

Ian Gough

Thatcherism and the Welfare State

Britain is experiencing the most far-reaching
experiment in 'new right' politics in the western world.

'Minister, how exactly will shutting down old peoples' homes revitalise the British economy?'

(Robin Day in a radio interview with a Conservative government minister)

The British welfare state is under attack today, that much is clear. But why? What is the nature of the attack? How does the 'new conservatism' of the Thatcher government differ from the 'traditional Toryism' of Macmillan and Heath? What is the link between the Government's monetarist economic policies and their anti-welfarism? And will either work? These are some of the questions I want briefly to tackle here.

The cuts

The current crisis in the welfare state has a quantitative and a qualitative dimension. Let us look at each in turn. Since the mid-1970s first a Labour then a Tory government have successfully attempted to restrain the previously rapid growth of expenditure on the major social services (see table). Between 1975/6 and 1977/8 the Labour government cut back housing and education spending, held spending on personal social services constant and thereby stabilised total social expenditure. The newly instituted cash limit system clearly did its work, especially in cutting back these local authority provided services.

A slight easing of controls on social spending occurred in the last year of the Labour government permitting an increase of 2% overall (after allowing for the switch from child tax allowances to child benefit

- a quite spurious 'increase' in social security outlays). Planned spending for the next year (1979/80) allowed for virtually no growth and marked a switch in the target of cuts from the locally provided services to the centrally provided social security and health system. Though the Tories' June 1979 Budget made further immediate cuts in the housing and education programme, raised prescription charges and cut back on employment services for that year, the plans for this next squeeze on social spending had already been decided on by the outgoing Labour government.

Then in November 1979 and March 1980 the Thatcher government took two more swings of the axe against the welfare state and determined a real fall in its resources for 1980/81. Once again housing, education and the personal social services are the prime targets, though social security is further squeezed. Even more far-reaching cuts are planned for the next two years. Of course the immediate impact on many services is often worse than the crude averages suggest. For example the growing number of elderly people in the population means that personal services such as home helps need to rise by 2% each year just to keep pace. So even a standstill on expenditure results in a sharp fall in the quality of many social services. Furthermore the planned cuts for this year assume an inflation rate of 16½% which is an obvious underestimate. If the Government sticks to its cash limits the real impact on services will be much worse than the table suggests.

The Conservatives' intention progressively to reduce resources for the social services marks a new approach: previous expenditure plans by the Labour government anticipated a further growth after the 'temporary' cuts which were necessitated by the economic crisis. Nevertheless it is important to stress that this quantitative attack on the welfare state was initiated by the Wilson/Callaghan administrations in 1975: the Conservative policy is simply more (or rather less) of the same. In turning to the qualitative shifts in policy we see more clearly the distinctive ideological reversal championed by the Thatcher administration.

Social Expenditure in the UK: % increases at constant 1979 prices

	1975/6	1977/8	1978/9	Planned 1979/80	Planned 1980/1
	-77/8	-78/9	-79/80	-80/1	-82/3
	(2 years)			(2 years)	
Social security	8.3	9.7(3.6)*	3.6(-0.7)*	2.4	0.7
National health service	2.0	2.6	0.0	2.7	2.1
Personal social services	0.4	3.7	3.3	-6.6	3.9
Education	-4.0	2.2	1.4	-4.5	-4.1
Housing	-12.4	-5.1	2.2	-12.5	-30.9
Total social services	0.6	4.5(1.8)	2.2(0.4)	-1.2	-3.4
Total public expenditure	-6.5	6.0(4.5)	4.1(3.1)	-0.7	-3.8

Source: *Public Expenditure White Paper Cmnd 7841, March 1980.*

*The social security figures for 1978/9 and 1979/80 are spuriously inflated due to the switch from a combination of family allowances and child tax allowances to child benefit. The figures in brackets in these columns are a rough attempt to exclude the impact of this change.

