RESTRUCTURING THE WELFARE STATE

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From Social Democracy to the Radical Right

For those of us who work within the health, education and social services, the magnitude of the changes that are being prepared by this radical right-wing Government are daily becoming clearer. Cuts in many services and benefits, and the increasing transfer of state resources from caring to controlling functions are a major assault on the post-war Welfare State. These cuts and other changes are causing widespread dismay amongst Welfare State workers; the consumers of the various public services affected are already beginning to feel their impact. For those on the left, the present situation is particularly poignant. We have been in the past deeply critical of the Welfare State, emphasising its deficiencies, its timid policies and the oppressive nature of much of its ideology and organisation. And now, as it is being restructured, apparently more fundamentally than ever before, we find ourselves defending it!

A decisive move to the Right is bound to create a crisis on the Left, a crisis demanding a re-examination of both theory and practice. In relation to the Welfare State there are a number of questions of theory and practice to be asked. Are the new, right-wing changes simply a continuation and extension of previous Labour government restructuring policies? Are they due mainly to economic factors, the international capitalist recession and the problem of the declining profitability of industry in Britain? Do they, on the other hand, also represent new right-wing political strategies aimed at creating a reactionary populist consensus about state welfare within the working class? What should the Left’s response be to such strategies?

This article can only begin to answer such questions. It will attempt
In Britain, the Labour Party and the trade union movement have been vital to the growth of education, which lays too great an emphasis on the needs of capitalism. The role of class struggle is also crucial to our understanding of the Welfare State. The role of class struggle around welfare institutions and policies might take in the 1980s.

**PROBLEMS OF EXPLANATION**

In explaining the welfare activities of a capitalist state, it is difficult to avoid over-simplification. On the one hand it is important to give full weight to the basic economic imperatives of the capitalist mode of production: the devising of new means of exploiting labour, the need for the continuous accumulation of capital and the necessity for maintaining profitability. If you look at the Welfare State from this standpoint, you will see its origins as lying fundamentally in the needs of capitalist exploitation. The Welfare State then is simply a particular form of exploitation appropriate to a specific stage in advanced capitalism: the production of the required quantity and quality of labour power through education, public housing, health and social services. The idea that the Welfare State is primarily an advance for the working class is, from this perspective, simply an 'illusion'.

On the other hand, it is important to avoid the rigid economic-determinism which is the danger of a perspective on the Welfare State which lays too great an emphasis on the needs of capitalism. The role of class struggle is also crucial to our understanding of the development of the Welfare State. In Britain, the Labour Party and the trade union movement have been vital to the growth of education, health and social services. A proper understanding of right-wing social policy must therefore be based on an appreciation of its specific political and ideological strategies directed to the working class, as well as on the economics of the recession.

In this article, I shall attempt to examine the restructuring of the Welfare State under social democracy and the radical Right with an analysis which accounts for both economic factors and class struggle, for they are indissolubly bound together.

Ultimately, separating too rigidly 'economic' from 'political' factors is mistaken, for the dynamics of the capitalist system, its need to accumulate and maintain profitability, is essentially one of the class struggle of the exploiters against the exploited. It is this struggle which fundamentally creates the 'economic' contradictions which governments, both social democratic and right-wing, must face. Restructuring welfare services is a major strategy of state economic intervention here, but I hope to show that the forms of restructuring are influenced in a most significant way by political and ideological factors.

**RESTRUCTURING UNDER SOCIAL DEMOCRACY**

For twenty-five years following the end of the Second World War, social democratic ideology was a ruling material force in Britain. Based upon a Keynesian commitment to growth and full employment, it reflected the remarkable and sustained buoyancy of capitalism during this period. Despite the underlying sickness of the British economy, its continuing relative decline and deepening contradictions, nevertheless it was possible upon such an economic base to push forward, alongside other Western European countries, a particular form of social management of capitalism — the Welfare State. It was a form for which the organised working class in Britain had, through social democratic politics, long struggled. The ideology which supported it, however, contained a fundamental contradiction. On the one hand, the Welfare State was to be committed to evening up the life chances of individuals and families in the pursuit of greater equality. On the other hand it was to be the foundation of the social reproduction of capitalist relations. Although the services which were developed in education, health, housing, and social security improved the living conditions of the working class as a whole, their fundamental purpose for the ruling class, unsurprisingly, was to provide, physically and ideologically, the labour power that was necessary for continuing capitalist profitability in an increasingly competitive international market.

