structures outside the workplace, in negotiation bodies and the auxiliary machinery of government.

Labour's Royal Commission found that 93% of British strikes were unofficial, organised and controlled by the workers themselves. It was this that constantly foiled attempts by British capitalism to compensate for its backwardness by squeezing wages through pay restraint. In 1948-50, 1956-7, 1961, 1962-3, 1965-69, 1972-74, and 1975-9, time and again, various governments attempted to introduce some form of pay restraint with the union leaders' tacit agreement, only to be defeated by the militant workforce.

## Why shop stewards failed

Paradoxically, while backward industry was a cause of the pressure on wages, the workers also held back attempts to modernise. New machinery meant redundancies, and was often bitterly resisted by workers. In one well-known example, the newsprint industry enjoyed strong workplace organisation, which prevented modernisation, forcing the owners to retain increasingly antiquated machinery. By 1970, workplace militancy had escalated so that a constant battle was being fought for industrial power.

Herein lies one of the primary weaknesses of the post-war shop stewards' movement; the lack of a wider political perspective on an alternative to capitalism. After the nationalisation debacle (see Unit 19), workers became disillusioned with nationalisation. Unfortunately they associated this state control idea with workers' control and its wider political aims, so they inadvertently ditched this crucial element of working class militancy – commitment to long-term political and economic control through direct democracy. In other words, they had no revolutionary perspective. Whereas syndicalism had always sought to widen the day-to-day struggle to the long-term aim, the post-war shop stewards' movement, though it used some of the tactics and ideas of syndicalism, had lost the idea of conscious struggle for an alternative to capitalism. Hence, while syndicalism sought to gain increasing control of the workplace in preparation for a final conflict in which control of work would be taken from capitalists and the state, the shop stewards held no such aim.

The lack of revolutionary goals did not seem a problem in the long post-war boom, when continuously rising standards of living fed off spiralling profits. But when recession came in the 1970s, capitalism began to fail. The choice then was to either seek to replace capitalism or follow capitalist logic and accept redundancies and falling living standards until capitalism moves out of slump (assuming it does).

However, there are wider problems with lack of revolutionary political content – particularly in building solidarity both within and across workplaces and industries, and within and across communities. At its centre, anarcho-syndicalism seeks both national and international organisations based on common struggle and solidarity. The aim, both organisationally and politically, is to unite disparate workers' struggles and organisations into one common revolutionary goal. The shop stewards' organisations concentrated

activity in the immediate workplace, where the aim of improving conditions could be best served. Links with workers in other industries or even within other sections in the same factory were, at best, tentative. With no national-level organisation or network to link workers across industries, they had to fall back on the union bureaucracy to direct and co-ordinate events beyond the immediate workplace. Inevitably, in such cases, trade unions appeared to 'sell out' as they negotiated through their leaders a compromise with management.

Even worse was the lack of links with the community. Given the changes taking place within industry, with massive restructuring and shifts away from mining and manufacturing to more specialised factory or office-based work, community was critical. In coal mining communities, most people worked in the same place, so community organisation had been inevitable. But with wide scale suburbanisation, commuting from a wider area to specialised workplaces and increased 'mobility' in the workforce, community-based organisation became essential – and it was almost entirely absent from the shop stewards' movement.

With no common long-term aim, no wider political perspective, and no common umbrella organisation or principles, workers restricted their perspective to their immediate workplace or, at best, their industry or trade. The result was a fragmented, sectionalised movement that was extremely militant in furthering immediate aims, but viewed wider events and other workers with apathy or even antipathy. It was not uncommon for workers as consumers to condemn groups of workers taking action, or argue that the unions had become too powerful, only to then denounce their own management and back their anti-management attitudes with local action. The result was bitter disputes between workers that often bordered on farce.

It would be wrong to say that there was no class solidarity at all – wide support for the miners in both 1972 and 1974, and the wider mass mobilisation against Heath's anti-trade union legislation shows it existed. However, there was no national level federated organisation to co-ordinate class struggle on a broad front and promote wider political revolutionary ideas and anti-capitalist education. In 1972, dockers seeking to extend the docks and harbour scheme to container terminals picketed container depots and

began to turn away lorries. Lorry drivers - members of the same union - picketed the docks in retaliation. Five London dockers were then imprisoned under Heath's anti-union legislation and, in response, the lorry drivers quickly called off their action and came out in support of the dockers. Such confused, counter-productive action would have been avoided if militant workers organised themselves nationally across industries.