The ideological attack

Its policy changes include the following. Sitting council house tenants have the right to buy their house at very large discounts, council rents are going up sharply (which will further 'encourage' the sale of council houses), new housing programmes are pared to the bone and new controls are to be introduced over councils' direct works departments. In education the trend to comprehensives will be halted, overseas student fees will be linked to their full economic cost and the new assisted places scheme will provide more public money for private schools. And in social security the recent Budget marks the most important attack on social rights since the war: benefits to strikers' families are cut by £12 a week, 'short-term' benefits for the sick,

unemployed and disabled are deliberately cut by raising them only 11.2% this year and by taxing them in subsequent years, increases in child benefits are postponed, and earnings-related short-term benefits will be abolished (but not earnings-related contributions). Even state pensioners will suffer a fall in real income since the rise of 16.2% will undoubtedly fall short of price increases.

Drawing together the threads of these policies, we see a major attempt to reprivatise parts of the welfare state (housing, education), higher charges on consumers (health, housing), and in social security explicit decisions to weaken the organised working class, to widen the gap between 'deserving' and 'undeserving' claimants and to encourage work incentives (at the same time that some employment schemes are eliminated and unemployment will escalate). This is not to mention the encouragement of police and law and order services, or the overt attack on progressive education. It is difficult to avoid the conclusion that the welfare state is attacked by the new conservatism at least as much for ideological as for economic reasons. Some of their policies (the assisted places scheme, possibly council house sales) will raise net costs to the Exchequer.

RESTRUCTURING THE WELFARE STATE UNDER THATCHER

In The Political Economy of the Welfare State I argued:

There are four ways amongst others in which the state, acting in the long-term interests of capital, may seek to restructure the welfare state at a time of economic crisis like the present: by adapting policies to secure more efficient reproduction of the labour force, by shifting emphasis to the social control of destabilising groups in society, by raising productivity within the social services and possibly by reprivatising parts of the welfare state.'

However I also argued that this process of restructuring needs to be situated within an overall strategy for counteracting the crisis, and that there were, in Britain today, two alternative capitalist strategies available: the radical right strategy and the 'corporatist' strategy. The Labour administrations of 1974-79 practised a degenerated form of

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corporatism increasingly watered down with various monetarist elements. In the 1979 election a clear choice was expressed (at least in the southern half of England) for an undiluted form of the right wing strategy. But what are the crucial elements of the 'new conservatism' and how have they affected the restructuring of the welfare state?

In answering this question I am drawing on some previous articles in *Marxism Today*. Peter Leonard² has explored different ways in which this restructuring takes place under social democracy and under the 'radical right'. Together with earlier articles by Stuart Hall³ and Andrew Gamble,⁴ he emphasises the specific role of political and ideological elements in this particular response to the contemporary crisis of British capitalism. I wish to consider the links between these and the Tories' economic strategy analysed by Michael Bleaney.⁵

According to Hall and Gamble, Thatcherism is a political formation that combines the principles of the 'social market economy' with a new 'authoritarian populism'. The social market economy represents a return to some of the precepts of nineteenth century liberalism; a limited role for government, an emphasis on the responsibilities of the individual and so forth. In Britain and the Anglo-Saxon world generally this has taken the form of a resurgence of monetarism as advocated by Milton Friedman. Populism represents an appeal to

national interests which are supposedly above class interests, drawing on the ideology of a neutral market place working in the interests of all. In its attack on immigrants, welfare recipients and unions, for example, it stresses the need for a strong state to represent national over sectional interests, though Thatcherism clearly differs from a

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truly authoritarian movement. Crudely speaking then Thatcherism = monetarism + authoritarian populism, though the two threads of this ideology clearly complement each other.

The centrality of the welfare state

What is striking for our purposes is the position of the welfare state at the heart of these two strands. The welfare state is the central target for the radical right on both counts. First, because it allegedly generates even higher tax levels, budget deficits, disincentives to work and save, and a bloated class of unproductive workers. Second, because it encourages 'soft' attitudes towards crime, immigrants, the idle, the feckless, strikers, the sexually aberrant and so forth. Economic prescriptions and populist incantations are harnessed together, and their prime target is the expanded sphere of state responsibility, state regulation and state-provided benefits which constitute the modern welfare state. As Hall stresses, this new right ideology did not appear out of thin air; it needed to be constructed, though it utilised existing elements. And, as Gamble shows, it had to be welded into a party political programme which could be electorally successful.