That the origins of the post-war Welfare State lie in contradictions is evident in the history of all the major services. The Second World War demonstrated to the liberal bourgeoisie the value of a healthy, reasonably educated and secure working class. The Beveridge Plan and other social policies were formulated during the war and led to the establishment of a secondary education system, a social security and national insurance scheme, a National Health Service and other state welfare services. Although these services were clearly seen as functional to economic development in Britain, just as the plans for them had been seen earlier as important for war morale, they were not gained without working class struggle. Although there was at the point of the establishment of these services, a coincidence of interests between the working class and capital, nevertheless the ruling interests only conceded them grudgingly and in a manner which ensured that these interests remained dominant in the new services.


The contradictions between oppressive and (at least potentially) progressive elements in the National Health Service, in education and in social security can be traced to the balance of conflicting interests between capital and labour present in their development.

Thus two aspects of class struggle are evident in the Welfare State: at the overt political level, the struggle of the working class to secure material benefits for itself in the form of welfare services; underlying this, the continuing struggle by capital to ensure the reproduction of the necessary social relations through state intervention. The interaction between these twin struggles has produced contradictions in the Welfare State which, for social democratic ideology, is especially critical. For the Conservative Party, until the early 1970s, the role of the state as a manager of demand and a provider of welfare was, in practice, accepted as necessary for capitalist growth. Keynesianism and social democracy rule.

The End of the Post-War Growth

By the mid-1970s the post-war period of exceptional growth in state investment in welfare came gradually to an end. Under social democratic government, public expenditure cuts and other forms of restructuring were introduced which have had increasingly profound effects upon welfare services and have provided some of the ideological softening-up necessary for the draconian policies currently being developed by the radical Right.

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What are the origins of this restructuring under social democratic government? At one level we can say that restructuring is a response to problems of the economy. The primary purpose of state intervention in welfare is, we have suggested, to ensure the social reproduction necessary for continued class domination. The problem for the Welfare State, however, is that this intervention contradicts the necessity for full attention to be given to direct capital accumulation.\(^3\)

The tendency for the rate of profit to fall can be seen as a form of class struggle which requires capital, increasingly through state intervention, to continuously restructure its own relations of production, including state welfare activities. Public expenditure cuts thus become necessary because state financing reduces the amount available for accumulation and profits and this inevitably intensifies the crisis.

Cuts and transfers of state expenditure are also undertaken to ensure that such expenditure is as functional as possible for capital activities to aiding industry, and also redirected within welfare services. This latter restructuring has been shown\(^3\) to include attempts to adapt the labour force to meet the needs of capital more effectively (‘economically relevant’ education, changes in social security); to try, usually without much success, to improve methods of control over deviants (the development of ‘intermediate treatment’ and other forms of community control over delinquents); and to improve the ‘efficiency’ of state services (cutting ‘waste’, the development of corporate management in social government).

The foregoing analysis of public expenditure cuts and Welfare State restructuring might be seen as rather narrowly ‘economic’. Does it give enough account of the various and complex levels of class struggle involved in the restructuring of the Welfare State under social democratic management? Emphasis on transfers of expenditure aimed specifically at critical and problematic areas of social reproduction, such as education and deviance control, certainly identifies terrain upon which struggle is joined. But we must add here the more specifically political struggles at the local level which take place over restructuring. These struggles, centring as they often do around issues of housing, planning and public amenities, strike at the heart of the contradictions within social democratic ideology. The late 1960s produced a wealth of government reports on the necessity for ‘community participation’ and led to significant experiments, such as Community Development Projects. In practice, the unintended consequences of these experiments in the engineering of consent met deep resistance within social democratic political structures. Labour controlled local authorities proved to be amongst the most reactionary when faced with the growth of demands for direct democratic participation in local welfare policies. This resistance is all the more significant when we note how tokenistic, partial and ‘managed’ were some of these attempts at participation and community control: any challenge to the political structures of the local state often produced the utmost panic and defensiveness from Labour councillors.

