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Notes and references not included here but are in the original

CHAPTER ONE

NEO-LIBERALISM: THEORY AND POLITICS

There have been many changes in the advanced capitalist industrial nations in recent times which have contributed to a changing political landscape and the rise of new issues of political debate in the terms of which socialism has had to be rethought. Four main areas of change can be highlighted - changes in international relations and the shape of Europe, changes in the organisation of production and class, the decline of state socialism and the rise of neo-liberalism in practical politics. Not all of these have occurred to an equal extent everywhere. But most advanced capitalist countries have been affected by most of then in some combination and to some significant extent.

I will introduce here these areas of change and then go on to explore them in later chapters - in chapters 1-3 1 will examine the rise of neo-liberalism, post-fordist changes in economic and social structure and the decline of state socialism and in chapters 4-7 and 9 at their implications for socialist thinking. Then, in chapter 8 1 will look at transnational developments and their implications for socialism.

Changing Socialism in a Changing Context

1) *The Global System and Europe*. First, there have been fantastic developments in the global economy and politics many of which would have been unthinkable only a few years ago. On the economic side there has been the growing internationalisation of capital, production and trade. Exchange controls are now a virtual no-go area for politicians of all political colours and their breakdown has undermined the scope for national economic management. The role of the nation-state so central to statist socialist political thinking and to the post-war Keynesian social democratic settlement in the West has been displaced. Many major companies in the global economy are now organised at multinational levels, without strong national loyalties and increasingly impervious to the control of national governments. Governments are no longer so easily able to control and manage their own economies and in the 1970s international pressures imposed by the financial markets were a major determinant of economic policy requiring monetarist rather than expansionary programmes from governments.

Politically the major global change has been the international detente which has followed from the United States' loss of economic hegemony in the world and the *perestroika* reform movement in the USSR. Not only has a new mood of co-operation marked East-West relations which has made all politicians rethink their approach to a foreign and international affairs, but the collapse of the Soviet model of socialism like a pack of cards across Eastern Europe has hammered home to socialists the redundancy of conceptions of socialism resembling it and has rid them of a millstone which dragged down and dirtied the name of socialism.

Europe, meanwhile, is becoming a more politically significant and integrated space in the world and notoriously chauvinistic politicians, of the right and left, notably in Britain, are having to adapt to this new reality. They are being dragged kicking and screaming into Europe with the dawning realisation that national economic management is affected by transnational economic changes and that a prosperous economic future for individual European nation-states can be secured within Europe. These transnational and international developments have also forced on politicians a conception of the catastrophic scale of the crisis that the environment faces and the necessity for international action to tackle it. It is to be hoped that global changes will also turn politicians outwards from their insular self-interested pre-occupations to face the horrific North-South divide that the morally bankrupt Northern hemisphere continues to tolerate. It may take a threat to the interests of the indifferent rich nations, caused by an escalation of the debt crisis, to jerk them into fulfilling their moral obligations to do something serious about 'third world' starvation and poverty. But hopefully a more global and co-operative attitude in international political thinking may get us to such a conclusion before the debt crisis does.

2) *Economic and Social Structure*. The second main area of change in western advanced capitalist nations has been in the organisation of production and class. The mass society characteristic of the era of fordist mass production has, to some extent, been restructured by new more pluralistic changes in production, consumption and the social structure. Less important now are the assembly line, manufacturing industry, standardised mass production and the unskilled male manual worker. When Keynesianism, which had propped up this system by maintaining high levels of mass demand, began to crumble, full-employment also went into decline and so did the power of the unions and the strength and uniformity of a loyal left-voting working class. In has come more of a role for short-batch production and a greater diversity in production and consumption. Service industry is the growth sector and core-periphery developments have divided the workforce into those who are full-time, secure and well-paid and those who are part-time, temporary, insecure and low paid. The dilution of the fordist regime of production by post-fordist developments has brought with it new patterns of production, consumption, residence and leisure which have fragmented the old relative homogeneity of the traditional working class bedrock of support that the left has always relied on. Not only, therefore, has the left been programmatically thrown off balance by this and the other developments described, but it has also been knocked off course organisationally.

3) *The Decline of State Socialism*. The third main area of change has been in the decline of state socialism, East and West. Statist economic management has been undermined by the globalisation and Europeanisation of the economy and is sorely inappropriate to meeting plural and diverse political and economic demands. In terms of political efficiency and democratic legitimacy the statist systems have lost all credibility. Both the western politics of Keynes and Beveridge and Eastern bloc Marxist-Leninism have collapsed.

4) *Neo-Liberal and New Right Thinking*. But, meanwhile, there is a fourth development which has marked the political scene in a number of countries and which I will discuss more fully in this chapter. This, of course, has been the rise to power in Britain and the USA of the new right and of pseudo neo-liberal leftism elsewhere, in New Zealand, Australia and Spain for example. More recently economic liberalism has enjoyed a notable role in post-communist thinking in Eastern Europe. I make no apology for referring frequently for examples to the British case in this chapter. Mrs Thatcher in Britain did more than anyone else to popularise and put into practice neo-liberalism. But clearly the impact of this body of ideas has been international and has by no means been assigned to history with Mrs Thatcher's retirement from government.

The ideas and philosophy of the neo-liberals and the new right have, to some extent at least, altered the political agenda, and neoliberalism, along with the global, European and post-fordist changes just mentioned, has been a powerful force in influencing recent revisionist socialist thinking. This can nowhere be seen better than in recent collections of revisionist socialist thinking - *The Social Economy and the Democratic State* by the 'Sheffield Group' of socialist academics (Alcock et al 1989), *Reactions to the Right* edited by Barry Hindess (1990), and *The Alternative: Politics For a Change*, edited by Ben Pimlott, founder of the revisionist left-wing journal *Samizdat* and his colleagues (1990). These collections have taken as their starting point the developments described above, and in particular have been concerned to respond to the gauntlet thrown down by the new right. People like Stuart Hall (1988) in his book on 'Thatcherism and the crisis of the left' and Paul Hirst (1989) in his *After Thatcher* explicitly take as their starting point the need to build a credible alternative which could defeat and replace Mrs Thatcher. Furthermore the most notable thing about the market, individualist and citizenship socialisms to be discussed in chapter 4 is that they are all ‘reactions to the right', concerned with either finding an alternative to the values and ideas of new right neo-liberalism or with actually taking them on board. All of these recent contributions provide examples of a general case - of a socialism being reconstructed in the light of a significant new agenda of concerns forced upon the left by recent economic, social and political restructuring and not least by a zealous new right-wing conservatism and a refound credibility in intellectual life and the corridors of power for neo-liberal theory.

In this chapter my concern will be to look at the ideas of neo-liberalism and their translation into the practical politics of 'Thatcherism' in the particular case of Britain. My principle concerns will be to assess the philosophical merits of neo-liberalism and then to look at perhaps the most influential analysis of

Thatcherism advanced on the left, that made by Professor Stuart Hall (1988) in his book *The Hard Road to Renewal*. My concern here will be - to see how well Hall's analysis captured the character of Thatcherism; how well, therefore, it provided a sound basis for guiding the rethinking of a new post-Thatcherite socialism; and to see to what extent Mrs Thatcher was the beneficiary, or indeed the instigator, of social and ideological changes to which the left must accommodate itself.

Mrs Thatcher came to power in 1979 determined to overturn the cosy post-war accord between the Conservative and Labour Parties on the role of state intervention and collective provision. Her politics and ideology were those of the market, individualism, freedom, self-interest and choice, private enterprise and free competition. Her avowed aim was to roll back the state and see out the end of socialism. Mrs Thatcher's discourse reached many hearts and mobilised many votes, although precisely how far it did these is, as I will argue, debatable. More importantly, in this context, it exposed the illiberalism of socialist thinking and offered a more (economically) liberal alternative.

The immediate reaction of the left in Britain to Mrs Thatcher 40 was a resurgence of traditional Bennite (after the left-wing Labour MP Tony Benn) leftism in the early 1980s in which statism and collectivism were re-asserted rather than rethought. But by the end of the 1980s the combination of Mrs Thatcher's enduring electoral success, the increasing transnationalism and pluralism of the economy, society and politics, and the decline of East European socialism were forcing upon the left a rethink of its traditional statist and collectivist assumptions in favour of more liberal and pluralist ideas thrown to the fore by such developments.

Two strands of revisionist socialism - individualist socialism and market socialism - have taken on board large chunks of neoliberal ideology, rejecting statism and collectivism in favour of a much greater accent on individualism and markets. A third strand citizenship socialism - has remained more traditional attempting to retain a commitment to the public good and collective provision but trying to rethink them in terms of more democratic and decentralised structures. A fourth strand - associationalism - has taken a bit from each of these revisionisms to focus on the role of a pluralist associational life in civil society as an antidote to the statist and class-centered bias of traditional socialism, and on the role of a corporatist state within which pluralism can be organised co-operatively.

While socialism does need to take individual liberty and markets more seriously the individualist and market socialists have been too receptive to the ideas of neo-liberalism and for two reasons. 0ne reason is that these ideas have been nowhere near as popular as is often assumed. I will demonstrate that this is so in my case study of the particular example of Thatcherism in Britain. If the short term and unprincipled criteria of electoral or popular appeal were a reason for adopting neo-liberal ideas then neo-liberalism would not stand up as strongly as is sometimes supposed. The other reason is that neoliberal ideas themselves are deeply flawed, particularly from an egalitarian or social point of view. Let me look in the first part of the chapter at the intrinsic merits, or lack of them, of neo-liberalism before turning in the second half to the alleged popular impact of neo-liberal individualism.

Neo-Liberalism

Neo-liberalism found a role in the world economic recession of the 1970s and the apparently increasing inability of traditional social democratic and Keynesian economic strategies, in an open and inflationary context, to deal with it. As such economic liberalism was more of a pragmatic response to circumstances than an ideologically driven phenomenon. But in Britain Mrs Thatcher did bring her ideological preconceptions to the solutions she offered. And she used neo-liberal ideology to justify her approach to economic revival. It is too simplistic to characterise Thatcherite neo-liberalism as purely opportunistic or purely ideological. It was a mix of both. Economic liberalism was propounded to justify pragmatic technical measures for economic revival. But its proponents always had an ideological axe to grind. Economic liberalism and liberalism as political philosophy fuelled each other.

Neo-Liberalism and Individual Liberty

The neo-liberal challenge to traditional socialism - chiding its statism and collectivism and offering the market, private initiative and individualism in their place - and taken up in individualist and market socialism can be traced back to the liberal thought of the Austrian economist and political philosopher Friedrich von Hayek and, of course, has also been influenced by the ideas of people like the 18th century Scots economist Adam Smith and the Chicago monetarist Milton Friedman. I will discuss the strange phenomenon of socialist economic liberalism, at the technical adequacy of economic liberalism in its own terms and at monetarism later. But let me look here at some of the underlying philosophical bases of neo-liberalism in the thought of Hayek.

The whole edifice of Hayek's neo-liberalism rests delicately on his concept of individual liberty. As we shall see when this base begins to show signs of weakness all the rest comes tumbling down. The liberal right's concept of liberty, proposed by Hayek (1960) and by thinkers such as Robert Nozick (1974) and Sir Isiah Berlin (1969), is an individualistic and negative one. It is counterposed specifically to intentional coercion and is given absolute priority as a normative principle. Individual liberty has a lot going for it. But in this specifically absolute, individualistic and negative form, intelligible only with reference to deliberate coercion, it begins to fall apart, as many critics have pointed out, one of the most influential being the American political philosopher, John Rawls, in his book A Theory of Justice.