## The Communist Party

The Communist Party played its own inimitable part in the failure of the post-war shop stewards' movement. The British CP emerged from the war with 56,000 members (its highest ever), and immediately fell prey to ever-increasing reformism as it tried to extend its influence within the Labour Party. By 1958, it dropped the Soviet style approach in favour of a parliamentary socialist model. Casting aside the Marxist-Leninist idea of becoming the working class vanguard, it argued that the Labour Party failed to bring about socialism because its non-socialist right wing accepted "the framework of the capitalist economy and state". The CP strategy was to take over the Labour Party left and then purge the right, making it the political organisation of the working class. This would then secure state power through elections, and take over the economy. By 1966, CP General Secretary John Gollan argued that;

*"...historically, Marxists have always preferred the peaceful transition to socialism ...here in Britain... we see the possibility of a new type of parliament with a majority of socialists and communists carrying through the social measures for a socialist transition."*

In other words, the British CP (along with most other European Communists) fell back on the reformism of the Second International, which had dominated Marxism prior to the Russian Revolution in 1917 (see Units 12 and 13). The only difference was it accepted the Labour Party was the mass organisation of the working class and so sought to influence it from within. Where left wing Labour candidates

stood for election, CP candidates did not stand, and instead campaigned for the Labour Party, earning tributes from the Labour hierarchy in the process.

The CP's switch from its pre-war anti-parliamentarianism, pro-industrial action strategy to post-war reformist electoralism was significant because of its ongoing influence within the union movement. Since it still sought to gain positions within the union hierarchy through which it could exert influence on the Labour Party, the CP now switched from organising in the workplace to organising within union structures. So, it changed sides in the increasingly two-sided union movement. To the extent it did still organise in the rank and file, this was primarily aimed at getting CP members and sympathisers elected on the union hierarchy. Instead of challenging the drift to reformism then, the CP was now strengthening it.

In itself, the CP's strategy was apparently successful. It achieved growing influence in the top union hierarchy and by 1975, claimed 6 out of the 27 NUM Executive, 10 out of the 27 TGWU Executive, a majority on the ASLEF Executive, and representatives on virtually every other union executive across the country. But, isolated from the workplace, these CP members had to abide by the rules. The net result was that workers were as likely to be told by a CP union official to abide by procedures and return to work, as they were by the more reformist variety.

The strategy was also tied to the fortunes of Soviet Russia and the Labour Party, and its willingness to tolerate the parasitic relationship (which it wasn't). By 1975, the CP was in terminal decline, as the USSR failed and Labour struggled to please both the City and its grass roots. However, the damage was done, and the CP had effectively helped to deflect a generation of working class militants away from the workplace into the dead end of parliamentary politics.

## Failure of reformism

Reformism was a fundamental flaw in a union movement that, by the 1970s, seemed invincible. As the 1970s recession hit, the Heath government began shifting back to the free market policies, which were soon to be taken much further by Thatcher. Central to these policies was crushing the unions. Hence, the Heath government attempted to introduce vicious anti-trade union laws, leading to their humiliating defeat as the miners brought down the government in 1974.

But behind the apparent strength lay profound weakness. As capitalism slumped and cuts and closures began to occur, instead of going on the offensive against capitalism, with no political framework or wider organisation, many workers saw no option but to limit the job losses and cuts as far as possible, and wait for the capitalist economy to expand again. Instead of recession being seen as an opportunity to attack the failure of capitalism, they were forced onto the defensive. As millions of workers were thrown on the dole, unions who had claimed the credit for the boom times now began to crumble. They had tied their fortunes to capitalism. Now, Thatcher emerged, driven by free market ideas that saw no real role for unions, and took the opportunity of recession to immediately set about crushing the workplace militancy that Britain's elite had always hated.

The Syndicalist Workers' Federation (see Unit 19) could have played the role that the shop stewards' movement so badly needed. It had always attempted to link workplace militancy to a revolutionary perspective, and from 1950, it consistently argued for independent industry-wide unions to both co-ordinate day to day struggle and pursue the long term aim of replacing capitalism with a society based on direct democracy and workers' control of work. Moreover, it also called for workers to organise internationally, keeping alive the anarcho-syndicalist international (International Workers' Association) that, by the 1960s, was reduced to a handful of groups. In 1968, exhausted from years of struggle against the reformism of the CP and trade unions, the SWF collapsed - just at the time when the world's revolutionary movement began to emerge after the stagnation of Stalinism. Indeed, by the mid 1970s, the International Workers' Association sprang back to life and has been growing ever since (see Unit 21).