The process of restructuring the welfare state can now be situated within the political formation of the radical right. First, the *quantitative* role of cuts follows from the precepts of monetarism: strict control of the money supply, a substantial reduction in the level of government expenditure and taxation and a shift towards indirect taxation. A reduction in the public sector borrowing requirement is a key object of policy because of its impact on the money supply (or on interest rates if government securities are to be sold to the non-banking sector). Given the commitment to lower tax levels in order to encourage incentives to work and invest, this must involve even faster cuts in public spending. Given the commitment to higher defence spending, this must involve still greater cuts in social and economic expenditures. This has as another aim the weakening of the power of organised labour via higher rates of unemployment (and the threat of still higher levels if wage claims are 'excessive'). The goal is to use market forces (together with new legal restrictions) to reduce real wages and augment profits. A cut in the 'social wage', for example reducing housing subsidies or personal social services, augments this pressure to reduce labour's share in the national income. It thus provides an indirect route to encourage profitability and re-investment in British industry, even if a sound monetarist government like the present one disclaims any responsibility for the national rate of economic growth.

Second, the *qualitative* shifts in social policy are designed to re-assert individualism, self-reliance and family responsibility, and to reverse the collective social provision of the post-war era. Present attempts to impose a national curriculum and 'raise standards' in public education provide a striking example of the social programme of the new conservatism. In many ways, though not all, these qualitative shifts complement the absolute cuts in expenditure: cutting social benefits to working age adults saves money and panders to the anti-scrounger mentality of the new populism. Together these two sets of forces have generated the most sustained attack on the

welfare state since the war. The restructuring of the welfare state has begun in earnest.

WELFARE UNDER CAPITALISM

To understand why the welfare state is under attack today, we must first understand why it developed so markedly this century and in particular since the Second World War. This section summarises the analysis developed at greater length in my book. The welfare state in modern capitalist countries comprises public cash benefits (such as pensions), public benefits in kind (such as education), public regulation of the activities of individuals and corporations (such as consumer or labour legislation) and the taxation system. This complex of measures serves two major goals: the reproduction of labour-power, and the maintenance and control of the non-working population. Both involve quantitative and qualitative aspects; the state ensures directly or indirectly a minimum level of consumption for different groups in the population, and at the same time it modifies the pattern of socialisation, behaviour and abilities within the population. Since it is a capitalist welfare state it imposes sanctions and controls at the same time that it provides benefits (take council housing, for example, or education or supplementary benefit).

These goals can be grouped together and constitute *the state organisation of social reproduction*. As Engels pointed out, reproduction is just as essential an activity in all societies as production. The process of social reproduction refers to the processes of biological reproduction, of economic consumption and of socialisation: in short to the way individuals as social beings are 'produced' rather than goods and services in the process of production. Of course the family has played, and continues to play, a crucial function here, but when we refer to the state organisation of social reproduction we are referring to the way the welfare state has modified and partially supplemented the family in the twentieth century. From supplementary benefit to child care officers the welfare state today is intimately involved in this process. But our definition also reminds us how contentious this process is: after all the radical right are questioning precisely the respective roles of state, family and market in the sphere of social reproduction.

Reproduction is only one of the activities of the modern capitalist state. Modifying James O'Connor's analysis in his book *The Fiscal Crisis of the State*⁶ we can identify three broad functions that it performs:

1. accumulation
2. reproduction
3. legitimation/repression

The first refers to all the means by which the state tries to maintain favourable conditions for the accumulation of capital. The third refers to the means by which it attempts to maintain social order and social control whilst at the same time trying to preserve social harmony and avoid harmful conflict (harmful, that is, to the state and private capital). Social policies clearly have implications for these other goals of the modern state: for example some policies (like the redundancy payments scheme or parts of higher education) are designed to achieve economic benefits for the private sector; whilst others (such as some aspects of education) perform a social control job, and many help to legitimise the system and reduce dissension in society. So the welfare state is involved in all three areas of activity, though I would argue its prime concern is with maintaining and adapting social reproduction.

The welfare state: the outcome of conflict

But this does no more than provide a framework for understanding particular social policies such as those of the Thatcher government. In fact it scarcely does this, for there is a danger in the above account of



explaining the modern welfare state in terms of the *functions* that it performs in capitalist society — the danger, in short, of a crudely functionalist account. But class conflict, in particular pressure from the organised working class, has played a major role in the origins and spread of welfare services. Indeed for many the British welfare state is the child of the labour movement and the post-war Labour government. How can this be reconciled with the role that, we have argued, it plays in securing capital accumulation, social reproduction and political legitimation?