Liberty for the neo-liberals involves the absence of intentional coercion. Liberty here is defined in a negative way, It involves 'freedom from', rather than 'freedom to'. It is only transgressed if someone's ability to pursue a certain course of action is inhibited by the deliberate coercion of another, but not if they simply lack the resources or capacities to pursue that course in the absence of external coercion. Thus the interference of the state can involve a transgression of liberty. But someone's mere poverty or innate lack of ability does not. Someone is still free to pursue an action if no one prevents them from doing so even if they do not have the wherewithal to do it.

The neo-liberal conception also demands that the coercion be intentional or deliberate. Therefore the state deliberately imposing its will upon someone is a restriction of their freedom, whereas the action of the market imposing a certain set of circumstances which shape someone's capacities for action, because it is supposedly unintended, is not. Hayek does not object to the generality of the rule of law or the market which do not advance one particular intention but provide a general basis for individual freedom not subordinate to a specific vision of the good. What he is opposed to is the conscious exercise of particular wills aimed at arbitrary or particular ends, as in state planning. Hayek takes a very strict line on this question. Any element of state coercion or planning over and above the general non-arbitrary rule of law is unacceptable because it will inevitably lead down what he calls the 'road to serfdom'.

The other characteristics of note in this concept of individual liberty are that it is invariably called up in the service of the individual rather than the collectivity and that it is invoked as the absolute principle at the basis of human social organisation. Individual liberty is the first and last priority. It is not just one basic principle of human organisation among many, but the principle. Everything else in the neo-liberal scheme of things is judged according to how far it fosters or is compatible with individual liberty. Thus all that follows rests and depends on the credibility of this concept.

What Hayek is particularly concerned about is the relationship between the individual and the state. It is the individual's freedom, rather than that of any other particular agency, to which he is devoted, and it is the coercive powers of the state, rather than the coercion potentially present in other institutions or structures, about which he is most worried. It is through his insistence on the intentionality of coercion and his negative concept of freedom that he is able to concentrate his fire on the state rather than on other factors, such as market forces or inequality, which might otherwise be interpreted as coercive or harmful to freedom. A negative concept of freedom excludes inequality as a factor contributing to the loss of liberty because while inequality may deprive people of the capacity to express their purposes it does not impose a deliberate external coercion upon them. It is a factor which inhibits only positive freedom, which does not count for Hayek, but not negative freedom, Similarly the necessity for there to be intention in an infringement of liberty frees the market, in which outcomes are theoretically unintended, from blame for the undermining of liberty which, in his view, has to be coercive to count as such.

Hayek's attachment to individual liberty rests principally on this philosophical basis, But he also gives an economic justification for the primacy of individual liberty. Hayek adheres to a view of economic progress which sees human rationality as playing a limited role. What humans can know, and so develop on the basis of their knowledge, is limited. Much more important as a source of economic progress for Hayek are unintended results. Therefore liberty, in which unintended rather than consciously planned ends ensue, is a better basis for economic progress than planning which relies on humans beings' flawed rational capacities.

For Hayek it is on the question of knowledge or information that the market is economically superior to the plan. The central requirement for an efficient economy is for it to be able to respond quickly to particular circumstances. Upon this basis is built economic progress. The market is seen to be the best mechanism for doing this because it decentralises decision-making to the involved agents and transmits particular information. The market involves a complex interplay between diverse particular agents. Central planning, on the other hand, collects information and decision-making at a general aggregated level where it is impossible for particularistically sensitive information and decisions to play a part. Thus the market is not only philosophically superior, lacking, unlike planning, in the intentional and arbitrary features which would make it coercive, but it is also superior on grounds of economic efficiency. Let me explain now how this apparently perfect paragon of philosophical and economic virtue cannot even clear the first hurdle.

The Problems of Neo-Liberalism: Individual Liberty

Neo-liberalism is fraught with problems associated with the particular twist it gives to the idea of liberty. I will look at some of its problems from a social and egalitarian point of view in chapter four when I discuss the impossible reconciliation, left-wing economic liberals try to make between market forces and socialist values. I will look at some of its technical economic deficiencies in chapter six. Let me concentrate here on some of the basic philosophical problems with, first, its concept of individual liberty which has already been ravaged by a number of critics - among them Rawls (1972), Raymond Plant (1984) and the Labour politician Roy Hattersley (1987) - before I go on shortly to criticise also the neo-liberal concept of the market.

An immediately vulnerable spot in the neo-liberal argument is its narrow focus on negative liberty and state coercion. It should be in no doubt that these are important questions long overlooked by socialists Among the key priorities in rethinking socialism must be a greater role for non-statist forms of democracy and for a greater sensitivity to the freedom of individuals. Individuals must be protected by the rule of law but as individuals they can themselves wield little influence over the state. The key is a pluralist associational society in which people can organise collectively in intermediary associations which stand between the individual and the state and give individuals both a participatory say in the state through their collective associations and protection from it by providing countervailing centres of power. Pluralism, transformed from an empirical into a normative theory, can help us to understand this.

But this is not how the neo-liberals see it. Their concept of liberty, as I have said, holds up the rest of their case. But it is a problematic concept, given a skewed and particular meaning to suit their partisan ideological commitments. A focus on negative liberty gives an impoverished concept of freedom and the focus on state coercion gives only a limited picture of the existing range of threats to individual liberty. There are three main problems with the neoliberal concept of individual liberty - 1) the absolute primacy it is given; 2) its negativity; and 3) the intentionality it stipulates that a restraint on freedom must have before it becomes illegitimate coercion. I will look at these in turn.

1) *The Primacy of Individual Liberty*. One problem with the neoliberal case for freedom is the absolute primacy it is given. The philosophical reasons for this are a priori, the economic reasons are informational. Individual liberty is undoubtedly important and, after the experience of state socialism, needs to be given a disproportionate stress in new political thinking. But making individual liberty the primary defining characteristic of an alternative doctrine does this to excess. It exchanges one extreme for another.

Freedom is a complex phenomenon. There is no such thing as 'freedom' but only many freedoms some of which will clash with each other, In these cases decisions have to be made about which ones are to be preferred. Furthermore there are many other objectives worthy of pursuit in the complex modern world - social, egalitarian and environmental objectives, for instance - and sometimes the pursuit of these will clash with the primacy given to individual liberty. The logic of the neo-liberal case is that individual liberty always has to come first, yet this would too often lead to serious and deleterious consequences. Is the freedom of the individual to pollute the atmosphere or damage the health of others through aspects of her or his personal lifestyle, such as smoking in public places or driving to work in a private car where there are good less environmentally damaging alternatives, to be upheld'? Neo-liberals might pragmatically acknowledge 'no', but they would be going against the absolute primacy of individual liberty that they postulate if they did.

They would also be acknowledging the case for a public good over and above individual preferences. Individuals' interests - taken separately or combined in some sort of competitive equilibrium - may not coincide with what is good for the public as a whole. Environmental externalities are a good example. Individual freedoms so often override environmental consequences which are to the detriment of the public as a whole. Competitive individualism has no respect for the public good over and above what individuals desire. It is an It individualistic doctrine which stresses only individual desires and not desires that people may want to express collectively.

The idea of the 'public good' may sound paternalistic and authoritarian. Neo-liberals defend their position on the grounds that individual libertarianism leaves people to decide on their own good life without having one imposed upon them. The idea of the social good implies an insensitively uniform and imposed idea of what is good for people. But, as I will argue, this idea is thoroughly defensible and compatible with, even facilitative of, libertarian and democratic objectives.

The neo-liberal commitment is not as formal and insubstantive as it likes to pretend. By abstaining from making a prior choice about the public good the neo-liberals make a choice, They effectively opt for a very substantive idea about what society should be like, one in which individuals competitively pursue their own ends self-interestedly with all the consequences this implies. Their individualistic and libertarian commitments involve a choice of these goods and of a competitive and utilitarian society over and above more egalitarian and mutualist objectives. Society necessarily always takes a substantive shape and laissez-faire involves as much a preference for a specific shape as does interventionism. Thus the criticism of the less exclusively individualistic approach as resting on a priori substantive assumptions is just as applicable to the neo-liberals' own vision.

Meanwhile the public good need not be as monist and authoritarian as neo-liberals present it. Intervention itself is not illegitimate. It can be a minimal condition referring to the obligation of individuals and groups to respect the rights of others in the pursuit of their own ends, as the much superior 19th century liberal John Stuart Mill (1859) advocated, rather than a maximal idea of the subordination of all diverse interests to a common uniformity. Only Hayek's apocalyptic and fundamentalist extremism can reduce quite reasonable and humane ideas to their most tyrannous and indefensible possible conclusions. What social rights and the social good should consist of does not have to be imposed from above by an external or exclusive agency. It can be negotiated by social agencies and associations in society who represent and stand for individuals as they are collectively organised. In other words the public good can be the property of an inclusive pluralist and participatory democracy rather than of the despotic state. It can be determined co-operatively rather than from above.

2) *Negative Freedom*. So one problem is with the absolute primacy given, to individual liberty and I will discuss this further when I look at the individualist and market socialists in chapter four because they make a similar mistake. Meanwhile a second problem is that the idea of freedom is deprived of much of its power if it is restricted to only freedom from coercion and not extended to cover the capacity for the actual expression of freedom. For the neo-liberals, freedom is only freedom from coercion but not the freedom to act. This means that, in their eyes, people are free even if they cannot act as they wish to for lack of the

necessary resources to do so. The neoliberals can obviously make this theoretical dodge if they want to. But it makes the idea of freedom a nonsense because it turns the patently fettered into the free.

The reasons for restricting freedom to this negative meaning are connected to the neo-liberals' right-wing apologism for inequality. They cannot stand the idea of positive liberty - the capacity to express one's freedom - because it implies the need for a generalisation of the resources necessary to do so which in turn implies the need for redistribution. While I do not doubt that many neo-liberals are genuine libertarians, many more simply use the negative idea of freedom as a thinly disguised, and sometimes not so thinly disguised, theoretical device intended to protect privilege and inequality.

But the reasons given are otherwise. Hayek argues that the positive concept of freedom opens up possibilities for the abuse of power. The argument for freedom as the positive capacity of people to pursue their chosen purposes legitimates all sorts of tyrannical use of the power given by that freedom. But the problem with this is that many quite good principles can be discredited if they are judged according to the most extreme consequences to which they have been or could be taken. Negative freedom could just as well be judged according to the most horrific consequences that it could - some would say does - logically result in, starvation and death resulting from the hoarding of property and wealth, for instance. Furthermore an advocacy of positive freedom does not necessarily imply its absolute priority unrestrained by other principles, even if this is the exclusive and fundamentalist way in which neo-liberals privilege their particular preferred normative principle of negative liberty.

This uncompromising reduction of the alternatives to the most caricatured extremes is typical of Hayek and the neo-liberals. Hayek argues, contradicting abundant evidence to the contrary, that the slightest sniff of planning is just the beginning of the road to serfdom. Positive liberty is equated with state tyranny. The merest hint of communitarian sympathies turns into a monist authoritarianism. These warnings connect with legitimate fears resulting from the very real experiences of state socialism. But they assume that a commitment to communitarianism, equality or positive liberty means a commitment to these above all else right down to their ultimate possible consequences. The experience of interventionist social democracy in the West - whatever its problems - shows that this is just not what happens.