Social Democracy and New Forms of Democracy

How are we to understand this deep resistance within social democratic politics to innovation in mechanisms of democratic control of the Welfare State? The answer lies in social democratic commitment to exclusive reliance on a particular political form: bourgeois parliamentary democracy. This commitment is connected to a deep belief in the neutrality of the state, an incorporation of the surface appearance of bourgeois political structures and a failure to acknowledge the class relations which are concealed by these structures. I am not suggesting that parliamentary forms are, from a Marxist perspective, unnecessary or redundant; rather, I would argue that they are as insufficient to meet the requirements of democratic control by the consumers of the Welfare State, as they are to meet the demands of workers’ control.

Battles over the development of new forms of democratic structure have been an important part of class struggle within the Welfare State because they involve conflict over crucial aspects of the process of the social reproduction of capitalist relations. The development of local community politics committed to an approach which connects up issues of housing, planning, local industry and social services\(^3\) See Holloway and Picciotto op cit ‘Introduction: Towards a Materialist Theory of the State’.

challenges that fragmentation of the political from the economic which is central to the ideological mystification required for effective and trouble-free social reproduction.

A further example of class struggle over restructuring under social democracy is worth noting here: the de-skilling and bureaucratization of Welfare State 'professional' employees. Alongside the state's search for efficiency and the introduction of corporate management techniques into welfare² has emerged signs that traditional liberal professionalism can no longer be relied upon to deliver state services with the degree of control, authority and loyalty which is required. This trend is most noticeable in local authority social services where job fragmentation and tight managerial control lead to the struggle to replace the semi-autonomy of professional judgement with the reliability of the state functionary. In the field of child care, for example, decisions on whether a family should be broken up are now frequently taken by senior management staff with no direct knowledge of the family itself. For the consumer of welfare provisions, the development of bureaucratization may lead to the experience of greater depersonalization in the services; for the employee it may be a step towards the proletarianization of work conditions. One of the effects of such restructuring of the work of Welfare State employees is to produce a contradiction parallel to that which occurs when capital reorganises labour as a result of the development of new forces of production: the growth of trade unionism and other material expressions of a growing consciousness of collective interests³.

Of course, the growth of 'white-collar' trade unionism within health, education and social services can lead to its own contradictions. Union militancy which does not succeed in winning the wider ideological battle for support within the working class can, given the powerful intervention of state-managed media, lead soon to defeat. The public service unions' battles during the last 'winter of discontent' were successfully used by the Right to reinforce reactionary ideologies within the working class itself.

ENTER THE RADICAL RIGHT

What can we now expect from Welfare State restructuring from the Right? The most economically-determinant answer would be that previous restructuring was a response to capitalist crises and that if the nature of these crises remains broadly the same, then the logic of the restructuring of the 1970s will be continued into the 1980s: the change from social democratic to right-wing conservative governments will be of marginal significance.

There are two points to make here. Firstly, we can acknowledge that crises in capitalist profitability will continue to present the state with contradictions between the demands of social reproduction and of capital accumulation and that therefore there will be some major contradictions which right-wing social policy faces.

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Right-wing Ideological Themes

Important as anti-statism is to right-wing social policy, there are other, deeper ideological elements which we can expect to see in material form in the policies of the 1980s.

⁶Hall. opcitppm-18.
material form in the policies of the 1980s. Primary among these is a profound contempt for welfare recipients, for the poor and the deprived, which has a long history in the English Poor Law. We can see it as including a strong commitment to an individual pathology model of social problems — blaming the victim — a model often acted upon in practice within social democracy too. But there is something more here, a strong whiff of longing for eugenic control of the lower orders. Keith Joseph, one of the radical Right’s intellectual leaders, was in an earlier Conservative government responsible for initiating social policy research into ‘the generational transmission of poverty’: the mixture of fear for the racial stock and frustration with the failures of the Welfare State emerges clearly in a 1974 statement:

‘...a high and rising proportion of children are being born to mothers least fitted to bring children into the world and to bring them up... They are producing problem children, the future unmarried mothers, delinquents, denizens of our borstals, sub-normal education establishments, prisons, hostels for drifters’.

