THE LABOUR PARTY AND SOCIALISM PART FOUR

THE DEMOCRATIC SOCIALISM OF PETER HAIN

INTRODUCTION

The highest level of socialist theory created by Labour Party supporters was the work of G.D.H Cole and Stuart Holland. This has meant that since the 1980's the left wing of the LP has been immersed in activism and has tended to neglect theory. Consequently, the issue of what is meant by socialism has been reduced to a criticism of Blairism and involvement in the many pressure groups that have emerged in order to criticise aspects of capitalist society. We have far greater awareness of what we are against, and little understanding of what we advocate and support. This has meant that the question of what is meant by socialism has been tackled by Marxists like Meszaros in his brilliant 'Beyond Capital'. (1) Within the Labour party the major theorists of socialism have been located on the right wing, people like Roy Hattersley. They have struggled to defend the concept of the mixed economy in the context of the onslaught on the public services by the various monetarist governments of contemporary Conservatism. This work has generally been defensive and has not connected with the actual struggle against capitalism. However, this situation could be changed by the recent work of Peter Hain, who is situated on the centre left of the LP. His work: 'Back to the Future of Socialism' attempts to outline what is meant by socialism in the contemporary era. (2)

His work is cautious because it does involve a critical defence of the Blair-Brown administrations. But his overall aim is ambitious in that he is trying to establish the credibility of democratic socialism in the era of globalisation. His additional starting point is that socialism is relevant in the era of austerity and capitalist crisis. It is possible to uphold a politics of caring and hope in the situation in which the Tories support for the present system mean misery for millions of people. But Hain recognises that this criticism cannot be sustained merely by a few policy statements, and instead requires a comprehensive erudition of what we mean by socialism in the present. Furthermore, he recognises that the LP is in a profound ideological crisis, and its mass support is dwindling. Hence the situation is timely for the re-elaboration of socialism, and he maintains: “Political parties have continually to translate their basic beliefs into updated practical policies, spelling out what they stand for and where their priorities lie.”(3)

Our task will be to evaluate whether Hain has been successful, and is able to establish a credible democratic socialism that is able to promote the demise of capitalism. Some will argue that this task has been made more credible with the advent of Jeremy Corbyn to the leadership of the LP. But Corbyn's programme is modest. He has not defended socialism and instead has outlined a programme of reforms and limited nationalisation. His approach is less ambitious than Hain's, who has at least tried to outline what we mean by socialism in the modern era. However, we have to ask the difficult question, has the LP become ideologically exhausted? Can it defend any viable conception of socialism? Will it be able to emulate the perspective of Cole? We need to address these questions in analysing the work of Hain. But primarily we need to tackle the complicated issue of how to make socialism attractive to the contemporary working class. Can we develop a doctrine that is able to rival popular nationalism in its level of mass support? In other words, does Hain outline an understanding of socialism that is able to meet the challenges of the present? Or does he fail to address the complicated questions that represent the undermining of the credibility of socialism? In making these criticisms, it is not assumed that there are easy answers to these questions. Instead we have to reckon with the decline of political culture, and the inability of many generations of LP politicians to make a credible argument for socialism. This point can also often be addressed to Marxism, despite some brilliant work over the last twenty years. In concluding this article, we will have to ask whether it is only outside the LP that a credible understanding of what is meant by socialism can be elaborated.

HAIN'S PERSPECTIVE

Hain argues that the reformist politics of the 1940's are not outdated by the economic and political changes since that period. Instead he considers that Marxism is unrealistic and is unable to provide practical politics that can promote both the values of equality and democracy. He contends that it is necessary to revitalise the approach of Tony Crosland who considered that economic growth could finance the public services and promote the egalitarian values of the LP. There is a need to respond to a Conservative government which considered the crisis of 2007 as an opportunity to cut public expenditure in the name of fiscal responsibility. He suggests that this approach is inferior when contrasted with the record of New Labour which combined fiscal moderation with a dedicated desire to uphold the quality of public services. He contends that New Labour reduced poverty, improved the NHS, but its faith in the market led to concessions to private capitalism. Primarily, it lacked the will to address Crosland's call for promoting equality within society.