The fact remains that negative liberty is a worthy objective but if it cannot be translated into the positive freedom to act it remains a half-way house. Freedom from coercion is valueless without the freedom to express it. Meanwhile planning, egalitarianism and communitarianism can be pursued in tandem with a respect for individual, pluralist and liberal concerns and they can be democratically negotiated rather than imposed. This is what I attempt to show is possible in an associational democracy. The neo-liberals posit planning, egalitarianism and communitarianism as if they can be pursued only in their pure uninhibited forms, an argument which takes theoretical logic to its most absurd extremes and which flies in the face of contradictory evidence.

This sort of fundamentalism is more typical of modern neo-liberal libertarians than of contemporary communitarians. The latter, most of them at least, have learnt their lessons, albeit belatedly, from the horrors of Stalin and Pol Pot. Yet one of the principle problems with the neo-liberals, and the socialists who have been most influenced by them, is that it is they who give principles such as negative individual liberty such a primacy that the path is freed for them to be pursued to their ultimate consequences, uninhibited by the restraints which an equal commitment to other potentially clashing principles might place on them. If there is a danger nowadays it comes more from the dogmatic purism of the free marketeers than from discredited fundamentalist collectivism.

What is needed is a commitment to liberty but one that is both supported and tempered by its contextualisation in the light of other important objectives, such as equality and mutuality. This is precisely if what the hard-line right-wing liberalism will not countenance. And what are further needed are institutional forms capable of giving form to such complex compromises, forms which I would argue the idea of associationalism is well-equipped for guiding us towards. What this implies, however - consensus, collaboration, co-operation and corporatism - are nothing but dirty words to the neo-liberals.

3) *Intentional Coercion*. A third problem with the neo-liberal idea of individual liberty, in addition to the absolute primacy and negativity which it gives to it, is the intentionality it stipulates that a restraint on freedom must have before it becomes de-legitimised as coercion. Freedom is not lost just through coercion but as a result of deliberate coercion imposed by human will. It is very difficult to be anything but cynical about this position. This restriction on the meaning of liberty can only be explained by reference to the class sympathies of the neo-liberals. They are concerned with the protection of private property and wealth more than they care about inegalitarian restrictions on positive liberty. Ultimately they are willing to sacrifice positive freedom in order to protect privilege.

It is also related to their preference for markets over the counterposed institution of state power. The effect of the intentionality clause is that the restrictions which the market may put on freedom are made legitimate because they are supposedly not deliberately engineered by some particular human will, but the impositions of the state are made illegitimate because they are. This reduces the idea of liberty to a nonsense because a person is just as unfree to pursue a certain path of action whether because of the lack of resources they have been left with as a result of their position on the market as they are because the state has deliberately deprived them of the rights to do so. One coercion may or may not be more acceptable than the other. This is a separate point which can be argued over until the cows come home. But freedom is lost either way. In addition it has to be mentioned that the idea of the market as not involving intentional manipulation or deliberate will looks very thin when you open your eyes to the role of big corporate actors in liberal market economies.

In fact intentional state coercion may sometimes be a force for liberty while economic inequality and property ownership may be sources for its limitation. On the basis of the unequal ownership of economic power some people are more exempt from the external coercion of the state and more capable of positively exercising their liberties to the detriment of the liberty of others. The propertied may exercise pressure on the state to protect their wealth or they may wield coercion, say over their employees, with the power that they derive from ownership. Economic power as well as state power may be a source of coercion. Furthermore accumulating great hoards of economic wealth gives some actors the resources they need to pursue their own ends only at the expense of restricting other less well-endowed actors' capacities to do so. The rolling back of state power in such a context may exacerbate rather than restrain coercion because it may prevent the state from attacking disproportionate holdings of economic power in the pursuit of a more libertarian society. Neo-liberals tend to present the restriction of state power as a blow for freedom *per-se*. But an interventionist state can in some of its roles, in redistribution for instance, be a force for breaking down the existence of blocks to liberty such as build ups of economic power. A restriction on the power of the state is not automatically a blow for freedom. It could possibly be one against it. I do not wish to suggest that state power is to be generally defended. But there is a role for a democratic but strong state charged with protecting liberty, through, if necessary, radical redistributive measures, although it should be reformed and made more pluralist and accountable than it is at present in many liberal democracies, particularly Britain.

The neo-liberal case for individual liberty, therefore, implies the need for egalitarian and social measures to secure freedom and for public powers to put through such measures. This is a logic of the case for liberty that the neo-liberals draw back from by the use of devices such as the negative concept of liberty, and of liberty as the absence of intentional coercion. In order to avoid egalitarian and mutualist commitments they make rather extreme assertions about the inevitable authoritarian and monist ends of such commitments, assertions on which the evidence is, at the very least, contradictory. Yet their commitment to existing property relations often comes into contradiction with, and ultimately compromises, their commitment to the greater goal of liberty. They try to run the two projects together through the various above mentioned theoretical twists. But these allow for accumulations of economic power and a rundown of the role of the state, both of which can damage as much as protect the cause of individual liberty. Neo-liberals try every device in the book to avoid commitments to equality, social conscientiousness and a role for the state, but in doing so they throw out the basic institutional conditions necessary for the generalisation and protection of liberty.

The Problems of Neo-Liberalism

The other great hallowed marvel in the canons of neo-liberal thought, in addition to individual liberty, is, of course, the market. In the terms of political philosophy this is preferred because it decentralises power down to individuals and enterprises who are free to act as they choose, rather than having their consumption and production needs planned for them from above. Economically, the market is an efficient mechanism through which information in the form of fluctuating prices is transmitted about rises and falls in demand and through which incentives in the form of potential profits are supplied for producers to respond to demand.

Hayek's concept of the market, like his concept of individual liberty, has come under fire, one of the most recent and succinct critiques being made by Jim Tomlinson (1990), along similar lines to those below, in his discussion of socialist market liberalism. The underlying problem with Hayek's advocacy of the market lies again in his uncompromising approach which results, in this case, in the exclusive and absolute priority he gives to the market in counterposition to the caricatured extreme alternative of the plan. The market never could, nor should it, be as pure and exclusive as he proposes. Markets are deeply embedded in social relations and institutions and they always involve some degree of planning. The market-plan dichotomy that he builds up is a false one. It is just as poor a framework within which to advocate the market as it is for the advocacy of planning. Neither should be an exclusive article of faith as they have become for neo-liberals on one side and socialists on the other.

The problems with Hayek's advocacy of the market lie in the caricatured polarised character he gives to the alternative of planning and the entirely negative way in which he looks at it. If planning is looked at as not so centrally commandeered and not so exclusive of markets and if the positive possibilities of planning so conceived are considered then the market begins to crumble as an exclusively superior institution. Similarly it would be just as misconceived to reverse this extremism into the traditional left prejudice of giving the plan exclusive and counterposed priority over the market.

The inability of planning authorities to successfully collect all the economic information needed centrally and to process it and formulate efficient and responsive plans constitute serious problems. But these apply most tellingly to the central plan which is the only form of planning that Hayek considers, in line with his general tendency to set neo-liberalism off against the most extreme caricatured opposites possible. Hayek sets up a polarity between centrally planned and decentralised decision-making but there is no reason why planning should be identified with the former type only and markets be given a monopoly on the latter. Planning, at decentralised levels could overcome many of the informational difficulties experienced by central planners. This does not require a preference for decentralised planning over markets. Decentralised planning can play a role alongside markets. I will discuss the sort of shape such a 'mixed' economy could take in chapter six. Bit for the moment it should be noted that decentralised planning can overcome many of the informational problems often attributed to central planning, and can take the informational load off central planning to allow it in turn to fulfill its own remaining informational tasks more adequately.

Another problem with Hayek's analysis is that he assumes that planning would start from a void. In such a situation building the apparatus needed to collect information about needs and to distribute goods and services would be enormous and the subsequent machinery would be huge, unwieldy and inefficient. But if planning is seen as being built up from within the context of a market economy and alongside market devices, such as market exchange, prices and money and a partial role for market criteria in decision-making, then things begin to look different. The informational and distributional channels needed for the production and distribution of goods are already available in a market economy and a greater role for planning can be built into them. Again, the problem with Hayek's position is that he conceptualises planning, as if it is a completely distinct set of institutions and processes entirely divorced from market institutions and processes.

You could of course attempt a totally non-market planning project. But this is an extreme caricatured version of planning. There are many other many other possible ways of conceptualising planning which are less easy prey to Hayek’s criticisms. My conception, to be discussed in chapter six, is of decentralised modes of planning, say at industry-wide collaborative levels, working within a market exchange context and

allowing a much reduced role alongside other criteria, but a significant role nonetheless, for market criteria in economic decision-making, in other words to market forces. And I see planning and co-ordination operated by public agencies in partnership and negotiation with private agencies as well as with an expanded sector of democratic and social enterprise.

Hayek and the neo-liberals tend to ignore the positive economic and social benefits that planning can achieve. Co-ordination between enterprises and industrial sectors can avoid much of the duplication, waste and crises of overproduction typical of an unco-ordinated market economy. Pluralist and inclusive negotiated co-ordination between public and private agencies and the various interests in society can facilitate investment and economic efficiency in a way that the unco-ordinated anarchy of the market never could. And it can allow for production, to take in a much broader range of criteria and needs in decision-making than simply market criteria and balance sheet priorities. It can also provide the bases for building generalised and inclusive support for economic strategies.

Hayek and the neo-liberals are hostile to this sort of proposal, because they see it as involving statist definitions of the good and of production priorities. It involves the top-down imposition of uniform priorities on individuals insensitive to their plural and individual needs and desires. But again this allows for only one particular conception of planning and co-ordination. These can be done by enterprises and industrial sectors amongst themselves giving full democratic roles to the broad and plural range of interests in society, rather than imposed from above by a putatively representative state. In this way co-ordination can be pluralist, participatory and democratic. Social priorities and co-ordination can be negotiated by affected parties themselves, responsive to their expressed needs, rather than imposed upon them from on high.

It would be wrong to react to Hayek with a similarly uncompromising commitment to planning without markets. Market exchange serves important functions and market forces, the application of market criteria in decision-making, can ensure ensure efficiency and dynamism in production, although they should be more restricted to a role alongside wider social and environmental criteria in decision-making. Planning and co-ordination conceived in this way, as negotiated by participants rather than imposed from above and as coexisting with certain market mechanisms, an expanded democratic sector and private initiatives, can avoid many of the problems that Hayek identifies in central planning and facilitate many of the economic and social benefits that he ignores. I will return to these questions in chapter six.

Thatcherism

So, one reason for rejecting neo-liberalism is the weakness of its arguments. Another is that neo-liberal ideas are nowhere near as popular as is sometimes supposed. Let me concentrate here on a case study of Thatcherite neo-liberalism in Britain. Britain has more of a laissez-faire tradition than many comparable nations and Mrs Thatcher pursued economically liberal goals with an unmatched determination. This strong case should provide a good test of the argument for neo-liberalism on the grounds of its putative popularity.

There have been a number of explanations advanced to account for Mrs Thatcher's long hold on political power. One has been an ideological explanation, associated mostly with the work of the sociologist Stuart Hall and the journal *Marxism Today* which has been very influential in guiding revisionist thinking on the left. As we shall see this explanation exaggerates the impact of Thatcherite ideology on the British public. But as we shall also see sociological explanations of her electoral success based on the changing composition of British society and the changing political alignment of classes are also partial. The main factors behind Mrs Thatcher's electoral successes have been neither ideological nor social but political.