## Failure of social democracy

The 1970s slump should be seen for what it was - a failure of reformism and social democracy. Keynesian demand management and the limited state planning of the European social market economic model both failed to bring the promised stability to capitalism. Crucially, Keynesianism had been developed and adopted to avoid a repeat of the mass unemployment of the 1930s – but the 1970s slump looked all too familiar. Having failed to deliver, the state interventionist ideas that underpinned post-war social democracy were swept away. As profits collapsed, free market solutions re-emerged. Suddenly, state intervention was labelled as the cause of both unemployment and inflation, and the new right argued that wages should be allowed to fall until the point that capitalists would once again be prepared to invest and employ workers. The 1930s and what it led to (the Second World War) were forgotten, and workers once again were ruthlessly starved into taking starvation wages by a right-wing government acting on behalf of the same old capitalist elite. As British wages dropped and goods cheapened, the revitalised free market orthodoxy spread quickly from its British heartland and the US, overcoming state interventionism across Europe.

The state interventionists have since attempted to rewrite history. Social democrats such as New Labour now regularly argue that the world slump of the 1970s was due to oil prices rises imposed by OPEC (Organisation of Petroleum Exporting Countries – basically a middle-east cartel) in 1974. They maintain that the oil crisis blew the world economy off-course, and in 'normal' conditions, state intervention can ensure long-term growth and stability. This attempt to turn the economic clock back is simply nonsense. The reality is that capitalism is historically prone to boom and bust, and the Second World War led to an extended but not unprecedented period of capitalist boom. By the 1960s it was no longer sustainable. Declining profitability and currency instability as the hegemony of the dollar came to an end, led to falling growth worldwide. The inevitable collapse was made more spectacular by the oil-related events of 1973-4, but it was not caused by them. The idea that capitalism can be made stable through state intervention had been exposed as a myth, and it remains one.

In Britain, the slump was all the worse because of the relative weakness of British capitalism. The under-invested British economy

## Thatcherism

simply could not compete with the higher performing economies in other countries. In 1973-6, UK industrial production fell by 8% and unemployment doubled, manufacturing profits collapsed and inflation climbed to 25%. The Labour government responded by abandoning Keynesian demand management for free market orthodoxy. Keynes would have had them boosting demand to cut unemployment, but they brought in deflationary policies in order to drive down inflation instead. Public spending was cut, wages restrained and the money supply cut. Prime Minister Callaghan noted that it was no longer possible to spend your way out of crisis, and waited for high unemployment to force down wages and stimulate the economy.

Against this background, the unions and militant workers alike floundered. The reality was that reformist politics no longer offered any solution, and following reformism was now all they knew. Worldwide, there was a dire need for a revolutionary alternative, but sadly it did not exist in any strength, having been worn down by years of Stalinism and reformism.

Margaret Thatcher was elected in 1979 on a radical programme based on control of the money supply and removing state regulation to let the free market flourish. In fact, Thatcher only embarked on the deflationary programme in order to smash organised labour. Between 1979-82, Britain lost a quarter of its manufacturing base. A worldwide slump was aggravated in Britain by a Thatcher government determined to rid the economy of workers' militancy, by using mass unemployment to smash workplace organisation.

With the mass unemployment tactic, there was no real need for the union leaders, so they were simply ignored by government and management alike. Union leaders, used to cucumber sandwiches at Number 10, and who viewed their power resting on their negotiating ability, suddenly found management refusing to negotiate. Out in the cold, they were reduced to demanding negotiation at any price, banging on the door pleading to be let back in. In virtually every dispute since, the main demand from union leaders is that management return to the negotiating table. All management has to do is agree to talks and the dispute is suspended or called off. The goal of union leaders is to return to the golden years of countless permanent negotiation bodies, where they had a safe and secure position within capitalism.