This strand is right-wing ideology may grow with its bedfellow, racism, into a major onslaught on welfare recipients and ‘deviants’, especially if they are unsupported mothers or black youths. It is clear now that sections of the working class have been successfully incorporated into this strand of ideology: it can be used effectively in policies which combine welfare cuts with increased repression. The importance of anti-statism, racism and individual pathology ideologies is clear to see — they provide invaluable legitimation for the state’s management of the balance between social reproduction and capital accumulation. Apart from general cuts in provision, welfare services may be reduced selectively so that the ‘undeserving’ are punished, while the more directly repressive services can be increased in the interests of law and order. From this overall restructuring, increased attention can be given to enabling capital to engage in the more effective extraction of surplus value.

Contradictions facing the Radical Right
What are the limits and contradictions of these radical Right strategies? At one level, the fundamental problem which right-wing governments face, as do social democratic ones, is that there are, as we have seen, distinct limits imposed on state welfare intervention by the claims of capital on the surplus value which must be extracted if accumulation and profitability is to be continued. Although welfare expenditures are essential to social reproduction in advanced capitalism and perform vital economic and ideological functions, nevertheless they are not directly productive. The radical Right recognise this problem more clearly than does a Labour government which still harbours illusions that welfare can be further expanded and deepened without a direct assault on the capitalist mode of production itself. But to recognise a contradiction does not necessarily provide the Right with a more effective means of managing it.

When certain welfare expenditures are cut, the detrimental effects on private capital can be considerable. A reduction in public expenditure on the building of welfare institutions — residential establishments, hospitals, welfare centres — and of council housing, clearly affects the private building industry. Similarly, there are limits to which public expenditure on drugs in the National Health Service can be reduced, by restrictions and the levying of charges which reduce effective demand, without an adverse impact on the pharmaceutical industry. As Gough points out both the production and realisation of surplus value is necessary to capitalism. Cuts in state expenditure aimed at raising profits (the production of surplus value) may have the effect of reducing demand and employment and thus the realisation of surplus value by the selling of the goods produced.


The Working Class
Difficult though these economic problems are for a right-wing government committed to welfare cuts and transfers, the short-range effectiveness of its social policies will depend, as we have seen, on its ability in ideological management. It is here that the radical Right meets its most fundamental contradiction: the working class itself. No account of the development and failures of Welfare State policies is possible without a full recognition of the place of working-class struggle at every level. When it confronts the working class, the radical Right is faced with the necessity for fragmenting and disorganising the class in the interests of increased exploitation and repression. Specifically, the economic crisis, and the social policies which the Right develop in response to it, necessitate substantial increases in social control. The increase in unemployment, and the fragmentation and dislocation of social relationships which are part of the crisis, accompanies a reduction of supporting services in health, education and social security. Individual and collective ‘deviancy’, especially among the young, also grows, as does community action as a relatively unorganised form of working class politics.

This increase in deviancy and conflict demands not only increased expenditures on deviancy control — on police, prisons, probation, and certain aspects of social services — but also requires careful ideological work by the radical Right as the contradictions between ‘setting the people free from creeping socialism’ and the increase in state repression becomes daily more evident in working class lives. Here racism enters as a most valuable base for this ideological work. The increased demand for ever-deteriorating services, in child care, education and social security, can be set in a context of scapegoating immigrant and indigenous black populations.

The radical Right has been particularly successful recently in the ideological penetration and disorganisation of sections of the working class; it is here that the ideological level of the battle must be turned, and the initiative grasped by the Left.

THE WELFARE STATE AND THE LEFT
What forms of struggle by the working class and the Left might develop as the attempts to restructure the Welfare State proceed from the Right? The analysis that has been offered so far is obviously a limited one. A great deal of work needs to be undertaken by the Left on the common and differential elements in Welfare State restructuring by social democratic and right-wing governments respectively. Of particular importance at this juncture is a deeper understanding of the material basis of the acceptance by most of the working class of the state as neutral and the effect of this ideological penetration on responses to specific forms of restructuring.

