

Social democracy goes Thatcherite

Neil Kinnock's applause for the capitalist market is part of an international trend. In many countries, social democracy has gone 'Thatcherite'. Ruth Cockcroft explains why

Much post-war economic growth has been through protectionism and nationalisation. Limited state control and planning has been on the agenda not only for Labour governments since 1945, but also for such right-wing governments as De Gaulle's in France.

The clearest model of state economic planning is the USSR, which was able to carry through a massive programme of heavy industrialisation; but more limited versions of such state planning have been very common.

In many countries, most notably in the 'Third World', but also in Europe, economies have been developed by state capitalism and intervention. Franco developed Spain by incorporating almost the whole of industry into the state and a policy of extreme isolation and autarky. In return for virtually guaranteeing their jobs, workers were denied trade union and political rights. So both left and right governments have adopted interventionist strategies.

However, with the growing crisis of capitalism, such economies have become unproductive, inert, bureaucratised and inflexible. They have been unable to adapt to the modern demands of the capitalist world economy, based as it increasingly is on new technology and communications, rather than the traditional heavy industries developed under nationalised economies. A new response, therefore, has become necessary.

For decades Stalinism and the Keynesian economics of bourgeois economic management have been the major influences on the politics and ideology of social democratic labour movements: now this ideology is beginning to be rejected and Labour parties like Britain's are attempting to create a new strategy and approach to politics.

There is a fundamental crisis of ideology and direction in the labour movement. Rather than adopting a rational plan for genuine socialisation of the nationalised industries, social democratic parties throughout the world have turned back to free-market economies.

The Lange Labour government in New Zealand, for example, has dismantled tariffs, imposed regressive taxation policies and engineered a major redeployment of the workforce through redundancies, privatisations and



General strike in Spain against 'socialist' government

unemployment. There have been massive attacks on public services, and nine major nationalised enterprises have been floated on the stock market.

The Lange government has consciously adopted and spoken of a Thatcherite project, and has openly taken on board the Thatcherite notion of "rolling back the frontiers of the state". The Communist Party-led New Zealand Federation of Labour (TUC) has agreed to go along with this economic restructuring.

The basic principle underlying these tendencies is austerity, a Thatcherite zeal for "penny pinching", and the notion that labour costs have to be driven down in order to free the "entrepreneurial spirit" and offer incentives to the rich to invest.

Lange's Labour Party is one of four ruling social-democratic parties that have lurched drastically towards free-market economics. The others are in Australia, France and Spain.

The make-up and history of these parties is not uniform. The French Socialist Party has the support of the CFDT trade union federation, which is the second largest federation after the CP-controlled CGT. From 1972 onwards, the SP's membership grew rapidly as left-wingers joined who had been radicalised in 1968. In the '70s it adopted a radical programme under pressure from the left. The programme included

a commitment to workers' control, and declared that "to control the government is not to take power, we must avoid bureaucratic and technocratic deviations and mobilise the popular masses through workers' control and councils."

Since 1981, however, under the pressure of a steadily right-moving Mitterrand presidency, the French left has collapsed; as a result the sociological make-up of both the left and the party has changed.

In none of the four parties is there a coherent left grouping.

The Australian Labour Party has a history and structure similar to the British Labour Party. It is based on the trade unions. As the Hawke government has pursued its right-wing policy, the party has been rejected in droves by the left. The left has dispersed into green, anti-nuclear and single-issue campaigns.

All four countries show a pattern of decline of the left, decline in working class membership of the social-democratic parties and the building of a new middle-class and white-collar base for the parties. Indeed, former Gaullist ministers like Jacques Delors have joined the Socialist Party and have moved rightwards towards monetarism and consensus. The working class has become increasingly demoralised and the bourgeoisie has been bolstered up.

The French CP is in decline, losing

both members and its base in the CGT. And this cannot be taken as the working class rejecting Stalinist 'socialism' in favour of more radical answers, for the Trotskyist movement has not experienced a corresponding growth. There is little evidence of a major shift in the working class from Stalinism, Eurocommunism and social-democratic reformism to Trotskyism, though in Spain the Trotskyists made some gains from the school students strike.

The fundamental problem for all these governments has been incomes policy. All have exploited their special relations with the working class to squeeze concessions, and have been able to do that without the strife generated by Thatcherism.