The brief answer is that the welfare state is the vector of two sets of political forces: 'pressure from below' and 'reform from above'. The first refers to the myriad ways in which class movements together with social and community movements demand social reforms to protect or extend their interests. This may result from pressure group politics within the state at one extreme to direct action and street conflict at the other. 'Reform from above' refers to the various ways in which the state seeks to implement social reform which will serve the longer-term economic, social and political interests of capital, or particular sections of capital. The state does not automatically perform this job: it requires at the least the executive and administrative wherewithal! and a form of political mobilisation. I believe these are more readily available the more centralised is the apparatus of the state. The stronger is the role of the executive and senior civil service *vis-a-vis* parliament, for example, the more can they override short-term pressures from representative's of particular capitalist interests and impose a longer-term, more class-oriented strategy.

I would argue that these two sets offerees have *both* strengthened,

¹I Gough, *The Political Economy of the Welfare State*, Macmillan, 1979.

²P Leonard, 'Restructuring the Welfare State: from social democracy to the radical right', *Marxism Today*, Dec 1979.

³S Hall, 'The Great Moving Right Show', *Marxism Today*, Jan 1979.

⁴A Gamble, 'The Decline of the Conservative Party', *Marxism Today*, Nov 1979.

⁵M Bleaney, 'The Tories' economic strategy', *Marxism Today*, Nov 1979.

⁶J O'Connor, *The Fiscal Crisis of the State*, St James Press, 1973.

and partially reinforced one another, over the last 40 years particularly in Britain. Their interaction led to two especially notable periods of social reform in the 1940s and the 1960s. During the Second World War the foundations of the Keynesian-welfare state were established. Though many of the reforms were enacted by the post-war Attlee government, it is notable that most were the product of the war-time coalition government (the Beveridge report, the Butler Education Act). They represented the outcome of pressures from below - war-time radicalisation and a spirit of 'no going back to the Thirties' - plus reforming drives from above - a recognition of the political and economic necessity of greater state responsibility for economic performance, notably through Keynesian demand management techniques. Thus in Britain Keynes and Beveridge represented a linked response to the pre-war crisis focusing respectively on demand management (part, but only part, of the economic sphere) and the sphere of social reproduction. Together they formed the core of the 'post-war settlement' between capital and labour which was to prove so successful a basis for post-war prosperity.

The 60s and 70s

The 1960s and early 1970s saw a second wave of reforms as social and economic policy was slowly restructured in the face of a faltering rate of accumulation in Britain. The development of incomes policies, industrial strategies, the modification of Beveridge's social security principles, the expansion of higher education: all these represented a further extension of state intervention and a closer gearing of economic and social policy. Again there were pressures from below, from a labour movement of greater defensive economic strength, and from newer social and community movements; and pressures from above as reformers and spokesmen for capital understood the limited role of Keynesian policies and advocated more systematic economic and social intervention in order to restructure British capital in the face of overseas competition, domestic class pressures and a falling rate of profit. Again, though the Labour election victory in 1964 signalled the shift in direction, many of the individual reforms had been initiated in the last years of the previous Conservative administration.

So the British welfare state represents the outcome of growing working class pressure for economic and social reforms, modified by the desire of a more centralised state apparatus to restructure economic and social policies for its own reasons. In part the post-war Keynesian-welfare state generated its own momentum for further state intervention, to secure economic growth and capital accumulation within a new balance of class forces that it had itself helped to shape. It follows from this that the development of Keynesian economic policy and modern social policy were interlinked and formed the two central planks of the post-war political consensus between the parties. It therefore comes as no surprise to find that both planks are simultaneously under attack from the new radical right.

THE WELFARE STATE AND THE ECONOMIC CRISIS

But what, if any, is the link between an expanded welfare state and a declining economy? Is the British economic crisis the result of an overgrown public sector, as the present Government would have it, or are the two unconnected? My own view is that there is a link, but that it is not so straightforward or unambiguous as the new conservatism suggests. After all a recent EEC report showed that government spending as a share of GDP is lower in the UK than any other country in the EEC. On the other hand socialist reformers and others who deny any link and who reiterate Keynesian nostrums about the need for more public spending in order to pull us out of recession do a disservice to the socialist movement. The Keynesian welfare state *has*

it is likely that the British welfare system has contributed to the crisis by exacerbating inflation and undermining market mechanisms.

generated new contradictions working as it is within the framework of a private capitalist economy. It is not possible for state spending to rise inexorably as a share of GNP without adverse consequences for its domestic capital. What then are these limits?