Thatcherism should not be underestimated. Many of Stuart Hall's critics have over-reacted to Hall's exaggerated analysis failing on their part to note the distinctive and effective features of Thatcherism that he does identify. Mrs Thatcher did, after all, win three elections on the trot with large majorities. For periods of her rule she was very popular. Her politics broke radically with the post-war social democratic consensus in many places and she established a new form of Conservatism, fusing neo-liberal ideology with traditional conservative doctrine. She introduced a more free market shape into the economy and

strengthened the political powers of the central state, although commentators have been prone to either overestimate the 'revolutionary' extent of such changes or to underestimate them as just those of another Tory government operating the same capitalist system.

Buit Thatcherism was not just another Tory government. It was radical and distinctive in its approach. On the other hand it did not make the sort of ideological inroads into the consciousness of the British public that should encourage a turn to liberal individualism in the rethinking of socialist politics. Socialism certainly needs to be more libertarian and must show a greater respect for- the rights and needs of the individual than it has done previously. But this should be because this is something important in its own right, not because it is a vote winner. And it should involve a greater sensitivity to liberal freedoms and individual needs within a democratic and collectivist context. It should not involve a turn to individualism or market forces as the new organising principles for socialist thinking as some revisionist socialists have proposed.

Stuart Hall's analysis of Thatcherism, together with the *Marxism Today* analysis of 'New Times", does point down this road. But Hall's analysis of Thatcherism, while capturing many aspects of Thatcherism overlooked or dismissed by other commentators, did overestimate the ideological impact of Thatcherism and subsequently led to exaggerated assessments of the extent to which socialist politics has to accommodate to Thatcherite values in order to regain popular support.

Thatcherism and the Crisis of Social Democracy

Hall argues that Thatcherism arose out of the organic crisis of social democracy, increasingly untenable as a mode of regulation of British capitalism. In the 1970s social democracy found itself confronted with a world economic recession and was unable to sustain itself using statist and and collectivist mechanisms derived from the ideas of Keynes and Beveridge. These became more and more anachronistic with the increasing interdependency of national economies and in the new inflationary context. On the back of the breakup of social democracy Thatcherism appropriated the authoritarian tendencies of the outgoing regime and ideologically exploited the failure of its statist and collectivist strategies and the permissive changes which it had overseen.

For writers like Hall, the origins of Britain’s economic decline go back a long way. Britain’s decline, which became visible during the 1970s, had a long history running back to the end of the 19th century. Relative economic decline was for a long time hidden by Britain's high levels of overseas investment, which allowed her to pay for imports when the revenue from the domestic economy was not sufficient to do so, and by general improvements in living standards throughout the long period of decline. By the 1960s and 1970s Britain was hitting continual balance of payments problems due to the inability to pay for imports and compete in manufacturing. Inflation and the increasing inter-penetration of national economies restricted the maneouverability of economic policy. National autarkic Keynesian reflationary policies were inappropriate in these changing circumstances. By the 1976 IMF crisis Britain's economic troubles were clear for all to see and the ability of the social democratic regime to cope with them using its characteristic statist and collectivist instruments was more visibly doubtful.

Social democracy proved unable from the early 1960s onwards to pursue the needed economic modernisation. Neither labour nor capital would provide the co-operation needed for modernization strategies. For Hall this led to a move from consent to coercion. With the failure to secure collective support for state strategies came their imposition - 'authoritarian statism' - in which state intervention proceeded with increasing disregard for parliamentary or corporatist representation.

It was on this 'terrain' that Thatcherism was able to organise, appropriating the trend towards authoritarianism but exploiting the failures of social democracy in an ideological campaign against statism and collectivism. Hall coined the phrase 'authoritarian populism', referring to the continuing authoritarian assumption of power by the state to push through its programme and beat off the opposition coupled with a new populist appeal to dissatisfaction with the failing aspects of the social democratic legacy.

The Transformation of Conservatism: Thatcherism before Thatcher

For Hall a key point about Thatcherism is that it did not intervene on the terrain of conjunctural struggle - posing different policy programmes to previous administrations within the confines of the existing settlement - but on the terrain of an organic struggle – recognising the *organic* crisis of social democracy and the impossibility of trying to manage the crisis within its crumbling and inappropriate terms of reference. Thus Thatcherism posed a new reconstructed conservatism which, unlike Heathite and other predecessors, broke from social democracy and built itself I opposition to the settlement. This involved the reconstruction of a new conservatism, not of the social democratic settlement but against it.

There were, according to Hall, two main strands to the ideology of the novel Thatcherite conservatism - a revived neo-liberalism and a radicalized traditional organic Toryism. The distinction between these two strands corresponds to the distinction between economic strategy and social and political strategy. In the field of economic policy Thatcherism was neo-liberal, for a retreat from state intervention, for the freeing of the economy to market forces, and for a strong state only insofar as it is facilitative of economic *laissez-faire*. In the fields of social and political policy Thatcherism was for a strong central state and for the restoration of traditional authority and morality, for a return to a Victorian social ethic, the protection of national parliamentary sovereignty, and such like. In short, Thatcherism stood for the couplet dubbed by Andrew Gamble (1988) 'the free economy and the strong state'.

Neo-liberalism first became most evident under Mrs Thatcher in her advocacy of a monetarist alternative to the Keynesian consensus. Hall points to the intellectual origins of Thatcherite neo-liberalism in the writings of Adam Smith, Hayek and Friedman and its influence on right-wing think-tanks such as the Institute for Economic Affairs and the Centre for Policy Studies. Neo-liberal doctrine began to gain legitimacy in the academy, then civil service, the media and in the business world making the long journey into mainstream credibility. From this point on Thatcherism was concerned with ‘translating economic doctrine into the language of experience', with the 'translation of a theoretical ideology into a populist idiom’. Monetarist economics became explicable as the tight money and sound finance of the domestic budget. Mrs Thatcher excelled in the role the prudent housewife. Neo-liberal philosophy was translated into the language of self-reliance and personal responsibility in opposition to the dark vision of the individual caught in the grips of the state, over-taxed, over-dependent, scrounging or coddled.

Milton Friedman (1977) argued the case for sound money and stable prices as the necessary conditions for the smooth functioning of the market, the sole guarantor of a prosperous economy. Without sound or stable money rational calculation becomes hindered, exchange collapses and speculation and inflation become rife, undermining the efficient functioning of the market. Without stability there is no prosperity, For Friedman the key problem is the control of inflation. Inflation is a monetary problem caused by the faster expansion of the money supply than of goods and services and the role of government, therefore, in safeguarding prosperity, is control of the money supply.

Hayek is the leading neo-liberal but takes a more sophisticated view of monetarism. An economist and philosopher of the Austrian school he was engaged in haranguing socialism as far back as the 1930s. He is as enamoured with the market and as concerned with the dangers of inflation and Keynesian demand management as is Friedman, But while Friedman takes a fairly exclusively economic perspective on the values of monetarism, Hayek, as Andrew Gamble (1988) points out, has a more politically sensitive view of the problems with its gradualist implementation. The time involved in a gradual implementation of monetarism and the spreading of unemployment over a long period opens up a monetarist government to the possibility of a loss of public support and gives away too many opportunities for the mobilisation of opposition to the government. Supporters of Hayek on this question could point to the political problems experienced by the Thatcher government in their first years of office when they pursued monetarist policies only to rapidly abandon them when the going got tough. Hayek advocates the immediate ruptural abolition of inflation by currency reform which would lead to initially soaring bankruptcies and unemployment, but after which there could then only be swift recovery. The government would encounter immediate political problems but in the longer term would find itself presiding over recovery and improved political prospects.

Hayek can also be distinguished from the monetarist Friedman by his emphasis on a supply-side economics aimed at restoring incentives and stimulating enterprise and productivity, rather than on just a monetary strategy to restore financial stability. Supply-siders like Hayek propose reductions in taxation and public expenditure which stifle the energy of enterprise, depress productivity and so lead to inflation and unemployment. Monetary obsessions alone are deflationary and restrictive and fail to engage with the task of actually stimulating the economy, over and above just stabilising it. The Thatcher government came under heavy criticism from supply-siders for following such a restrictive approach. Subsequently both Mrs Thatcher, in her efforts to remove all obstacles to the development of an enterprise culture, and more recently the Labour Party, have made much more of supply-side considerations in their proposed economic strategies.

Despite these differences of emphasis Friedman and Hayek are both strident critics of Keynesianism and the state management of the economy and staunch advocates of disengagement and a *laissez-faire* commitment to the freedom of markets. For them the market is the basis of prosperity and its manipulation by government is a recipe for instability, uncertainty and recession. Furthermore the market is a haven for the expression of individual liberty and choice. For Hayek and Friedman, as well as for theorists like Nozick (1974), the market is both technically and morally superior.

Neo-liberalism and monetarism had already made their mark on the British political scene long before Mrs Thatcher came along, advocated by Enoch Powell for a couple of decades before she came to power and experimented with by Edward Heath and Denis Healey in the 1970s. Powell laid an early basis for a Thatcherite populist nationalism with anti-immigration, unionist and anti-EEC stances. But he was a major early proponent not only of the traditional conservative aspect of Thatcherite philosophy but also of the neo-liberal prong of the fork. In 1957 as Treasury minister he left the government, along with Nigel Birch and Chancellor Peter Thorneycroft, after Prime Minister Macmillan's failure to implement public expenditure cuts. Powell has insisted since that this failure was the major factor behind the inflation of the 1970S. Outside ministerial office, and in contradiction to his high spending record as Minister of Health in the early 1960s, Powell was a strong free marketeer and a critic of profligate public expenditure, taxation and state intervention. From the backbenches during Heath's government he scorned incomes policies and corporatism and called for the privatization of all public enterprises. He advocated the privatisation of welfare and floating exchange rates. During the three and a half year tenure of the Heath government he succeeded in voting against the government on no less than 113 occasions.

Despite being at loggerheads with Powell, and despite his 'wet' leanings Heath made the first concrete moves towards a break from the social democratic consensus during his 1970-74 government. He came to power amidst disillusionment with Labour's interventionism, under pressure from free-marketeers in the Party, and with the need to establish a distinct identity for the Conservatives after a decade in which Labour and the Tories had been difficult to tell apart in their shared commitments to modernisation and the social democratic consensus. The Heath government set about disengaging from the economy and dismantling the interventionist agencies that had been set up by Wilson's Labour after 1964. It announced that, in pursuit of a more streamlined efficient economy, it would not bale out 'lame ducks' and no pay or price controls would be introduced. Entry into the EEC was favoured in the hope of opening up the British economy to greater competition. Heath attempted to push through industrial relations legislation aimed at curbing the power of the shop stewards and stamping out unofficial disputes.

But the changes were opposed by the unions and the economy faltered. The government was unable to tackle the key problem of rising labour costs because it had dismantled the weapon of incomes policy. In 1972 Heath turned to reflationary measures and increased public spending and intervention in industry. He went back on his manifesto pledge not to introduce a statutory incomes policy. All this was interpreted as a U-turn. Heath had the bad luck to be in power when the Bretton Woods international monetary system collapsed and when oil prices quadrupled. He had to declare five states of emergency and a three day week during the miners' overtime ban to cope with power shortages. Dogged by industrial conflict he took on the unions, calling an election in 1974 on the issue of who governed the country and he lost.