What Hain does not address in this analysis, is whether it is possible to uphold the values and aims of the LP under capitalism? He outlines how New Labour compromised the core beliefs of the LP, but he does not consider whether this was the result of the fact that it conciliated the forces of capital. The point is that it was increasingly difficult to even maintain reforms under conditions of globalisation and adherence to the financial limits established by monetarism. Crossland's view that capitalism was creating the material conditions to introduce equality was increasingly being undermined by the reactionary policies of successive Tory governments, and by the moderation of New Labour. Even the aim of reforming the system was becoming difficult. Primarily the perspective that capitalism could evolve into socialism had become discredited. The principled lesson that could be learnt was that only the intensification of the class struggle could create the political basis for serious change Instead of this understanding, New Labour learnt how to administer capitalism better than the Conservatives. This means the only alternative to capitalism is to reject it and replace it with socialism. Instead of directly making this conclusion, Hain suggests that capitalism in the era of austerity is inadequate and limited. It is a situation in which only the rich benefit from government’s measures and the interests of working people are undermined in the name of financial responsibility. The alternative is to promote growth. Hain does not explain how this policy can be advanced without tackling the domination of capital over labour. However, he does suggest that the period of the conciliation of neo-liberalism must be over. Instead: “For democratic socialists across the world to even partially concede the neo-liberal case would render our cause and our potential worthless.”(4)

Thus Hain has become radicalised because of the limitations of austerity. He recognises that capitalism can only maintain itself at the expense of the interests of the majority of people of society. Thus we know what he is against, and we can agree with his criticism of the present limitations of the capitalism. But the crucial point is whether his alternative amounts to a principled opposition to the system that can provide a prospect for genuine transition to socialism. It is easier to be against the policies of the ruling class, but does this mean that a viable strategy of change to an alternative system is being advocated? Hain outlines in concise and powerful terms the limitations of the present policy of austerity. Indeed he establishes its completely illogical character, and contends: “In short, the name of the game is growth. Throughout modern history getting the economy growing again after recessions has been the key to cutting the deficit and stabilising, and then bringing down, the debt burden.”(5) However, whilst this suggests the necessity of an alternative economic policy in order to expand the economy under capitalism, it does not represent the criteria in order to establish the argument for socialism. Instead as Hain suggests, all that is implied is the importance of increased public spending and higher borrowing in the short term. He is outlining a recipe for restoring the expenditure cuts of the Tories, but nothing more radical is implied. The argument for socialism is not made by suggesting that the Labour Party would be better mangers of capitalism than the Conservatives!

Hain outlines the argument why it is vital that a Labour government be committed to growth, sound finance, and the commitment to the expansion of the economy. He concludes this analysis with the following comment: “Only active government which makes a virtue not a vice of state intervention can enable Britain to succeed in a way that our more interventionist and successful competitors have done. A 'downsized', 'lean' or 'small' state is not the answer in the modern age if it ever was. A smarter, interventionist, risk taking state is.”(6) The problem with this standpoint is that the argument for socialism is not being made, but instead what is being advocated is a different type of capitalist economy than the one which is being promoted by the Conservatives. In opposition to the view that public expenditure should be as low as possible, Hain outlines the view that it should be increased in order to promote growth and innovation. In this manner it will be possible to develop a situation in which people work together for the common good. But this viewpoint does not envisage the necessity of the transformation of economic and political objectives in order to realise these goals. Instead ambitions seem to be conceived in terms of the creation of a more dynamic capitalist economy. Hence the role of social solidarity is outlined in terms of generating the necessary co-operation within society in order to realise this aim of a more efficient and innovative capitalism. In this context, he considers that it would be timely for the trade unions to develop a strategy to work together with management instead of accepting a politics of confrontation. (7)