Even though our analyses are limited, the outlines of some of the targets and processes of a Left strategy begin to emerge. A central
feature of such a strategy is, I believe, to be found in the demystification of the social democratic welfare state. Although we would dispute their attack on the German Communist Party (DKP) for its commitment to parliamentarianism as a platform for class struggle, Muller and Neususs\(^\text{12}\) have a strong, though over-determinist point to make when they remind us that social welfare legislation enacted by the bourgeois state has, in a familiar phrase, the effect of propagating the ideology of the ruling class as the ruling ideology of the working class. Again, in our belief in parliamentary politics as one form of class struggle over Welfare State restructuring we must not be blinded to its severe limitations. Holloway and Picciotto argue

\[\ldots\] simply to oppose state expenditure cuts without more ado implies a view of the state as being at least potentially beneficial to the working class rather than as a form of capitalist domination, a form impregnated through and through by its place in that system of domination\(^\text{13}\).

Now, the Communist Party and the Labour Left do believe that the state can be transformed to benefit the working class and that historically it has been, despite all the limitations, used with some success as an arena of class struggle in securing welfare provision for the working class. But nevertheless, the warning should be heeded. Certainly, the left must do more than simply oppose welfare cuts, for we have seen that restructuring involves much more than expenditure cutting and that transfers in expenditure and reorganisation in the interests of greater control are equally important.

\"The British working class has struggled hard for the provision of welfare but has done so without any concrete appreciation of the need for specific class policies and administrative forms\"\(^\text{14}\).

The Left must go beyond simply opposing welfare cuts and mobilising a broad alliance to that end, so much is clear; it must also beware of the domination of bourgeois political and organisational forms, of the excessive reverence for parliamentary representative systems at central and local level which, coupled with bureaucratic management structures, has characterised the social democratic Welfare State. If the Left is to be revolutionary rather than reformist, new democratic structures and new welfare ideologies must be developed and struggled for.

**Issues for the Left**

Let us indicate, then, some of the targets which the Left should be aiming for in developing working class struggle over Welfare State restructuring.

Clearly, the left should be immediately campaigning for a distinctively socialist programme of development involving substantial investment in a range of services. For example, the long history of under-financing in the national Health Service should be reversed, universal nursery and day care facilities provided, fundamental improvements to the school system undertaken and the private sector of education abolished. These and many other policies would push the contradictions in the Welfare State to a point where traditional, reformist social democratic politics could no longer hold. If, for example, all those entitled to social security benefits claimed their full rights, inadequate as they are, the system of social security would become unmanageable and collapse, its inherent contradictions becoming clearly evident.

But programmes which argue for more services, better staffed and financed, are not enough; we must attack the ideology and structure of the services themselves. We have acknowledged that the Welfare State is not benevolent and is increasingly not experienced as such by growing sections of the working class, especially by women, by the

\(^{12}\) Muller and Neususs, \textit{op cit.}

\(^{13}\) Holloway and Picciotto, \textit{op cit} p13.

\(^{14}\) P. Corrigan 'The Welfare State as an Arena of Class Struggle' \textit{Marxism Today} March 1977. p93.
unemployed, the young and the black population generally. This experience should be the material starting point of a confrontation, with the Right and with social democratic forces, over the oppressive ideology embedded in the policies and organisation of the Welfare State. This ideology, and it will be reinforced by restructuring from the Right, rests upon the separation of individual and personal suffering from economic and political structures. Its material form, opposed to class analysis, can be seen in individualistic policies towards ‘inadequate parents’ in the field of child care, in the purely symptomatic drug treatment of depressed women, and in the various education, social service and punitive responses to juvenile delinquency, truancy and ‘poor school performance’. All of these policies and practices rest upon an assumption that economic and political structures are irrelevant or marginal to the problems of poor parents, depressed women or delinquent and frustrated children. Marxism shows us that their ‘problems’ can only be appreciated as experienced within the social relations of the capitalist mode of production. This general understanding must be deepened and made more specific both among the recipients of the services and the Welfare State employees themselves. The growing militancy of Welfare State workers in response to restructuring and their increasing dissatisfaction with the ideology, policies and practices of the services in which they work should be a means by which ideological struggle is joined.

Here, the development of a Marxist psychology becomes crucial. We must understand how the individual experience of daily problems connects to welfare policy and practice and how bourgeois ideologies of male-female relations, of the family, of work, of old age and of death are reproduced in the personalities, attitudes and behaviour of both welfare consumers and Welfare State employees. We will then be able to explore more deeply the specific social and psychological mechanisms involved in these processes and thus develop a practice for teachers, social workers and others which at one level, will combat bourgeois ideas and policies more effectively.