The experience of the Heath government was of great significance for the Thatcherite experiment which was to follow. It was an early attempt to pursue a prefiguratively Thatcherite programme for the economy and industrial relations yet also the final attempt at interventionist modernisation. It brought into question the personal leadership of Edward Heath and allowed for the 1975 leadership contest which Mrs Thatcher won. The free marketeers attributed Heath's economic failures and his electoral defeat to his U-turn back to Keynesianism justifying a more 'resolute' implementation of free market economics in the future. Years later Mrs Thatcher was to insist that under her 'the lady is not for turning"".

Labour was elected in 1974 on a programme for a 'fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families', a phrase which was later to be used with breathtaking nerve by Mrs Thatcher to describe her 'popular capitalism' programmes of privatization and individual share ownership. Labour proposed extensive nationalisation and planning but most of their proposals never got beyond the paper they were written on. Labour faced initially a minority administration, balance of payments problems, high inflation, and a militant trade union movement frustrated by years of restraint.

Inflation and the growth of the public sector made wages and taxation major problem areas for the government. Labour built up a reputation as the party of high taxes which Mrs Thatcher successfully exploited in subsequent elections. Many lower paid workers were brought into the tax bracket, yet rising taxes were accompanied by public expenditure cuts. Despite this the public sector, identified with Labour, became Perceived as a drag on the economy. The government came to power promising that it could secure the support of the unions for economic policies, where Heath had failed to, because of the special Labour Party-trades union relationship. But in reality the compliance of the unions was voluntary and seen by them as temporary. It was not institutionalised on a permanent basis and the political culture of trade unionism did not move from a sectionalist to a cc-operative one. The TUC, furthermore, never had the power to win the compliance of its member organizations to government economic policy. In the end the unions refused to stand for incomes policies, wage rise norms and public spending cuts. Inflation prompted rising wage demands and 1978 ended in the 'winter of discontent'. Labour lost its credibility as economically competent and as the party able to control the unions. Union members resented the government's tight-fistedness. The general public were sick of the disruptive power the unions seemed to wield. People started to look for an economic alternative and an approach which would abandon the friendly approach to the unions and start to explicitly discipline them. Labour's links with the unions turned from its selling point into a liability.

British industry was looking more uncompetitive and this created real problems for Labour's economic strategy which focused on economic expansion and assumed industry would get on with its business efficiently within that context, The alternative economic strategy was undermined by the 1975 EEC referendum result which precluded the use of import controls. Keynesian techniques were not appropriate in a context of inflation and recession.

The government started to deflate, wage increase limits were secured, the left-wing cabinet minister Tony Benn was moved out of the Ministry of Industry and tight grips were put on credit, the money supply and public spending, Unemployment rose and wages fell. To regain business confidence Prime Minister Harold Wilson cancelled Labour's industrial strategy. He resigned and was replaced in 1976 by James Callaghan who, with pressure on sterling and balance of payments difficulties, took a £5 billion loan from foreign banks. At the 1976 Labour Party conference Callaghan signalled the end of Keynesianism, announcing 'We used to think you could spend your way out of a recession... I tell you in all candour that the option no longer exists'. The speech, written by Callaghan's monetarist son-in-law, Peter jay, was praised by Keith Joseph (1978) and years later echoed Mrs Thatcher when she announced that 'there is no alternative' to monetarism. Labour took on another IMF loan, the conditions for which were a reduction in the Public Sector Borrowing Requirement, inevitably to be made by cuts in public expenditure. Labour had gone from the politics of Keynes and Beveridge to that of deflation and public spending cuts. Everything most characteristic of the social democratic settlement had gone out of the window. Before Mrs Thatcher was anywhere near Downing Street Labour had started to lay the bas-Is for the monetarist alternative. The difference was that Mrs Thatcher proposed this alternative with a vengeance rather than as a last resort

and she was not hindered by identification with the existing mess. She wasn't going to talk to the unions. She was going to take them on.

The Callaghan government became a puppet administration confined within the stringent limits imposed by international finance. In 1973 the stimulation of domestic demand and expansion of the money supply throughout the world, unhindered by fixed exchange rates, which had collapsed as a result of the US' declining hegemony, led to spiralling inflation. OPEC quadrupled oil prices disrupting optimism and leading to recession. But the expansion of the money supply was still fuelling inflation. In the absence of fixed exchange rates and the lack of any leadership or unity through which they could be restored, and in order to prevent an economic collapse, new alternative international monetary rules were pursued. These involved international co-operation, under pressure from the IMF, on the adoption of monetarist policies - abandonment of expansionary demand management, tight public money supply targets and cuts in public expenditure - to contain inflation and keep the international financial markets happy. In order to maintain the confidence of the money markets governments began to accept their sound money priorities. Monetarism, in other words, was introduced before Mrs Thatcher came to power by the international financial markets. Against this background it is not possible to see Mrs Thatcher as quite such a novel and ideologically-driven phenomenon as she has sometimes been portrayed. It is more a case that she made a virtue of a necessity. She found an ideology to justify an inevitability.

In 1974 Heath had been persuaded to submit to pressure for re-election, convinced that there were no serious challengers. A number of possible leaders - James Prior and Willie Whitelaw, for instance - were too loyal to stand against him. Powell's maverick wanderings had found him refusing to stand as a Conservative in February 1974, advocating a Labour vote, and returning to the Commons in October as an Ulster Unionist. Keith Joseph was too inept as a politician to pose a challenge and declined the opportunity to stand as the candidate of the right. In his place Mrs Thatcher was put up. On the back of an anti-Heath momentum and with no other credible challenger she disposed of Heath in the first ballot of the 1975 election and the momentum built up her support in the second ballot in which she routed her remaining challengers. It was, as the then Head of the Conservative Research Department, Chris Patten, put it 'more a peasants' uprising than a religious war. It was seen much more as the overthrow of a tyrant king than as any great ideological shift. Mrs Thatcher stumbled into power more by default than as the result of any carefully contrived plan of ideological takeover.

Monetarism and neo-liberalism came to the Conservative Party late. In Heath's cabinet both Thatcher and Keith Joseph were high spenders but in 1974 Joseph made a speech at Preston Town Hall in which he argued that employment policies should be subordinated to the priority of keeping down inflation, breaking with the hitherto bi-partisan adherence to full employment and expansionary demand management. Unlike Powell and Joseph Mrs Thatcher remained an uncritical presence while Heath was in power. But she established her allegiance to the new 'dry' alternative when she, along with Joseph and Alfred Sherman, flouted the authority of Conservative Party Central Office and the Conservative Research Department to found the right-wing Centre for Policy Studies.

Mrs Thatcher responded skillfully to the situation and came to Downing Street offering people what she knew they wanted. She a promised to go the whole hog on the monetarist measures that Labour were tinkering with. She promised tax cuts for manual workers and enterprise, curbs on the unions and the restoration of the right to manage. She said she would make tackling inflation the priority and would stimulate an enterprise culture. She promised de-nationalisation and public spending cuts, These won over many Labour voters, particularly the key skilled and semi-skilled manual workers, not because they became new converts to neo-liberalism but because they believed she would deliver the economic goods. In other words they went over to her for economic rather than ideological reasons. It is on this basis in general that voters make up their minds, rather than according to the sort of political or ideological reasons suggested by the ideological analysts of Thatcherism,

Mrs Thatcher's harsh neo-liberal politics were not a new coherent ideological alternative. They were largely a pragmatic accomodation to the circumstances. Neo-liberal ideology given a populist twist was used to Justify her stance. There was nothing new about monetarism. It had been tried arid tested on a number of

occasions. Mrs Thatcher was barely a convert to monetarism when she won the leadership and by the time she arrived in Downing Street she was already prepared to abandon it. As time went on it became clear that she was willing to drop or pick up neo-liberal policies in order to meet pragmatic goals. Monetarism led to unemployment, closures, high interest rates and escalating public spending on benefits coupled with a rundown in public services. With little regard for her image as a resolute ideologue, she ditched monetarism and brought in expansionary policies for growth, attempting to win personal prosperity. She was even willing to go in for a bit of modest Keynesian reflation just before elections in order to restore life to the economy and her political fortunes. She showed herself to be as much a pragmatist and opportunist as an ideologue. She adopted neo-liberal policies more out of necessity than doctrinal commitment, and she dropped them just as easily when necessity dictated.

The other prong of reconstructed Thatcherite conservatism was a stridently expressed traditional Toryism. This was not such a distinctive new addition to Conservatism as the neo-liberal input. But Mrs Thatcher pursued this strand of Toryism with a renewed zeal and a strong populist orientation. The traditional moralism linked with social and political. rather than economic issues. The key themes for Hall were - 'law and order, the need for social discipline and authority in the face of a conspiracy by the enemies of the state, the onset of social anarchy, the "enemy within", the dilution of British stock by alien black elements' and 'had been well articulated before the full dimensions of the economic recession were revealed'. Hall argues that these themes emerged as a backlash to factors such as the 'radical movements and political polarisations of the 1960s', the ‘60s permissiveness tolerated by the social democratic state, to the militant trade unionism of the '70s, particularly under Heath, and to the immigration of the '50 and '60s, and out of a need to find scapegoats for unemployment and social problems. To these developments Mrs Thatcher attached the longstanding rhetoric of ‘organic toryism - nation, family, duty, authority, anti-statism’.

The populist mode in which some of these themes were pursued had been prefigured in the attitudes of people like Powell and Heath. Powell made a patriotic, nationalist appeal to racist prejudice in his attacks on immigration policy and in his unionist and anti-EE stances. Heath launched a nationalist, in another sense, attack on the sectionalism of the unions with his appeals to the 'great trade union of the nation' and his attack on the unions as 'holding the nation to ransom'. The apparent incompatibility between traditional conservatism and neo-liberalism was overcome by their common opposition to collectivism. For liberals, social democratic institutions and ideas - the state and bureaucratic collective provision - threaten the freedom of the individual while for conservatives the power-sharing corporatism and permissiveness of the social democratic society erode authority and the old social order.

Again the point here has to be that these traditional Tory ideas were not new. They were traditional. Mrs Thatcher certainly propounded them with a new moralistic zeal, out done by no-one except Mary Whitehouse, born-again bible bashers and Ronald Reagan. But it was not the stuff of a new resolute ideology. What Mrs Thatcher did was to put some new breath into old ideas in a context when it was pragmatically opportune to do so. She no doubt believed in what she said but 'victorian values' made less and less appearances in her public utterances after she had achieved power.

Ideology and the Hegemonic Project

For Hall, Thatcherism arose as a response to the crisis of social democracy which it offered not to fix but to finish. Thatcherism is intended, as James Callaghan put it apoplectically at the time, 'to tear the fabric of British society up by the roots’. For Hall Thatcherism ideologically exploited the contradictions of social democracy and attempted to establish an alternative 'authoritarian populist' 'hegemonic project'. The left, meanwhile, was unable to comprehend the crisis or the true nature of the right's response and found itself with no strategy appropriate to the new times it was living under.

In his analysis of Thatcherism, Hall appropriates Antonio Gramsci’s concepts of 'organic crisis' and 'hegemonic project' while doing some reconstructive work Nicos Poulantzas' 'authoritarian statism' to come up with the different but related 'authoritarian populism’. A conjunctural crisis occurs where contradictions are arise which political forces are able to overcome within the existing structures.

Organic crises and struggles are not defensive in this manner but are formative. They are aimed not at dealing with the crises of existing structures within their limits and in order to preserve them, but aim to overcome crises by transcending the bounds within which they are constituted. Thatcherism, for Hall, involved not a conjunctural attempt to paper up the existing settlement, but a deep & organic reconstruction of a new settlement freed from the old structures. For Hall the organic politics of Thatcherism constituted a hegemonic project.