In general the impact of the welfare state on capitalist economy will depend on the answers to several questions, in particular the following:

1. Who pays the taxes? In answering this we must recognise that both capital and labour possess the means of trying to pass on higher taxes — via higher prices or higher pre-tax wages.
2. On what criteria are social benefits distributed? Are they predominantly distributed on some criterion of need, or do they take into account the labour market position of men and women, the impact on work incentives, and so forth? In other words do social policies *subvert* or *complement* the mechanism of the market?

Generally speaking, the impact of welfare policies on capital accumulation will be more favourable the more they are paid for by taxes on labour rather than capital, the more they follow market criteria in distributing and awarding benefits, and the more closely are social and economic policies integrated. But of course the more social policies are shifted in this direction, the more they may interfere with social reproduction and political legitimisation.

The impact on British capitalism

In the light of this what has been the impact of the welfare state on British capitalism? Two peculiar facts about Britain must be borne in mind in answering this question. First, the position of Britain within the world economy is a declining one, and the deep-seated weaknesses of our economic structure are now super-imposed on a world-wide recession which has marked the end of the post-war boom. Second, the defensive economic strength of the British trade union movement has prevented the strategy of industrial restructuring attempted by Labour and Conservative administrations since the early 1960s from being successfully implemented (Purdy, Jacques).⁷ This defensively strong, decentralised labour movement with extensive shop-floor organisation has also hindered the restructuring of the welfare state. Unlike the USA, Britain has a developed set of social services available in the main for the whole population rather than certain privileged strata within it. But unlike Sweden and West Germany for example these are not closely integrated with economic policy to achieve greater mobility of labour or to encourage labour force participation. Council housing policy, for example, may well restrict the mobility of labour demanded by capital and interfere with the operation of labour markets. Furthermore British unions managed to maintain their members' post-tax incomes in the face of slow growth, rising tax levels and periodic incomes policies at least until the mid-1970s. But again unlike Sweden this was not achieved by means of a corporatist-style social contract which would yield some tangible benefits to capital. In an environment of relative economic decline, it is likely that the British welfare system has contributed to the British economic crisis by exacerbating inflation and undermining market mechanisms. But these very features stem from the particular ways social policy has developed in post-war Britain, outlined above.

It is perhaps not surprising, then, that monetarist and populist attacks on the welfare state have established themselves here. Given the failure of Keynesianism, and the progressive degeneration of the

Labour governments' corporatist experiments after the 1974 Social Contract, a vacuum opened up which first Powell, then Thatcher, Joseph *et al* were quick to exploit. The defeat of the Left in the EEC referendum of 1975 under a Labour government helped prepare the ground for this move to the right. The indigenous populist ideology, analysed by Hall and Gamble; the reluctance of British capital to opt for Continental-style interventionism; and the failure of the Labour leadership to develop an alternative strategy to replace the wilting nostrums of Keynesianism, all left the way open for a tax-welfare backlash culminating in the victory of the new conservatism in the last election. The Left is also implicated in its failure to unify around some coherent transitional strategy as an alternative to both Labour reformism and the new conservatism. The alternative economic strategy adopted at the Labour Party conference in 1973 represented an important stage in this process of re-thinking. But as Hodgson⁸ has argued it was conceived by the left of the Labour Party, in particular the Tribune group, as a Parliamentary policy without the need for mobilisation at the local level, which emasculated its socialist content and meant that it differed little from corporatist-style interventionism.

The result is that Britain is experiencing the most far-reaching experiment in 'new right' politics in the Western world. The Thatcher government alone has received Milton Friedman's blessing. Its underlying aim is to attack the labour movement on the economic and ideological fronts. The policy shifts outlined earlier on can all be seen to contribute to this aim: legal sanctions against unions, mass unemployment by means of tight monetary controls, the cutting of social benefits for the families of strikers, a reduction in the social wage on several fronts, and a shift to more authoritarian practices in the welfare field. It represents one coherent strategy for managing the British crisis, a strategy aimed at the heart of the post-war Keynesian-welfare state settlement.