Thatcher had been a junior minister in the Conservative government brought down by the miners' strike of 1970-1, and had never forgotten it. She realised that if workers' militancy was to be defeated, the leadership was irrelevant - it was workplace organisation that had to be crushed. Using the full force of the state, the Tories set about picking off groups of workers one by one, exposing a key weakness. If the Thatcher onslaught was to be even partially resisted, it would require a united effort of a large section of the working class, and well co-ordinated movement. After years geared only to immediate gains, this was not going to happen. Solidarity just did not extend far enough outside the workplace, let alone across the working class. Instead, groups of workers were left to slug it out with little support, culminating in the year long miners' strike of 1984-5, when the miners were left largely on their own to battle against the full might of the state.

## Left wing resistance

In the 1970s, with the CP moribund, some sections of the 'new left' did attempt to organise a national rank and file conference aimed at linking up activists within the workplace. These groups, many of which were formed under the direction of the International Socialists, now the Socialist Workers' Party (SWP), produced a regular paper with a ranging 1,000-10,000 circulation. The "National Rank and File Movement" got off to a promising start, as over 500 activists attended the founding conference in 1973. Its best trait from an anarcho-syndicalist perspective was that it sought to organise across union divisions rather than within union structures. Sadly, however, it never broke free of the shackles imposed on it by the SWP, and became little more than a recruiting ground for the Party. As an SWP guru said at the time, the National Rank and File Movement formed "a semi-permanent periphery of sympathisers who will in time be won over to our politics".

In fact, the SWP struggled to control it. In the Leninist tradition, the SWP argued that the Party should form the political leadership of the working class. The problem was (as it is for all Marxist-Leninists) what approach to take towards organisations organised by themselves. With a standard basic Marxist-Leninist strategy that workers should form economic organisations (unions) under the leadership of the Party, they had no idea what to do about independent workers' organisations.

So the SWP constantly worried that the National Rank and File Movement would begin to link the economic and the political, and begin to move towards anarcho-syndicalism. It constantly hammered home the view that the Rank and File Movement was no substitute for the Party and Rank and File newspapers were no substitute for the SWP newspaper, etc. The SWP worked to strictly limit their political content to calling for greater solidarity for workers in struggle, and criticising the Labour Party's right wing. Consequently, Rank and File groups that were successfully SWP-controlled were limited to strike support functions, with little wider analysis or political content. Eventually, the SWP dropped the Rank and File Movement idea in favour of SWP workplace branches, which were controlled directly by the Party. A chance to organise across union lines linking up isolated workplace organisations had been lost.

## Anarcho-syndicalists?

The 1960s and 1970s were not a period during which anarchists and anarcho-syndicalists had much to congratulate themselves on. As the dogma of the Stalinist CP was swept away, however, anarchist ideas began to again fire the imagination. Anarchists were active in the struggle against the Vietnam war, and in organising direct action against nuclear weapons. In 1961, the Syndicalist Workers' Federation (SWF) attempted to widen the struggle against the bomb by linking it to the wider struggle against militarism, by attempting to organise international strike action against nuclear weapons. But the SWF was tiny and, by the time anarchist ideas began to exert themselves, it was in terminal decline, collapsing in 1968.

Paradoxically, this was a year in which anarcho-syndicalism had so much to offer. The student and workers' protests in France caused a shock wave that inspired a new generation of revolutionaries, while the invasion of Czechoslovakia (now Czech Republic and Slovakia) by the USSR drove yet another nail in the coffin of a declining Communist Party. For the first time for decades, there was a gap for a radical political alternative to Marxism that anarcho-syndicalism could have provided.

Though anarchist ideas began to spread, influencing, amongst others, the emerging anti-war and ecological movements, anarchist ideas remained disjointed, rarely reaching beyond the level of protest. Some anarchist organisations did emerge, most notably the Anarchist Black Cross (ABC), which was set up to support the increasing number of prisoners arising from the return of radical protest. The ABC began publishing anarcho-syndicalist ideas through its magazine, Black Flag, which continues today.

In 1974, a small number of anarcho-syndicalists, tired of the lack of coherence within the wider anarchist movement, decided to re-launch the SWF and began to publish Direct Action. After several years of rapid development of its anarcho-syndicalist ideas and tactics, it merged into a new anarcho-syndicalist organisation, the Direct Action Movement (DAM) in 1979. It was the DAM that was to provide the launch pad for the Solidarity Federation.