Hain considers that the unions have declined because of their rigid attachment to a politics of militancy, support for the closed shop, and neglect of social issues like equal pay. There is some truth in the view that unions are conservative organisations that do not respond to the concerns of their members, but the major reason for their increasing lack of influence within society is the fact that they have rejected developing a militant strategy in order to protect the public sector. They have effectively accepted a situation of irrelevance in relation to the imposition of the government's austerity policy. If the unions were to effectively oppose the Tories and ruling class this would create the conditions for their revival. Instead Hain considers that an attachment to militancy is the problem: “Workers want their unions to co-operate with employers....not wage class warfare in the workplace – even if strikes remain an important and legitimate tactic when all else fails.”(8) Hain wants the unions to essentially act as modest supporters for the realisation of a new Labour government. He does not consider that they may have crucial role in bringing about social change. Indeed he suggests that the policy of co-partnership of unions and management has been more successful in Germany in advancing the interests of workers. However, in a contradictory manner, he also outlines how the unions have been powerless to prevent the decline of jobs in manufacturing and the service sector. He does not consider that the answer to this problem is the increased militancy of the unions in order to reject redundancies. Instead he suggests: “By working together, unions and employers have the potential to deliver dramatic improvements in performance, boosting productivity and profitability and enhancing living standards and future prospects.”(9)

In other words because his aim is to improve the performance of capitalism, Hain rejects any suggestion of the importance of intensifying the class struggle. He does not recognise that the very decline of the unions has done nothing to enhance the efficiency of capitalism. Instead he calls on the unions to become even greater advocates of the interests of capital. This policy will be illusory. The greater willingness of the unions to accept the imperatives of capital will not enhance the performance of the economy. Instead this situation will only result in the greater exploitation of the workers. Such a development will not improve the conditions at work of labour. The only principled and effective approach for the unions is to promote a perspective of increasing their influence over the process of production or services. Only the success of workers control will ensure that the level of exploitation is decreased, and instead the power of the workers within production is developed. Thus the ineffectiveness of the unions is not because of an inability to co-operate with the employers, but is instead because of a reluctance to promote a militant strategy of struggle. Instead, Hain implies in a contradictory manner that the involvement of workers in management would be enhanced by a policy of moderation: “British society has paid a heavy price for clinging so closely to its outdated adversarial system of industrial relations that has done so little to deliver employee involvement.”(10) But the point is that both management and the union leadership's do not want a greater role for the rank and file in making the policy decisions of the workplace. What is necessary to recognise is that the generation of increased influence of the workers in the management of the company is not wanted by either union leaderships or the capitalists. Both of these groups recognise that such a development could be transitional to effective self-government of the workplace by the workers. Hence it requires rank and file militancy to bring about this situation. Instead Hain suggests that collaboration between management and workers can represent the increasing influence of the workers: “Cooperation at work can deliver results that benefit employees and employers alike, especially when it is backed by trade unions that want relationships with employers that are both robust and productive. This is not an argument for trade unions and managers being passive or weak, but rather for both being different, in the interests of better economic performance and prosperity, for them, and for the country.”(11)

This standpoint is illusory. In the era of austerity, the forces of capital consider that their interests are enhanced by weak and ineffective unions. They aim to impose the lowest possible wages and deteriorating conditions at work. The unions can only challenge this development in terms of militant action that not only defends the interests of members, but also promote the beginning of an alternative in terms of progress being made towards self-government in industry. This development will not be accepted by capital, and so the intensification of the class struggle will decide the balance of forces within the economy. Hain want to avoid the prospect of polarisation by advocating the modernisation and moderation of the unions. He wants them to accept the aims of a dynamic capitalism, or to limit the militancy of their demands until a Labour government is elected. But this hopeful standpoint provides no strategy for how to tackle a Tory government that is determined to impose a low wage economy and declining public services. The only actual and realistic alternative is to develop a politics of class struggle, which will aim to generate the increased influence of workers being able to take control of industry. This process will then create the possibility of genuine socialism. In contrast, Hain wants the Unions to co-operate in the creation of a more efficient capitalism. This standpoint is based on the politics of class compromise, but the forces of capital are not influenced by this sentiment and instead aim to undermine the material standards of the working class. Only the politics of class struggle is credible in this situation.