A hegemonic project does not emerge but is made, is not a reaction but a response. Thatcherism was not an automatic product or reflection of the crisis of social democracy but one of several possible responses. The political concomitant of the crisis was not pre-determined but was a relatively open and contingent thing which had to be consciously constructed and negotiated. Hall insists upon this fact as part of his theoretical project of anti-economism. For Hall the left has economised everything away and it is necessary to 'bend the twig', to swim against the current of economic reductionism in order to stem or even reverse the tide, to establish the principle that politics and ideology are constitutive and not unilaterally or comprehensively economically determined.

The theoretical insistence on some degree of autonomy for politics and ideology is vital for his analysis of Thatcherism because much of his contention is that a major aspect of the authoritarian populist project was to ideologically establish a new settlement against the old on the basis of popular dissatisfactions and the use of authoritarian political power. Hall sees Thatcherism as a political and ideological project to construct a new settlement which, without some level of autonomy and efficacy for politics and ideology, it would be impossible to conceive. Furthermore it means that the ability of the right to control the political field was not pre-determined. There may have been no attempt to break out of the old settlement had Mrs Thatcher not been around, had she not, stumbled her way into the leadership, had there been no intellectual framework within which the new project could have been formulated, or had the right simply lacked the skills to exploit the situation at the time. The political initiative was not the automatic property of any part of the political spectrum. The left could just as easily have become the bearer of a new orthodoxy. More importantly, it still could.

For Hall the increasing limitations of social democracy provided the springboard for the 'Thatcherite project'. They provided the material bases of popular discontent to which Thatcherism spoke and which served to disorganise the left. For Hall one contradiction of social democracy exploited by Thatcherism is that while on one hand the Labour Party constitutes itself as the principal representative of the working class in government, on the other it is committed to managing capitalism for which it must win support from capital and limit the demands of the working class. There is a contradiction for Labourism between representing the sectional interests of the working class on one hand and securing the health of British capitalism and the general or national interest on the other. Ultimately Labour has always settled for the healthy survival of capital in the name of the national interest and has attempted to discipline and subordinate working class interests to that project. This allows Labour to be identified by its right-wing enemies as a party whose sectional basis is incompatible with the general interest, and by its working class constituency as a party of state discipline and coercion. Both national interest and anti-statism can be invoked against social democracy.

The Thatcherite ideology of anti-statism gave a public resonance to economic liberalism. It translated economic doctrine into the language of experience, theoretical ideology into a populist idiom. It was able to do so because it spoke to peoples' experiences of social democratic statism and collectivism. Here Hall brings his Althusserian-influenced commitment to the materiality of ideology, as real lived material practice rather than simply illusory ideal false consciousness, to bear on the phenomenon of populism. Anti-statism is not invented out of thin air, but is an articulation of real material experience. It does not involve the instilling of new thoughts into the populace through ideological didactics, but the discursive reconstruction, within a right-wing problematic, of a rational core of experience. Anti-statism is not an external doctrine imbued into blank recipients, but echoes and jells with their lived reality. For Hall, Thatcherite ideology was populist because it resonated with a rational core of material experience.

Hall argues that social democracy has indeed been a statist phenomenon. Labour has been concerned to use the state to reform conditions for people within the limits of capital accumulation, but not to give power to them. The social democratic state is paternalistic rather than democratic, it provides rather than liberates. Thatcherite ideology touched a deep populist aspiration to be free from state discipline, from bureaucratic imposition and real aspirations in a rightward fashion posing the alternative as the individual liberty of *laissez-faire*. It was a populist ideological strategy articulating popularly experienced dissatisfaction with statism into a rightward discourse of individualism, privatisation and the free market.

Authoritarian populism took up the statism of the declining years of the social democratic settlement and attempted to curb contrary trends towards greater permissiveness and the increasing influence of sectional interests in society by a shift in the balance of power back to state authority. Mrs Thatcher wished to counter the erosion of the state's authority as a result of corporatism and the growing power of plural interests in society, such as the unions and local government. She was committed to moral leadership in the place of the consensus of the social democratic years. But, while authoritarian, Thatcherism was also populist in that the accumulation of state authority was based on the exploitation of real popular fears and anxieties.

Authoritarian populism was a hegemonic project. A hegemonic project is, according to Hall's reading of Gramsci,

> 'the struggle to contest and dis-organise an existing political formation; the taking of the "leading position" (on however a minority basis) over a number of different spheres of society at once - economy, civil society, intellectual and moral life, culture, the conduct of a wide and differentiated type of struggle; the winning of a strategic measure of popular consent; and, thus, the securing of a social authority sufficiently deep to conform society into a new historical project'.

A hegemonic project is concerned not with posing policy solutions within the existing parameters but with wrenching up and moving those parameters, with establishing a new mode of authority and regulation rather than with restructuring within the old one.

Hall is particularly keen to establish the hegemonic project as a process and not a finished state. He argues that Thatcherism was not hegemonic, it was a hegemonic project. But he does believe that the populist became popular.

> 'Ideologically, though it has certainly not totally won the hearts and minds of the majority of ordinary people... Certain ways of thinking, feeling and calculating characteristic of Thatcherism have entered as a material force into the daily lives of ordinary people'.

And elsewhere, Thatcherism's,

> 'ideological penetration into society is very profound. It has shifted the parameters of common sense. It has pioneered a considerable swing towards authoritarian populism and reactionary ideas'.

For Hall this was the beginning of a project whose ultimate aim was to transform practical ideologies. These are commonsense ideologies which make life popularly intelligible and within which we materially organise our actions and make sense of them, That these ideas are so inextricably bound up with our actions is what makes them material rather than merely ideal.

Hall argues that ideologies do not have any fixed meaning or belonging. Ideologies can be deconstructed and reconstructed into a new political meaning. They do not have a fixed ascription to any class or political force. Discourses can be rewritten where one element is able to condense elements of other discourses into

its own logic, re-defining other discursive elements in its own image. Also discourses do not belong to classes, but to ideological struggle, as negotiable rather than inscribed. Ideological struggle as a reconstructive rather than an inventive process is about disarticulating discourses from their previous moorings and rearticulating them within a new ideological framework. In other words both the meaning and belonging of a discourse are negotiable. Perhaps the most notable feature of Thatcherism's ideological battle was to re-articulate concepts such as freedom and democracy for the right. Difficult as it is to believe now, it was not so long ago that the left had a near monopoly on these ideas.

The Crisis of The Left

For Hall, Thatcherism was both based on, and a source of, the crisis of the left. The crisis of social democracy was the soil on which Thatcherism was able to formulate its organic alternative, while the left meanwhile failed to comprehend the nature of Thatcherism and the extent of the changing structures out of which it had risen and was unable, as such, to offer a credible alternative.

Hall is highly critical of the lack of analysis and strategy on the left adequate to the new economic, social and political times. For Hall the left carries a ragbag of analyses, out of date and inappropriate, of which perhaps the most crippling element is its economism, The left has remained a movement of savers-and keepers of conscience, more concerned with affirmation of the faith than positive realistic thinking. Its statist and classist politics have been dislocated by the legacies of Stalinism and social democracy, by economic and social transformation, by Thatcherism and by the new social movements. The politics of the left have been undermined by widespread organic transformations to which it has failed to respond, living under the old organic conditions rather than hegemonically 'attending' to the new ones. In this context the left has kept hope on the basis of economistic automatist assumptions of the inevitability and eventuality of success, failing to formulate the putatively necessary transformed political constitutive work for such an end.

The left is economistic in many of its variants. It believes that its future is safeguarded by the material circumstances of the working which automatically lend themselves to pro-socialist politics. For this reason it is not necessary for the left to engage in hegemonic or populist, ideological struggle at all but simply to electorally mobilise its already guaranteed support. For Hall this misconception is problematic for both post-Marxist and post-modern reasons.

In the post-Marxist sense it is problematic because economic circumstances do not have a guaranteed political effect. In the post-modern sense Labour's economic base is, anyway, being disaggregated as a result of recent economic and social transformations. Labour needs to pursue an ideologically hegemonic strategy because socialist political constituencies will not arise spontaneously out of particular economic circumstances but need to be ideologically constituted, and because Labour has no solid relations to the new economic and social structures and identities and needs to establish them. Commenting on this dual-pronged problem with the left's attitudes towards its social bases of support, Hall says,

> 'it was difficult enough when, against the classic predictions, this class failed to realise its historically appointed role.... But what we face now is not merely the failure of a certain revolutionary scenario to unfold but the actual recomposition of class itself'.

The left has abandoned ‘moral-social leadership' and 'has no conception of the educative and normative function of parties ... in order to constitute a popular bloc' because of its economistic assumptions. Where it does do ideological campaigning work the left reduces this to electoralist rather than hegemonic ends. It is hostile to extra-parliamentary self-activation and to the use of the ‘capitalist' media for ideological purposes, and is disabled by the lack of any intellectual presence in the party. Thatcherism on the other hand was devoid of economistic assumptions and used all available means of ideological struggle to translate the immediate experiences of sections of the population into a right-wing popular morality. With an automatist rather than an autonomist conception of politics and ideology the left does not attempt to establish an ideological project but merely panders to the interests of its social base.

Not only is the left hindered by its economism but also by a failure to comprehend the extent to which Thatcherism shifted the terms of political debate. According to Hall, Thatcherism shifted the parameters of common sense and penetrated the hearts minds of large sections of the population. The right defined the political situation in a new discourse of the market, freedom and individualism, liberating us from the oppressive bureaucracy of the state and collectivism. The left, however, has failed to provide an alternative, instead battling on defensively on the old discredited political ideas and institutions.

For Hall 'the real movement of history' has brought in economic, social and political phenomena for which the traditional politics of the labour movement are inappropriate. The economistic left has failed to develop new ideas relevant to the new structures and identities. It has failed to pose political programmes which engage with changed conditions, instead sticking to old anachronistic political nostrums. For Hall the left is calling on historical agents who are not there anymore, advocating ideas and institutions which have proved inadequate and oppressive, and proposing programmes which do not relate to the new conditions.

An Ideological Revolution?

As we have seen in the first part of this chapter neo-liberal ideas cannot form a basis for the rethinking of socialism because they are run through with too many basic philosophical flaws. As we shall see in chapter four, some strands of revisionist socialism have too eagerly taken or board neo-liberal ideas complete with all of their problems. But the intrinsic problems of neo-liberalism aside, the evidence that neo-liberal ideas have made a substantial impact on the electorate such that the left, like it or not, must accomodate itself to them, is far from evident. Hall's analysis of the ideological impact of Thatcherism is theoretically and empirically flawed. Let me look at the theoretical problems first.

One problem with Hall's ideology-analysis of Thatcherism is simply that it is limited. His analysis of Thatcherism and the crisis of the left focuses primarily on the ideological aspects. This is both the great strength of his analysis and its weakness. It is a strength because it makes penetrating insights into Thatcherite ideology and provokes and stimulates attention to an area of analysis often ignored on the left or analysed in a reductionist manner. But his narrow focus on ideology means that he is unable to achieve the breadth of analysis necessary to explain the significance and success of Thatcherism or assess the crisis and possible renewal of the left. Contrary to the broad explanatory power his analysis sometimes appears to have, or is given by its critics and admirers, it can only make a partial contribution to such an explanation, but cannot make the explanation itself.