But the ideological critique of social policy and welfare practice must involve also a sustained collective struggle against the organisational structures which maintain and propagate bourgeois welfare ideology as a material force. As restructuring from the Right proceeds, we can expect a further development of centralised bureaucratic control of Welfare State employees who might otherwise be reluctant to implement repressive policies or even directly oppose them. Being ‘on the side of the ordinary people’ against state bureaucrats, will hardly hinder the Right in attempting greater control of state employees who are suspected of progressive sympathies.

The Left should certainly, at this juncture, make alliances with those whose traditional liberal professionalism is under attack. It should struggle to retain professional semi-autonomy for teachers, social workers and others, but to go beyond the old bourgeois idea of professional identity and attempt to create a socialist conception of a critical, collective practice within the welfare field. Already, this attempt to create a new form of practice is beginning among social workers who reject individual pathology models of welfare clients and who are striving to apply a class analysis to the range of problems they meet and establish a collective group response to them.

An Offensive Perspective

Any effective struggle against restructuring, however, must move from the defensive to the offensive, to the building of working class hegemony in the welfare field. Of course, this offensive must be part of a wider economic and political struggle by a broad spectrum of progressive forces against a capitalist state moving steadily to the Right. In this wider struggle, battles about education, housing, social security, social services and health care should play a central strategic role.

To move beyond a social democratic stance of defending the Welfare State against expenditure cuts from the Right, the Left must focus on two further areas of work. Firstly, we must organise the struggle for new forms of democratic control within Welfare State structures. Initially, this is most likely to be effective at the local level; it involves working with patients of the NHS, with school pupils and students, with social service clients, with local authority housing tenants and with residents more generally who are affected by state planning decisions, the inadequacies of public services and the adverse consequences of local industry. Such work will require not only the demystification of social democratic and bourgeois political and organisational forms, but the building of new structures which can mobilise wider working class involvement in such struggles.

None of these activities are new to the Left; indeed the failures of community action and other local struggles in the past has led to a good deal of disillusionment amongst workers and activists in this area. However, it should become increasingly clear that with the entry of the radical Right into Welfare State restructuring and the breaking of the social democratic consensus, new contradictions will emerge which will provide an opportunity for a fresh engagement here: it is for the Left to make major contributions to its strategies, tactics and political analysis.

Finally, the Left must build an offensive based upon connecting and unifying welfare struggles with those of the workplace. The separation of the personal from the political in bourgeois society is paralleled by a similar separation of work from home, specifically of trade union struggle from local community action and battles over welfare. The example of NUPE in demanding policy changes over private practice in the National Health Service as part of its union strategy is a signal of the possibilities that lie ahead. The role of women is central here. For example, as the most oppressed section of welfare recipients, single parent mothers have frequently experienced the legendary male chauvinism of many trade union ‘militants’ as a major problem in their fight, with local authorities and social security, to secure better services for themselves. Women have played a leading part in community and welfare politics — its connection with trade union struggles should have a high priority for the Left. Each struggle can only be fully politicised by connection with the other; both struggles lose by their fragmentation.

SUMMARY

I have argued in this article that although fundamental contradictions between the needs of social reproduction and those of capital accumulation form the continuing basis for Welfare State restructuring, nevertheless the entry of the radical Right is a significant new phase. This new historical moment reflects a successful ideological offensive by the radical Right in securing the ground lost by social democratic politics and ideology. The working class has been deeply penetrated by this offensive, not least in the field of welfare where its experience of oppressive and alien welfare structures has appeared to authenticate right-wing ideas. The radical Right’s welfare policies will, however, meet increasing contradictions of their own. It is upon these contradictions, and with the benefit of a deep critique of social democratic welfare ideologies, that renewed struggle must take place. This struggle must be aimed not only at opposing welfare cuts and demanding new resources and services, but at taking the offensive in confronting bureaucratic welfare structures and working to develop new forms of democratic control. Such a struggle must link together trade union battles with community politics in the long-term development of working class hegemony in the field of welfare.