Hain defines his perspective in the following manner: “Modern production depends upon the active participation of employees who become the principal actors for innovation, high quality and therefore market performance. It also requires government to promote key sectors, to sponsor investment and to ensure the provision of high quality infrastructure and skills. In short the new industrial age bring an imperative for a libertarian socialist alternative to neo-liberalism.”(12) The problem with this definition is that the issue of socialism is only a formality. The most important aspect is about the modernisation of the existing capitalist economy. This means the state and the working class have an important role in facilitating the increasing efficiency and development of the existing economy. The question of how this relates to socialism is very problematical. In a contradictory manner, Hain rejects the actual association of his standpoint with reformist Fabian socialism and instead situates his standpoint with guild socialism. But what this means to Hain is de-centralisation and participatory democracy, and so he dilutes what is meant by guild socialism and effectively ignores its relationship to class struggle and the aim of working class self-government of industry. Therefore Hain outlines the aim of industrial democracy without connecting it to the goal of overcoming the domination of capital within the economy. This dilution of the message of guild socialism means that Hain defines what he characterises as socialism in the most vague terms: “Today democratic socialism's task is to recover the high ground on democracy and freedom through maximum decentralisation of control, ownership and decision making. For socialism can only be achieved it is spring from below by popular demand. The task of a socialist government should be an enabling one, not an enforcing one. Its mission is to disperse rather than to concentrate power with a pluralist notion of democracy at its heart.”(13)

This rather vague and abstract conception of socialism glosses over the fact that guild socialism recognised that in order to realise participatory democracy it was vital to promote the role of class struggle. The working class could only realise the aims of a more accountable society in terms of the fact that it was prepared to utilise the role of militant trade unionism. Only in this manner could it overcome the domination of capital and establish the supremacy of the producers. In contrast, Hain has already established that his practical programme is based on the intention to maintain capitalism in a modernised and competitive form. He wants the working class to accommodate the forces of capital and work with the various enterprises in order to realise agreed goals. This standpoint makes a mockery of the militant standpoint of guild socialism. Hence for Hain to argue that his approach is compatible with the conception of 'socialism from below' is ludicrous. Instead his minimum programme is for the restoration of the dynamism of capitalism, and so the long term aim of socialism seems to be uncertain and problematical. In contrast, Cole had an explicit perspective of developing class struggle which was consistent with his aim of establishing genuine socialism. Thus when Hain considers the importance of participatory democracy he is effectively outlining how to make capitalism more efficient and modern. Thus his aim is to establish the benefits of decentralisation within the limits of the existing system: “Effective decentralisation will require the benefits of private ownership and wealth to be spread more evenly throughout the population. It will mean national redistribution of resources from prosperous to poor regions of the country, from the suburbs to inner cities, from the dominant to the subordinate classes, from rich to poor, from men to women, from whites to blacks, and from able to disabled. There will need to be nationally established minimum levels of public provision.”(14)

These measure can be carried out by a reformist government that does not in any sense wish to go beyond the limits of capitalism. However, Hain contends that such measures would require public participation and popular action. This may be true in terms of establishing effective support for these measures, but this mass activity would not mean that the aim of socialism was being promoted. Instead in explicit terms what is still being suggested is a democratic and economic improvement of capitalism. The view that genuine participatory democracy is being realised would only be established if the process of change meant that an authentic movement towards socialism was being advanced. But without this development what is really happening is that a paternalistic government is introducing various reforms with mass support. What he calls a socialist state is actually a state that would promote de-centralisation such as the federal role of the UK with distinct powers for the four nations of the UK: “The crucial role of the socialist state is to assert the public or national interest, and to reconcile competing interests of different groups and associations in society – then to become an instrument for decentralisation rather than stateism. Active devolution of powers is intended to deliver pluralist democracy in which the state though pivotal, is not suffocatingly dominant over other associations in society.”(15)