THE FUTURE PROSPECTS FOR THATCHERISM

Will it work? In trying to answer this question, I will address in turn each of the three functions of the state mentioned earlier on.

1. *Accumulation.* All economic forecasters now agree that the prospects for the British economy until at least 1983 are grim. *The Economist* (Feb 2-8, 1980) — by no means the most gloomy — predicts by 1981 a fall of 2Vi% in GDP, manufacturing investment down by 12¹/₂%, unemployment up to 2 million according to the Government's downward-biased measure, inflation still well into double figures and a current account deficit, North Sea oil notwithstanding, of £3 billion. The Cambridge Economic Policy Group forecast is still more pessimistic, predicting an 8% fall in real GDP from 1979-81. Thus the deflationary monetarist policies of the present Government hardly provide the basis for a recovery in profitability and capital accumulation in the short to medium term: instead they are making matters much worse.

The cuts in social expenditure will have an impact not only on the recipients of the services, but on sections of private capital as well. So far it is capital spending that has borne the brunt of the cuts, so that government demand for the output of the construction industry for example has fallen dramatically. The new cuts announced recently will only exacerbate this problem. One half of NHS expenditure for example consists of purchases from the private and nationalised sectors (drugs, supplies, oil, electricity), so that government cuts here directly harm private industry. Even if the Government manages to impose its future cuts on transfer payments, public sector employment and wage and salary levels, this will still have a multiplier effect on private sector output. The Chancellor's intention to reduce public sector borrowing sharply to £8Vi billion in 1980, only 3³/₄% of

GDP, will exacerbate the already deep recession.

How can it happen that a policy intentionally designed to revitalise British capitalism should have this opposite effect? It stems from a contradiction within the accumulation process long ago noted by Marx. For capital accumulation to proceed two conditions must be fulfilled: first, profits must be produced by successfully exploiting labour within the production process; second, these profits must then be realised by the exchange of commodities in the circulation process. These two movements of the process are now in contradiction. Keynesian policies by sustaining aggregate demand overcame the inter-war crisis of underconsumption but have over the long-term contributed to a falling rate of profit and undermined the production of surplus value. In reaction to this the present Government is attempting to alter the class balance of forces to raise the rate of exploitation, but in so doing it will worsen in the short-term the domestic conditions for realising this surplus value. That is, a deflationary policy results in excess capacity and falling profit margins (unless exports can rise to make up the loss, a scenario that looks increasingly unlikely). In short, higher government spending facilitates the realisation of profits in the short term, but interferes with their production of profits in the longer term whereas cuts in spending may aid the production of profits in the longer term, but at their short-term expense. The conclusion is that an approach relying on market forces to expand accumulation in the longer-term worsens its prospects on the short to medium term.

Reproduction

2. *Reproduction.* The new conservatism believes that the welfare state, the state organisation of social reproduction, has proceeded too far, that individual and family responsibility are undermined by this

⁷D Purdy, 'British capitalism since the war', *Marxism Today*, Sept 1976.

M Jacques, 'Thatcherism: the impasse broken?', *Marxism Today*, Oct 1979.

⁸G Hodgson, *Socialist Economic Strategy*, ILP Square One Publications, 1979.



process and need to be restored. But to what extent can this twentieth century process be put into reverse? In my view the problems generated by a substantial dismantling of welfare services would be great, a fact reflected in the hesitancy even of this Government in implementing spending cuts in, for example, the health service. First, it would throw a greater burden back on individual families and in particular the women within them. (Moroney⁹ documents the enormous burden borne by, for example, middle-aged women in caring for their elderly relatives.) But rising numbers of conventional nuclear families are breaking up in divorce and a growing proportion of them are not being reconstituted. The numbers of children living with single parents is increasing, adding to the demand for, for instance, supplementary benefit. Furthermore the women's movement is now a force capable of resisting some of the more overt

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attempts at a 'back to the family' approach, as its recent success in deflecting attempts to retract the abortion laws testifies. Second, social needs are not something objectively identifiable; they are interpreted and new needs engendered in the process of class and social conflict. Community-based movements such as Womens Aid or law centres have helped recognise and define previously personal problems as new social needs. So too have state social services, as when the introduction of the NHS in 1948 revealed a large unmet need for medical services. These discoveries are not easily unlearned and the gains in social provision not easily reversed.