Though during the 1970s Britain again had an anarcho-syndicalist presence, the re-launch of anarcho-syndicalism came too late to influence a workers' movement still foundering in reformism and struggling to counter the Thatcher onslaught. Although the

## Postscript

theory of anarcho-syndicalism existed, the movement was too restricted in numbers, resources and tactics to have any meaningful influence on the dying shop stewards' movement. If things had been different, the core ideas of anarcho-syndicalism – organisation across workplaces and communities, direct action, direct democracy and rejection of party politics, bosses and union bureaucracies, could have been used by Britain's militant workers to great effect in the defence against Thatcher. Instead, we faced the defeat and virtual collapse of workplace militancy in Britain.

With the workers' movement defeated, the Thatcher government (as in the US) set about driving down wages and cutting benefits to force workers to accept a drop in living standards. This was to have a lasting effect, and these policies, which drove Thatcherism, persist to this day. Insecurity has now become the main feature of working class life, with survey after survey both in Britain and the US showing that the vast majority of people now live in permanent fear of losing their livelihood. On the back of this massive insecurity, employers have squeezed ever-increasing productivity to set against still-falling profits. Working class people are forced off benefits into taking jobs on poverty wages, to keep the competition going to drive down wages further.

Such has been the success of the Thatcher revolution that free market ideas, so discredited after the 1930s slump, are now hailed as the way to end world recession. State interventionist policies are portrayed as outdated and, in mainland Europe, the social market model is under constant pressure to follow the British/US model and deregulate Labour markets and cut social spending to drive down wages.

Massive global inequality is another tool currently used by global capitalist politicians to divide and rule the global working class. Increasingly pitched against each other and isolated, the working class now lacks any organisational strength. Furthermore, with the collapse of the Soviet Union, the Marxist theories that underpinned much of the left since the war have now been thoroughly discredited.

Where next? The passing of Marxism and the failure of social democracy leave very few choices. Bypassing parliament and reformism is already a feature of modern workers' struggle, as the growing success of direct action across the anarchist-inspired sections of the environmental movement shows. Logically, the next step is to better co-ordinate and develop such initiatives into a unified revolutionary movement. This would mean the application of anarcho-syndicalist ideas. Indeed, over the past ten years anarcho-syndicalism has begun to go through a global-scale revival. In Unit 21, we shall examine the rebirth of anarcho-syndicalist ideas and the hope and new ways of organising that modern anarcho-syndicalism has to offer working class people struggling to come to terms with a rapidly changing world.

## Key points

- Successive British governments up to 1964 followed demand management policies based on Keynesian economic theory.
- There was an attempt after 1964 to introduce a planned economy through a version of corporatism.
- The election of the Thatcher government in 1979 saw a return to rampant free-market capitalism.
- Union leaders were committed throughout to reform, co-operation and participation with capitalism.
- A new shop stewards movement emerged in the 1950s.
- As the Communist Party moved toward reformism the 'new left' took its place.

## Checklist

1. What were the main failures of the policy of demand management?
2. In what way was Labour's move to corporatism flawed?
3. What was the attitude of the trade union leadership up to 1979?
4. Why did the shop stewards movement fail?
5. What was the attitude of the left?

## Answer suggestions

1. *What were the main failures of the policy of demand management?*

Demand management created a 'stop-go' economy. Boom and bust cycles occurred as governments used the controls to benefit themselves as elections approached. The results were a balance of payments crisis that led to deflationary policies, increasing unemployment, and a subsequent need for government to boost the economy again. Thus, inflation resulted and the cycle began again. These policies also failed to ensure adequate levels of investment.

2. *In what way was Labour's move to corporatism flawed?*

The French corporate model, which the Labour Government tried to emulate, demanded a high level of state control; over private firms to ensure adequate investment. As this proved unacceptable to capitalism and the British elite, the government shied away from it. Instead, it provided money to industry in the apparently misguided hope that it would be used wisely.

3. *What was the attitude of the trade union leadership up to 1979?*

The leaders of the trade unions went down the road of reform and participation with capitalism. They saw the ability to make gains dependent on their ability to negotiate, not on the collective strength of the workers. They embraced a corporatist vision, which would see them given a high status within capitalism, and saw their role as containing and minimising any militancy.

4. *Why did the shop stewards movement fail?*

The shop stewards movement of the period lacked a common long-term aim. It had no wider political perspective to guide it after the end of the post-war boom. It never forged links with the community, as industry was restructured. There was no common umbrella organisation or principles, and workers did not generally extend their perspective beyond their own workplace.