But the point is that further devolution in England, or the abolition of the House of Lords, does not amount to progress towards socialism. In order for this possibility to occur requires the development of an offensive for socialism, or the establishment of workers self-management as the basis of organisation of the economy. Nothing that Hain has advocated amounts to this perspective. Instead he is generally interested in political changes that would make the system more responsive to the concerns of working people. These can be supported, but a revolutionary would also advocate that the process of change becomes more profound. Primarily the aim should not be to improve capitalism but instead to transform it in terms of a definite shift of economic and political power towards working people. In a limited sense Hain also wants to make the character of power more popular, but he tries to reconcile this objective with the continuation of a modified capitalism. These aims are contradictory. In order to make the political process truly democratic, the economic power of capital has to be overcome. The continuation of capital will mean any democratic changes will be limited because the undemocratic power of capital is not being seriously challenged.

The following definition of socialism does not amount to an authentic conception and instead expresses the actual aim of modifying the system: “The great majority of individuals need the state on their side, but not on their backs. They need active government which intervenes to curb market excess and market power. They need a social context to ownership. They need the assistance of strong communities. They need the solidarity which comes from acting collectively to exercise influence over the decisions which shape their lives, and to experience the fulfilment of active citizenship. They need power to be decentralised. This 'popular socialism' is the real alternative to the New right 'popular capitalism' which has ideologically exhausted itself.”(16) But, in actuality, it is Hain who is outlining his version of popular capitalism. Nothing he advocates amounts to a decisive shift in power which would enable working people to actually intervene in order to promote genuine change. His standpoint consists in platitudes like de-centralisation, co-operation and solidarity, but in actuality this amounts to formulations that justify the continuation of the existing system in a new form. Hain would argue that his policies amount to the establishment of the participatory society, but this approach is limited to calling for more intervention by central and local government. The genuine form of participation is when definite progress is made towards the realisation of workers management of the economy. This process should be accompanied by measures to make the state truly accountable to the people. Hain considers it important for the LP to campaign in favour of socialist ideas, but his measures do not represent this formal intention. Instead his actual programme is for the improvement of capitalism, which will become more accountable and responsive to the needs of the people.

Hence it is not surprising that the limit of Hain's ambition is the generation of a fair system, in which the role of markets will be made responsive to the needs of the people. The government will regulate the activity of capital and this development is equated with creating an economy accountable to its citizens.(17) Therefore it is not surprising that industrial democracy is not considered a method to overcome the domination of capital over labour, but is instead a means to create higher productivity within capitalism. In other words, the meaning of participation, democracy and intervention is essentially a justification for the aim of making capitalism more dynamic and egalitarian. Hain never discusses seriously whether capitalism is incapable of achieving these demands. Instead he defines the problem of inequality within capitalism as exclusively the outcome of Conservative policy. He does not blame capitalism for its own limitations! Therefore the emphasis is on electing a Labour government in order to improve the system.

Hain also outlines the importance of international co-operation in order to solve problems like poverty, climate change, the lack of democracy and women's equality, but he does not connect any of these issues to the importance of an international strategy for socialism. Thus in a naïve manner he defines solidarity in terms of co-operation between nations and so rejects any significance for international class struggle. Thus the problems of the world are not intrinsically linked to the domination of capital. Indeed he is concerned to make globalisation benefit all nations. He also praises the European Union as a successful economic unit, and his major aim seems to be to continue to ensure that the UK has access to the single market. Hain outlines the benefits to the UK as a capitalist country of involvement with the EU – his book is written before the BREXIT referendum – and he outlines the various limitations of those who advocate the UK leaving the EU. But what this standpoint has to do with socialism is a mystery. There is no mention of how the working class can unite within the EU in order to strive for international socialism. Instead he takes it for granted that the EU will remain a capitalist institution that is able to develop the productive forces in a manner superior to any individual nation state. His critical policy amounts to call for the increased accountability of the EU, and decreased bureaucracy. But at no moment does he outline the role of the EU in terms of the international aspiration to create a socialist Europe.

