

DOWNHILL ALL THE WAY

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500 word contribution to discussion on *Learning the lessons of the 1970s*

Although nowadays seemingly confused with ‘democratic socialism’, social democratic governments of developed capitalist economies aiming at gradual reform towards socialism were inseparable from imperialism since they relied upon superprofits extracted from colonies for social concessions to their domestic working classes. In the UK, the welfare state founded by 1945-51 Labour governments was maintained by subsequent Conservative ones from 1951-64. This party-political settlement reflected economic compromise between state and private monopoly capital plus social accommodation between ‘middle’ and working classes constituting what Todd called *The people*.

Loss of empire intensified international competition with falling rates of profit as the organic composition of capital increased. Post-war consensus collapsed as unemployment rose from half a million under Heath to over a million under Callaghan’s last (Old) Labour government to three million when Thatcher abandoned any commitment to full employment. With investment costs in productive industry rising, the economy was opened to speculative global capital. Beginning with the nationalised industries, former public utilities were sold off, while public services provided by the local or national state were retained to run at a profit. Private monopoly capital permeated the economy as partnership between public and private sectors ended along with collaboration between trades unions and employers plus social democratic Labour and paternalist Tory reliance upon the state to reform society. Concomitant with this new market-state form and its new mixed economy, a Reserve Army of Labour hobbled the wages and conditions of manual workers. Nevertheless, many in employment were able to access mortgages and join the non-manually working ‘middle class’ in the ‘middle-working’ or ‘working-middle’ of Thatcher’s ‘property-owning democracy’ despite deepening public and private debt. This class recomposition was expressed in New Labour’s 1997 victory.

After 2008, the austerity inflicted by the Coalition and its successor Conservative government in the UK, and upon the Eurozone by the ECB, further deconstructed and marketised welfare. Necessary reforms were not undertaken and entire sectors of the population – and even entire countries, like Greece – relegated to precarity. A reformed social security system was inflicted upon the now precariously employed working poor, but the appearance of a tripartite class structure was preserved despite polarisation with a global employing class above an individualised mass employed class into which the remnants of the traditional ‘middle class’ are being decanted by general downward social mobility. Porous distinctions within this working majority have been elided by Covid with recognition as ‘keyworkers’ of those on low wages in services including Health.

The 2016 European Referendum portended finally ‘dismantling the post-war Attlee settlement’, as Gove *et al* planned in 2005. The 2019 electoral coup (Davies 2010) into which Labour was manoeuvred showed its manifesto for a reforming socialism could not win support when the class base for such a programme had dissipated along with the traditional

manual working-class culture and organisation that once sustained it, confirming Jeremy Corbyn as a symptom of, but not a solution to, Labour's crisis of social democracy. Progressive opposition to the rump-Tory Party's corporate state is therefore still to be built.

500 words

References

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