This denies a breadth of achievement that Hall himself does not aspire to. He argues that 'Thatcherism is not only an ideological phenomenon' and that

> ‘”Authoritarian populism” has never been intended, could not possibly have been intended, and - I would claim - has never been used in my work, to produce a general explanation of Thatcherism ... it deliberately and self-consciously foregrounds the political-ideological dimension. Thatcherism, however, is a multi-faceted historical phenomena, which it would be ludicrous to assume could be "explained" along one dimension of analysis only’.

It would be wrong to mistake his 'more delmited project, for a 'more ambitious one. Until, he argues, 'other dimensions are in place alongside the concept of AP, the analysis of Thatcherism renains partial and incomplete'. He argues that he has focused on this delimited area because this is where his greatest competence lies, and because it is an area which has been marginalised or reductiveiy treated in left analyses. It is necessary to 'bend the twig' back towards ideology analysis to fill the vacuum in analyses of Thatcherism, and more generally, to provoke greater and less reductive analyses of ideology on the left. Hall's analysis is a fair and justifiable strategy to restore the balance and does not seek to reduce Thatcherism to ideology but only to restrict analysis to that aspect of it.

Nevertheless, many commentators do effectively reduce the success of Thatcherism and the crisis of the left to ideology through the exclusive attention given to ideological explanations and the dismissal of wider contextualisations as economistic, classist, fundamentalist or reductionist. This is not least the case for people who contribute regularly to *Marxism Today*. It is of little meaning to play lip-service in the abstract to ideological explanations as only partial if all other explanations are effectively dismissed as unreconstructed or redundant. For many ideological struggle is effectively seen as the strategy for renewal. Some observers argue that the future of the left must be secured by the articulation of a political language which can interpellate or constitute a subject or agency for socialism. The present language of the left is seen as inappropriate to present post-modern sensibilities, and Thatcherism is seen as having monopolised the use of political language.

The ideology analysis of Thatcherism is not only fragmentary but also faillible. The political success of Thatcherism is sometimes explained in terms of skillful ideological struggle when it would be better explained according to, say, analyses of economic interest or structural, institutional or political relations. Much of the success of Thatcherism was, for instance based on the material and economic benefits it delivered to the key two-thirds of society rather than as a result of ideological conversion. As we have also seen, the shift to the right in Britain needs to be at least partly explained by international economic pressures rather than ideological conviction. In addition Mrs Thatcher was able to win elections on small votesbecause of Britain's archaic electoral system, because of feeble opposition and because of some opportunely timed moments of good fortune, not as a result of successful ideological persuasion.

While Hall does- not wish to reduce the success of Thatcherism to ideology nor claim that it has actually established hegemony, he does over-emphasise the degree of success that Thatcherism had in popularising neo-liberal or Thatcherite values. Thatcherism, in his opinion, succeeded in shifting the domestic political and ideological hemisphere to the right and found a place in the 'hearts and minds' of many sections of the population.

> 'As an organic ideological force "Thatcherism" has played ... a formative role, articulating the field of popular ideologies sharply to the right. Some of the keys to this success lie in its wide appeal and "common touch"... its proven capacity to penetrate the traditional formations of sections of the working class and petty bourgeoisie'.

And elsewhere, Thatcherism's,

> 'ideological penetration into society is very profound. It has shifted the parameters of common sense. It has pioneered a considerable swing towards authoritarian populism and reactionary ideas ... It's success is partly the result of the right... taking ideas seriously'.

In my view neither the extent of ideological change nor the fact that, insofar as such charge has occurred, it is the result of ideological struggle, are clear. To the extent that there were ideological shifts under Mrs Thatcher, perhaps some greater legitimacy for instrumental self-interest and privatism, these are, I have argued, just as likely to have been the result of the government's economic and social policies, the increase in opportunities for owner- occupation for instance, as the result of a concerted ideological campaign.

But, more importantly, the extent of ideological change is doubtful. An approach which analyses rather than assumes the effectivity of ideology is likely to show this to be the case. Hall analyses ideology rather unsociologically and with a typically structuralist bias in that he hypothesises the effectivity of Thatcherite discourse in abstraction from the social relations of its reception, and this inhibits him from establishing to what extent it really had an impact. In place of an analysis of reception Hall assumes the efficacy of an ideology from an analysis of its textual content. Because Thatcherite ideology was populist he assumes it was popular. But however well-crafted Thatcherism was as a hegemonic ideological project this tells us

nothing, about its repercussions. The real significance of the language of Thatcherism was not in its form or content but in its effect on the ground.

One consequence of a failure to analyse the effect of Thatcherite discourse is that it makes it difficult to specify its differential or uneven effectivity and, thus, to identify potential sites where receptivity to Thatcherite ideas was low and opportunities for opposition potentially greater. The lack of a differentiating, sociological and empirical analysis of the reception of Thatcherite ideology makes it difficult for Hall to pick out the differential effectivity of specific elements of Thatcherite discourse itself, or to identify its differential reception in different sections of its audience. It is not surprising that Hall admits a Gramscian Pessimism of the intellect' when he sees Thatcherism as so ideologically powerful and implicitly attributes to it such blanket effectivity.

One source of Hall's exaggeration of the popularity of Thatcherite values is his antipathy to empirical data. This Hall sweeps away as 'the idiotic psephology which passes for political analysis these days'. He argues that,

> 'The question of Thatcher and "the popular"... cannot be immediately reread... in terms of votes or public opinion polls... That Thatcherism is in any sense "popular" or has made any inroads into popular consciousness is, of course, an idea which is often resisted... The question cannot be settled by simply "looking at the facts", in the end it is a matter of political analysis and judgment'.

Now, opinion polls have more than their fair share of methodological problems. There is not space to go into them here, but suffice it to say that they exist. But the polls on Thatcherite values have all consistently shown a similar phenomenon, that such values have by no stretch of the imagination been widely accepted by the British public. The consistency of the findings of the polls must cast doubts on Hall's theory of Thatcherism.

Hall's attitude on this question is breathtaking. He gives no justification for rejecting attitudinal or psephological evidence, the vast majority of which contradicts his assertions. He does not make it clear what he means by his 'political analysis and judgment', nor why it is superior. His own method seems to be the assumption of the effectivity of Thatcherite ideology from the skill and craft with which it is propounded, or according to his own personal experience or hunches. But as Cu-ran (1985) argues 'a wealth of empirical data about public attitudes is a more reliable guide than one man's judgment, however insightful and eloquent'. Furthermore despite his dismissive attitude towards psephological data Hall sometimes uses such evidence to support his own arguments.

The fact is that most of the empirical evidence contradicts the idea that Thatcherism had a profound ideological effect on the British public. Evidence cited by Sarlvik and Crewe (1983) seems to suggest that traditional and neo-liberal conservatism were, in fact, more popular in the pre-Thatcherite '70s than in the '8Os. A significant minority, but a minority nonetheless, were quite right-wing on issues such as sexuality, immigration, tax cuts and the welfare state in the late '70s. This might explain in part why the Conservatives were successful in 1979, although the main reason was Labour's failure in office. It also supports Hall's prophetic yet underestimated description and assessment of Thatcherism at that time. Hall's refusal to countenance opinion poll findings after these early days perhaps points to his reluctance to let go of an analysis which was penetrating and neglected at the time, but which since declined in relevance.

Social democratic ideas outwon those of the new right under Mrs Thatcher, Furthermore new right ideas actually became less popular under her than they were before. The 1987 British Social Attitudes survey showed 3% supporting less spending on health, education and social benefits accompanied by tax cuts while 50% supported higher taxes and greater spending. Meanwhile more and more people supported increased spending over tax cuts since Mrs Thatcher's election in 1979. In 1979 voters were equally committed to the two, but by 1987 those committed to better services were six tines as many as those

favouring tax cuts. In 1984 given the choice of guaranteed employment and standards of living or opportunities for getting on 55% preferred the former, even higher than in 1945 the year of the election of the welfare state government under Attlee. 30% preferred the latter. In 1979 54% favoured more industrial democracy, in 1986 the figure was 80%. Under Mrs Thatcher a consistent 80% have favoured more spending on poverty, while a majority have continued to support a greater redistribution of wealth and income.

Social democracy has fared better than neo-liberalism on economic as well as social issues. On the neo-liberal flagship issues of privatisation and popular capitalism 72% opposed the sale of shares in water and electricity in 1987, while only 28% favoured further privatization in 1986. Under Mrs Thatcher 90% have continued to favour Keynesian, economic strategies for job creation. In 1983 60% favoured a corporatist approach to economic management. In 1987 it was up to 69%. In 1987 more people showed a preference for investment over benefits for shareholders and managers, 52% for the former over 3% for the latter.

If you move from neo-liberal to more traditionally conservative ideas the story is not all that different. In 1976 laziness was seen as the cause of poverty by 50%, while this had halved by 1983. The numbers expressing conservative attitudes on benefits, modern teaching methods, capital punishment, sex and nudity in films, abortion and respect for authority had all declined by between 33% and 4% between 1979 and 1987.

The theoretical fact is that people do not make their electoral choice on the basis of conversion to a particular ideological outlook. Certainly party image rather than policy detail is the key point. But people are most influenced by their judgments of which party is likely to deliver material benefits to them and the perceived economic competence of a party is above all the single most important factor in elections. This explains why so many people were willing to vote for Mrs Thatcher in 1983 and 1987 even when they saw Labour as the best party on the issues which were, in their opinion, the most important for the country - employment, the health service and the welfare state. Peoples' pockets rather than their hearts or their heads govern their behaviour in the polling booth.

This suggests that the key factor which can make Labour electorally credible in the future is a viable and convincing economic strategy. The political conditions for implementing such a strategy - broad support within and beyond parliament encompassing a range of parties and interests - are, as Hirst (1989) suggests, as important as the technical detail of the strategy itself. Leadership is important but the pursuit of ideological hegemony from above is an undemocratic and insensitive way of building support. Support for an economic strategy needs to be built with the democratic and co-operative participation of the widest possible range of interests. This can be accomplished through a different political style which looks for co operation between parties and interests in the place of old-style adversarial politics and exclusive single-party rule. It requires an approach which takes more seriously the possibility of building partnerships and co-operative relationships with the broad range of interests in society, including with private enterprise.

Given Labour's demise in 1979 as a party seen to be subjugated to the every whim of the unions, it is important that co-operation and partnership is, and is seen to be, more widely inclusive, incorporating also private business, consumers, environmental interests, local communities and perhaps even other political parties, to give just some examples. An economic strategy must be seen to be one that is in the collective interest rather than biased towards the interests of one particular group. Labour is identified with collectivism and the Tories with individualism and, apart from anything else, it would be a tactical misjudgment for Labour to abandon areas where it is strong and take on the Tories on a theme for which they have long been the natural political representative. Labour would be best advised to stick to their strength on collectivism, But, for collectivism to convince, a new inclusive political style is required, which is consistent in its collectivism and geared towards co-operation and power-sharing in politics rather than towards adversarial politics and exclusive rule. It requires the institutionalisation of more inclusive and co-operative forms of negotiation in the economy and the polity.

The empirical evidence somewhat contradicts the idea of the a popularity of Thatcherite values. If anything neo-liberal and traditionally conservative values were more popular before Mrs Thatcher came to power and went into decline since. Hall's early analyses of Thatcherism provided a good explanation of Mrs Thatcher's powerfully populist ideological attunedness to the mood of the late '70s. But a continuing adherence to this position distracted attention from the real basis of her electoral success throughout the 1980s. Most importantly in this context, it exaggerated the extent to which the left needs to accomodate to Thatcherite values in the rethinking of socialism in order to mobilise popular support. The evidence is that it is the new socialists of the market, individualism and consumerism who are out of touch with popular concerns and the traditional social democrats who are moving with the times.