However, Hain is right to suggest that the Labour Party will only regain its popularity if it becomes involved in local campaigning. It is vital that the LP accept that its message has become more unpopular over recent years, and therefore it is necessary that it attempts to convince people about the superiority of its standpoint. But what can inspire working people? Will it be the view that what is required is managing capitalism or could it be the perspective that genuine socialism is needed? The LP has never tried to advocate a policy of authentic socialism, and this is one reason why people have little idea about what socialism represents. On the other hand in the context of declining capitalism the era of managing capitalism is over. But Hain refuses to accept this standpoint. Instead he outlines a programme for the modernisation of the economic system, and this is based on the view that economic growth is the alternative to austerity. He does not seem to recognise that the economic crisis was not caused by the Conservatives, and instead it is an integral aspect of the general decline of the system because of the falling rate of profit. It is true that an argument can be made in favour of greater expansion and increased public expenditure. But the important point is does this policy actually resolve the limitations of the system? The Marxist would suggest that the most important problem is that the system is based on the exploitation of labour by capital. Hence modification of the system is not sufficient. In order to establish priorities that are based on people needs we must transform the domination of capital into one based on the primary role of labour.

Hain calls for greater public spending in order to finance housing, education, promote ecological measures, and generate growth. There is also the necessity to spend on infrastructure, and create a skill based economy. This policy could be financed by a fairer taxation system with the aim of distributing wealth. It is also necessary to improve the NHS and provide greater provision for groups with needs like social care. These reforms can be supported, but they are not socialism. However, to Hain the implementation of his policy would amount to socialism: “Building a better-off, fairer and safer society means shifting today's boundary between market forces and state intervention, redefining the role of competition and cooperation, and changing the rules about privilege, poverty and shares in prosperity. It means striking a new balance between rivalry and fraternity, between entitlement and obligation, and between continuity and change. It means shaking up the status quo, in both private and the public sectors. It means having the courage of our convictions.”(18) If this society could be realised it would represent a more egalitarian and humane capitalism. This could be considered an advance from the present situation of austerity economics and politics. But can even this modest gain be realised? Is it not more realistic to try and overcome the limitations of the present economic system by attempting to transform the character of economic power and establish a new logic as the basis of society? The point is that reforms could be realised in a period of the expansion of capitalism. This era is over. Capitalism is a maintained by a situation of low wages and deteriorating public services. Marxists would suggest that it is more possible to transform this situation by revolutionary change than attempt to try and modify the system in more humane terms.

The vital point is that Hain's approach is dependent on the success of economic growth. Is this possibility possible in the present context of the continuation of the overall depression of the economic system? Hain suggests that state intervention can be effective. This possibility cannot be ruled out, but even in these circumstances the issue of socialism would be raised. If increased state expenditure led to the implementation of reforms and the creation of a fairer society, the demand would grow for this process to be completed in terms of the socialist transformation of the system. The point would be made that a humane capitalism could only be sustained if its progress was maintained in terms of being changed into socialism. Hain is right to suggest that the standpoint of the Labour Party leadership has often been tentative. But his alternative is not credible. Instead we need a genuine transitional programme that would promote the possibility of the realisation of socialism. This means that the advance of workers control within society is being promoted and realised. In this manner the possibility of genuine change to socialism is effectively created. Hain's latest interpretation of reformism is not adequate. We still need a more ambitious programme for changing society.

FOOTNOTES:

(1)Istvan Meszaros: Beyond Capital, Merlin Press, London 1995

(2)Peter Hain: Back to the Future of Socialism, Policy Press, Bristol 2015

(3) ibid p2

(4) ibid p61

(5) ibid p71

(6) ibid p110

(7) ibid p112-114

(8) ibid p124

(9) ibid p125

(10) ibid p129

(11) ibid p131

(12) ibid p137

(13) ibid p148

(14) ibid p149

(15) ibid p158

(16) ibid p162

(17) ibid p171

(18) ibid p308