5. *What was the attitude of the left?*

The Communist Party moved towards reformism and sought to take over the Labour Party left. It switched from organising in the workplace to organising within union structures. As it declined other left wing groups attempted to set up a National Rank and File

Movement. However, this was dominated by the SWP who sought to remain in control by limiting it to economic issues, leaving the wider political debate in the hands of the 'vanguard party' (itself).

## Suggested discussion points

- What is the future of workplace organisation in Britain?
- How can anarcho-syndicalism build resistance in Britain today?

## Further Reading

**Blaired Vision; Works Councils. Direct Action No. 1, 1996. ISSN 0261 8753. -SE-**

Single article-sized run-down of trade unions and decline of social democracy in post-war Britain. Easy reading and (free from SelfEd) –not to be missed.

**Social democracy hits the rails. Direct Action No. 2, 1997. ISSN 0261 8753. -SE-**

Follow-on from above, with a case study from a rail worker on works councils in the rail industry. Again, free from SelfEd.

**Workers' Control. K. Coates and T. Topham. MacGibben and Kee Ltd, 1968. -LI-**

Fascinating insight into the movement for workers' control in Britain. Consists of contemporary writings from trade unionists, Guild socialists and syndicalists. Unfortunately, by the time the authors were involved in the 1960s, 'workers' control' meant forming workers' councils and sitting as company directors... Nevertheless, unique.

**Revolutionaries in modern Britain. P. Shipley. Unwin Bros., 1976. ISBN 0370 11311x. -LI-**

Gripping debate on the decline of the Communist Party and the rise of the 'new' left in the 1960s. In-depth analysis of the rise of the SWP and rebirth of the anarchist movement. A well-balanced effort with some excellent insights.

**The prawn cocktail party. C. Ramsey. Vision Paperbacks, 1998. -BS- -AK—LI-**

Generally a 'socialist' perspective from a Labour Party member, an accessible account of British post-war politics. Subscribes to 'poor investment, city dominated' view of Britain and illustrates how far socialism has drifted from its original intentions. Solutions, such as unions and management joining forces against the City, reveals a lack of any class struggle perspective.

**Trade unions in Britain. K. Coates and T. Topham. -LI-**

Fairly standard run-down of the post-war trade union movement up to the 1970s.

**I Couldn't Paint Golden Angels. A. Meltzer. AK Press. £12.95 ISBN 1873 176937. -AK-**

Autobiography of this prominent British anarcho-syndicalist's

activism from the 1930s to the 1990s.

**Winning the Class War. Direct Action Movement. £1 -SE- -AK-**  
Outline of the DAM's anarcho-syndicalist strategy of the 1980s.

**A Year of Our Lives. Dave Douglas. Hooligan. £3.50**  
**ISBN 1869 012022 -AK-**

Coverage of the coal strike of 1984-5 by a South Yorkshire mineworker and council communist. Ranges from welfare and community organisation to international solidarity and mass-pickets.

**Poll Tax Rebellion. Danny Burns. AK Press. £4.95**  
**ISBN 1873 176503 -AK-**

Photos, text and graphics on the activism which made the anti-poll tax movement successful. Gripping case study on the recent use of mass direct action.

**Out of the Frying Pan. Solidarity Federation. 1998. £1.50 -SE-**  
Analysis of works councils, highlighting their pitfalls in the light of proposals to introduce them in Britain. Also includes a case study of them in operation in France.

Notes: There are many (old) books about the workers'/union movement and the post-war British economy. Most are dry, academic or preaching Marxist, and very few give realistic weight to the influence of the workers' movement. Nevertheless, it is worth looking for such texts in libraries for general background information.

The further reading outlined is not designed to be an exhaustive bibliography or a prescriptive list. It is designed to provide some pointers for the reader who is interested in taking the topics raised in this Unit further. In addition to the above, it is always worth consulting your local library for general history texts which do cover the period, although they invariably understate the level of working class organisation and activity.

To assist Course Members, an indication is given alongside each reference as to how best to obtain it. The codes are as follows: -LI- try libraries (from local to university), -AK-available from AK Distribution (Course Member discount scheme applies if you order through SelfEd, PO Box 29, SW PDO, Manchester, M15 5HW), -BS- try good bookshops, -SE- ask SelfEd about loans or offprints).