A Revolution in Society?

But if Thatcherite values were not all that popular in the 1980s how did Mrs Thatcher manage to stay in power for so long? Another set of explanations focus on changes in social structure and in the political allegiances of different social groups, These explanations are very popular with psephologists and sociologists. But, as we shall see, they are just as flawed as Hall's ideological explanation of the electoral success of Thatcherism.

There are two distinct explanations of Mrs Thatcher's electoral suscess which focus on social structure. One is that the social structure is changing and that the social groups who have traditionally supported Labour are declining in size while those who are more Conservative-inclined are growing. The other is that some social groups are losing their partisan commitment to Labour and are more and more susceptible to voting for other parties. The first explanation is more structural, the second more cultural. Both are rather pessimistic and make the situation look very bad for Labour.

The structural explanation sees Conservative sympathising groups, such as the white-collar salariat, shareholders, owner-occupiers and the southern skilled working class as growing in size while traditional Labour groups, such as manual workers, council tenants, and union members, have been in decline. This argument has been put forward by many, including writers like Andre Gorz (1982) and Erlc Hobsbawm (1981) who have been prominently associated with working class politics and the labour movement. The problem with this explanation is not so much its sociological accuracy. These changes are happening and, while they can be exaggerated and inflated by comparison with a false idea of how straightforward the situation was in the past, they do involve quite dramatic transformations in Britain's occupational and social structure.

But one problem is that these structural explanations tend to focus only on social changes which are likely to have benefited the Conservatives and to overlook those which will have benefited Labour - the growth in public sector employment, the simultaneous decline in the pay and conditions of workers in this sector and the rise in unemployment, for example. Another problem is that many of those in the expanding Conservative groups are assumed to be new converts whereas in fact they were very possibly already Conservative. Working class people who buy their own homes, for instance, tend to come from that section of the working class that was already Tory.

Meanwhile psephologists like Anthony Heath, and his colleagues (1983) have calculated that structural change can only account for part of Labour's loss of vote. Heath and McDonald (1987) estimate that Of Labour's total decline in support by 13% between 1964 and 1987 only 5% of this can be attributed to social change. Therefore, while social change was obviously significant, there must also be other explanations. Furthermore Goran Therborn (1984) has pointed out that in many other countries with comparable industrial and social structures to Britain's similar changes have not been accompanied by moves to the right. In fact in some cases it is parties on the left whose fortunes have been good. This also would suggest that structural change may not have been such a significant basis for Mrs Thatcher's electoral success as is often supposed but that there may have been other contributing factors of equal or greater significance.

These findings imply that the main problem with the structural explanation is that it is based on flawed theoretical assumptions which reduce political change to its structural determinants. This assumption used to be used by the left to project the future of left parties as being guaranteed by the inevitable expansion in size, with the development of capitalism, of a naturally socialist working class. At the end of the I9th century Karl Kautsky (1971) provided a classic statement of this thesis, although by no means the only one, and Eduard Bernstein (1899) a critique of it. It is interesting to see the left swiftly rejecting orthodox Marxist economic determinism just when it begins to count against its own political future. As socialists have begun to realise in such a context, the factors which influence political attitudes and voting behaviour are much more complex than this.

Although politicians exaggerate their own influence, it would be silly to pretend that what parties do does not also play a role. While the extent to which the Conservatives have themselves mobilised support by their own actions is debatable, it is plain to see that Labour's incompetence in opposition has been a major factor in their decline and Mrs Thatcher's hold on power. People vote according to how they perceive parties to serve their interests. How a person perceives the parties depends in part on their own social identity but also on the behaviour of the parties. How they perceive their own interests is also influenced by their social position, but this position is defined by a range of often conflicting identities. Manual workers may be owner-occupiers, owner-occupiers may live in the north or have children who are unemployed. People are black or white, men or women, gay or straight as well as middle or working class. Furthermore people are nowadays less influenced by their social status in society and more by instrumental calculations about what parties can deliver for them - a phenomenon dubbed 'partisan dealignment' by analysts like Sarlvik and Crewe (1983). In this context what parties do is as important in moulding political preferences as are peoples' social identities and Labour’s failure to provide a convincing economic policy image has been a serious factor in their electoral decline here.

The other sociological explanation of Mrs Thatcher's continuing grip on power takes up this theme and rejects the sociological determinism of the structural change explanation although paradoxically it is often argued by those who have proposed it. This explanation, put by writers like Sarlvik and Crewe (1983), Hobsbawm (1981), Lukes (1984) and Dunleavy (1980), points to the changing political allegiances of social groups, All social groups and classes support specific parties less and less automatically now according to their class background. Class has become a less important factor in peoples' sense of identity and a less important factor in determining their electoral behaviour. Some argue that increasing affluence has broken up the working class' proletarian consciousness, others that new sectoral cleavages, in particular home ownership, have become more important influences on peoples' political allegiances than class. Others point to the rising importance of privatism and consumption as factors in establishing peoples' identity over occupational status. And others point to the rising phenomenon of instrumentalism over class solidarity in political attitudes.

The debate on this question has been heated and over-polarised, partly because it coincides with a political debate within and beyond the left which has been conducted at psephological and theoretical levels about the extent to which class politics is still relevant or not. People like Ivor Crewe (1985) have been unable to see through their rage in order to accurately interpret the arguments of others like Heath et al (1983 and 1987). The work of people like Heath and his colleagues and Marshall et a! (1988) is heavily charged with prior political commitments. All the actors seem more concerned with provoking conflicts and inflicting the maximum injury than with clarifying many areas of common agreement.

Nevertheless the evidence seems to be that there has been some overall or absolute partisan dealignment of class from voting. The class politics advocates accept this. People from all classes are less likely to vote along the normal class-party lines and now make less automatic and more instrumentally calculating decisions now about voting. What the parties do now seems to play a more important part in peoples' voting decisions and the influence of peoples' social background has correspondingly decreased in significance. All of this probably resulted at least in part from social changes analysed by sociologists like John Goldthorpe (1980) and Anthony Heath (1981) involving greater social intermixing and higher rates of absolute social mobility.

But this does not provide a sociological explanation of why Mrs Thatcher should have gained and Labour lost, because, as Heath et al (1983) are keen to point out, this decline in class voting is absolute and general. In other words it effects traditionally Tory middle-class groups as well as traditionally Labour working class groups. As Marshall et al (1988) demonstrate there is evidence to suggest that class is still an important source of social identity in Britain and that working class Labour identification is still strong and has declined no more than other classes' political allegiances. Labour's electoral decline has not been confined to the working class but has been general across all sectors of the population. What this suggests is that class cannot explain Labour's decline and Mrs Thatcher's electoral, success. There must be another explanation.

A Political Explanation

Mrs Thatcher's ideological skills and social and cultural change may have played some part in her success and in the electoral decline of the Labour Party. But the key factors are political. The British electoral system allowed Mrs Thatcher to govern on a minority of votes, the opposition has been divided and its strategy has been feeble and misjudged. The British first-past-the-post system allowed Mrs Thatcher to govern alone with only around 40% of the vote. Despite the fact that there was an anti-Thatcher majority she remained in power. In no other Western European democracy would she have been able to do this. All the other European democracies, including the emergent democracies in Eastern Europe, reject first-past-the-post in favour of proportional representation under which it is impossible to govern alone on a minority vote.

Meanwhile the anti-Thatcher opposition remained divided despite together commanding greater electoral support than the government. Rather than combining their support in common strategies to oust Mrs Thatcher, whether involving collaborative campaigning, united support for commonly agreed alternative policies or even electoral pacts, they continued to provide an uncoordinated and infighting opposition, dividing their vote in the constituencies. Labour has clung on to the idea of single party government, bound by habit and a majoritarian and adversarial political culture, deluding itself that it has been in a position
to achieve it. For good or ill it has been unwilling to collaborate orqanisationally or programmatically with the centre under pressure from its membership and sponsors not to settle for anything less than an exclusive single party-centered approach.

Finally, Labour's opposition was appalling. Labour failed to project an image, particularly on its economic competence, as a credible and viable alternative to Thatcherism. It elected a leader, Michael Foot, who, while very likeable and a man of great integrity, was not cut out to be a leader. For a long time the opposition were feeble in the Commons, even under the new oratorical leader Neil Kinnock, and they took a long time to break out of a long held socialist antipathy to using up-to-date media and marketing techniques. Labour for quite some time did not take Thatcherism seriously. They believed that Mrs Thatcher was impossibly right-wing and would never last for more than one term and that it was simply a matter of time before Labour could come back and pick up where they had left off. No-one listened to Stuart Hall when it mattered and they took him seriously when it was too late and his analysis no longer held. Labour was inward-looking and consistently failed to build up an alternative programme which could credibly challenge that of the Conservatives, especially on the matter of economic strategy, Labour's biggest handicap in opposition

The stark reality of the political factors which kept Mrs Thatcher in power, and Labour out, reveals the poverty of the ideological and sociological explanations of the electoral success of Thatcherism. Mrs Thatcher stayed in power and Labour was kept out not because of the ideological power of Thatcherism or because of profound social and political change but because of the lack of a competent political alternative. Thatcherism was not a coherent ideological phenomenon. Mrs Thatcher stumbled into the leadership and then into power as much by default as design and on the basis of Labour's failure in office rather than as the consequence of a grand scheme of ideological takeover. There was as much opportunism and pragmatism in her politics as doctrine, although there was plenty of the latter. The country was not convinced by neo-liberalism. Nor was her electoral success guaranteed by a new social order in society.

Above all, Mrs Thatcher was blessed by a political system that allowed her to rule alone on a small vote and an opposition that was bent on governing alone but too inept to do so, none of which could have better suited her favoured authoritarian political approach and her continued hold on power.

What Labour needs in order to return to power is a viable and credible economic strategy because it is on the credibility of a party to deliver economic prosperity, above all else, that its electoral fortunes are decided. And while this is not always necessarily a desirable approach to take, Labour may find that on this occasion its chances of electoral and economic success lie in collaborations with other parties - a common front on campaigning or selected policy deals, for instance, not necessarily an electoral pact. A concession on political reform would probably be the best basis for getting support from other parties for a radical economic strategy. Once in power Labour would anyway want to reform political structures to ensure that no party could again govern so undemocratically as Mrs Thatcher did.

The failure of the ideological and sociological explanations of Mrs Thatcher's electoral success demonstrate the poverty of the basis on which revisionist socialist attempts to accomodate to putative ideological and social transformations have been founded. Individualist and market socialists have conceded more ground to neo-liberal ideas and the perceived self-interests of the affluent voter than was ever electorally necessary. A more liberal socialism is needed as is greater attention from socialists to the needs of the individual and the consumer, be s/he the shopper or the welfare benefits recipient, but for principled rather than electoral reasons. The flaws in the ideological and sociological explanations show how unnecessary is the extent of the accomodation to neo-liberalism being made by the individualist and market socialists. What is needed, rather, is a more adequate political approach involving a co-operative politics which builds collaborative relationships between parties and interests in society of a sort which could be more democratic, inclusive, pluralist, socially sensitive, more appropriate to a reformed political system and capable of supporting over time radical strategies to tackle the deep-seated and complex problems of modern societies carried out by strong and stable yet accountable governments.