The Accord (social contract) in Australia was heralded by big business as a major success. In all these countries there has been a decline in real wages. The Accord is now blamed, however, by, amongst others, the *Financial Times* and the *Economist*, for low foreign investment and for the intractable relationships between the governments and the unions, and for maintaining a rigid labour market.

There are contradictions in what Hawke has had to do in order to keep the unions under control. Electricians struck in Queensland and the right-wing state government attempted to seize the union's funds. The Hawke government blocked Queensland's actions and strengthened arbitration and conciliation procedures to counter this open union-bashing. This is the contradiction in this sort of policy.

In Spain, the UGT, the union federation linked with the Socialist Party, was for a long time complicit with the cuts. Since then there has been an upsurge in class activity. Since the re-election of the Socialist prime minister Felipe Gonzalez in 1986 there has been an increase in demonstrations. Madrid has been brought to a standstill on several occasions, with working farmers joining industrial workers and students on the streets. On 14 December 1988 there was an eight million-strong general strike.

Although Gonzalez has attempted to tie the UGT to his administration, his policies have led to unrest. Indeed, the general strike was prompted by one of his youth labour schemes (similar to YTS). Redondo, a union leader, told Gonzalez on television that his problem was the workers, whom he would be unable to control. Gonzalez was unable to reply.

The UGT's demands were for "socially responsible policies" — raising of pension levels, unemployment benefit, a minimum wage and abolition of the scheme. Gonzalez was able to postpone the strike by offering to negotiate with the unions, but then put the scheme in the budget. The UGT then was torn between its leaders' desires to maintain good relations with the state, and the growing radicalisation of its rank and file, coupled with the fear of workers moving to the CP.

In New Zealand, Roger Douglas, the Treasurer, was sacked by Lange for forcing the pace of change too quickly. He was scapegoated in the face of growing

labour unrest and recession.

So free-market social-democratic governments are well placed to exploit their relations with the working class and introduce monetarist policies, but they are unable to prevent major build-ups of unrest and 'Winter of Discontent' scenarios after the numerous disappointments. Hawke is said to be haunted by memories of what happened to the last British Labour government.

All of these governments have also been able to create vast pools of 'flexible' labour, poverty-stricken and available for the most menial jobs. However, there exist no mass movements of the unemployed and no riots on the same scale as Brixton or Toxteth. Unlike in the '30s, where unemployment grew steadily, under this restructuring unemployment seems to be long-term and relatively level.

In addition to this 'underclass', the middle classes seem to be in disarray. Australians have held militant rallies against the Accord, but traditional right-wing parties have faced decline and disorientation, where 'Labour' parties have come to power with their policies. In France this has allowed the growth of a fascist party. Le Pen now controls a minimum of 10% of the French vote.

Have the social-democratic centre left and the traditional right crossed paths and exchanged traditional roles? No. The right-wing in Spain makes a lot of propaganda about how it can understand the working class being on the streets and the general strike, and the need for socially aware policies. The restructuring, however, is the result of an organic need of capitalism, and ultimately whichever bourgeois party is in power, it will be forced to carry out similar tasks. In Britain, the Tories are in power, whilst the Labour Party looks inept. Such is the case in other countries, but in reverse.

In addition, some radical policies have been introduced. New Zealand, for example, has withdrawn from the ANZUS military alliance and become a nuclear free zone, much to the annoyance of the USA. France has abolished the death penalty. However, the real progressive content of these governments has been nil. There has been little investment in the economic infrastructure which would allow for real growth in the future, even within capitalism. Much of the strife in these countries has been around the education system — where they are also cutting back. In France, Chirac was forced to back down by massive student demonstrations. Similarly, there is little investment in road building, or transport.

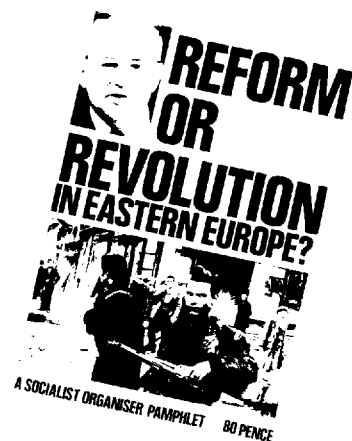
These social-democratic governments have big problems. Gonzalez is at loggerheads with the unions still. In Australia, the government has found itself limited by the Accord. In France, some of Mitterrand's ministers have been exposed for insider dealings.

The extent to which the revolutionary left can grow out of these contradictions is hard to assess. Certainly the CPs have declined, and this should leave space for Trotskyists.

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