Thatcherism, in attacking the Keynesian-welfare state couplet, thus risks regenerating many of the problems these policies were initially designed to overcome; mass unemployment, renewed poverty (particularly amongst children), uneven regional development and urban decay amongst others. But it will be attempting to reverse a process that has generated an entirely different environment to that of the thirties. Two factors have changed: expectations for social provision now exist amongst a majority of the population; and new movements exist, premised on the welfare state, to extend and defend existing social and community provision.

A hazardous operation

3. *Legitimation I repression.* The present Government seeks legitimacy for its policies in the ideologies of economic realism and authoritarian populism, but these may prove to be a fragile basis, for several reasons. First the purely electoral consequences are hazardous because, as we noted above, the immediate impact of the policies is to worsen recession and unemployment and to lower real incomes. Some monetarists appreciate that the long time-span of their policies conflicts with the election cycle of liberal democracies, and either bemoan the constraints this imposes on 'sound' government policies (something missing after all in the Chilean monetarist experiment) or conduct a vigorous ideological offensive to convince the electorate that theirs is the only sure way forward. But pressure is building up on the Thatcher government from within the Conservative Party to moderate its monetarist zeal, if not yet to undertake a U-turn. Second, one fifth of the labour force is employed by central and local government and has a direct interest in maintaining the level of public expenditure and employment. Furthermore a majority of the population are consumers in one way or another of social services and many will resent falling standards in their particular sector, even if supporting the Government's broad objectives. Third, fears are growing (witness the post-mortems held on the Bristol riot) about the threats to law and order and the growth of widening social divisions

and conflict which present social policies will exacerbate. Growing numbers of unemployed school leavers, or the ghettoisation of the council house estates remaining after the sale of the better local authority housing, are two examples of the political dangers in dismantling socially-provided services too far. It is true that the Government is developing a more repressive strategy in some areas of the welfare services and in its law and order policies generally, but the harm to its legitimacy should not be underestimated particularly if major opposition to its policies develops amongst those most affected by them. Lastly, the attempt by the Thatcher government deliberately to depoliticise areas of social life by disclaiming government responsibility and returning them to the anonymity of the market may itself be politically unacceptable. After several decades in which the state has accepted responsibility for the rate of unemployment, it is hazardous for it now to claim that it has been powerless all along.

TOWARDS A LEFT ALTERNATIVE

I have tried to suggest some of the problems which Thatcherism is likely to encounter in the near future. In the process I am conscious that I have underplayed many of the strengths of Thatcherism as a political movement recently emphasised by Hall and Leonard: the contradictions inherent in the traditional social democracy of the Labour Party; the popular appeal of anti-collectivist anti-state sentiments given the experience of the state (including its welfare apparatus) as a bureaucratic, oppressive imposition; the ability to tap resentment against what Hall labels the '1968' movement for greater democracy and personal freedom. But to list these resources of the new conservatism is not to demonstrate that they will necessarily succeed as a political movement.

However a clear message emerges from the above: the future prospects of the conservative Right depend in great part on the alternatives offered by the Left. Given the bankruptcy of Keynesian/welfare state reformism, the choice offered by the Right is between a step back towards the new conservatism or a further step forward in state interventionism along right corporatist or centralist lines. It is important to recognise that there is nothing inherently socialist in further state intervention and that either option will threaten some of the political and social rights established since the war. It is also important in opposing both strategies to recognise the contradictory

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nature of the contemporary welfare state: it signals a collective responsibility for meeting an array of social problems and social needs certainly, but it achieves this through a process of centralisation in which social policies are deformed and adapted to suit the requirements of capital and to minimise democratic control.

The need is to move beyond the traditional politics of the Labour Party by harnessing the Labour movement to the social, community, women's and other democratic movements that have partly developed in and against the welfare state. But secondly to combine this with an alternative economic strategy to be implemented by a future left government at the national level. An urgent task in both respects is to develop a parallel alternative *social* strategy, that will propose new priorities for social policy together with new forms of implementing and controlling it. Insofar as this is not achieved, the Thatcherist strategy, despite its problems outlined above, could win by default. D

⁹ R Moroney, *The Family and the State*, Longman, 1976.