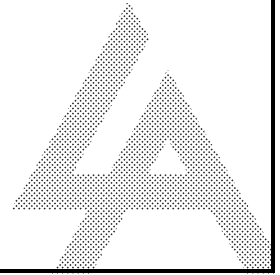




# SOCIALISM WITHOUT THE STATE: THE RE-EMERGENCE OF COLLECTIVE SELF-HELP

TIM EVANS



The history of workers' cooperatives, the friendly societies and the unions from which the Labour Party sprang is one of individuals coming together for self-improvement and to improve people's potential through collective action. We need to recreate for the 21st century the civil society to which these movements gave birth ...<sup>1</sup>

Tony Blair MP, 24th May 1994

For me this paper provides a welcome opportunity to investigate an area which I have been fascinated with ever since I read Sam Dolgoff's excellent book on the 19th century anarcho-socialist, Michael Bakunin, when I was 19 and an undergraduate.<sup>2</sup> For, as a Conservative Student, I then learnt that there was more to the left than Marx, the state, or indeed the NHS.

## SOCIALIST ROOTS

I don't know about you, but it seems strange to me that after 15 years of this Conservative Government, with all its privatisation and contracting out, with its persistent 'bashing' of the trades unions, and the manifest failings of the welfare state (not to mention the collapse of orthodox state socialism abroad), that we still face in the opposition a Labour Party seemingly unaware of its own co-operative heritage and all the damage that this mode of socialism could inflict, if revived, on what is after all an increasingly high taxation, statist, and authoritarian Conservative administration.

Given all the work and effort of people like David Green and Frank Field MP in recent years,<sup>3</sup> I find it incredible that the Labour movement has been so unwilling, and seemingly incapable, of going beyond the narrow-minded boundaries of state welfare, economic interventionism and central planning.

## YESTERDAY'S RADICALISM

In the 1950s — and particularly the 60s — socialists across Western Europe were popularly identified as being radical thinkers: intellectuals fascinated by new ideas. There was an energy and dynamism

in the movement; a feeling that anything was possible. Yet today, when we look at the left in Britain and elsewhere, what do we find?

Unfortunately, in my view we no longer find a movement with energy, ideas or dynamism. When you talk to most Labour Party members at all levels 'off the record' you find lost individuals, traumatised, paralysed, by the onslaught of 'events', as they put it. For a movement only thirty years ago widely respected for its intellect and contribution to the academic study of politics, sociology and history, today's Labour movement seems to me to be dangerously unaware of its own history and past glories.

## REDISCOVERING COMMUNITARIAN COOPERATION WITHOUT THE STATE

It was when trade unions actively encouraged and enabled working people — as individuals — to take direct control of their lives that the Labour movement not only grew but attracted wide affection and support. It is important to remind ourselves of the extraordinary success and growth of the friendly society movement during the last century.

In 1801 F. M. Eden estimated that there were about 7,200 societies with a total of 648,000 members in Britain. Other estimates suggest that by 1816 this number had grown to include at least 925,000 members. Throughout the century, trade union ideas and influence spread. By 1851, for instance, organisations like the Amalgamated Society of Engineers oversaw tens of thousands of members each paying a shilling a week. In return their members received a full range of benefits including allowances for sickness. By 1910 there were over six and a half million friendly society members (not including those in organisations which avoided registration with the authorities).<sup>4</sup>

## GENUINE COLLECTIVE OWNERSHIP

Significantly, the rate of growth of the friendly societies over the preceding thirty years had been rapid and was accelerating. In 1877, registered membership stood at over two and three quarter million. Ten years later it was over three and a half million and increasing at an average rate of at least 90,000 a year. By 1897 membership reached 4.8 million and was increasing on average by 120,000 a year. And by 1910 the figure had reached 6.6 million, having increased at an average annual rate since 1897 of some 140,000 members a year.<sup>5</sup>

It is important to remember that these figures simply reflect the numbers "known" to the Government. For many societies preferred to avoid even the minimal interference of the British state, and simply "failed" to register.

Asked in 1892 what proportion of the working classes were insured against sickness through a building society or a trades union, the Chief Registrar of Friendly Societies answered that, of seven million male industrial workers, around 3.8 million belonged to the registered friendly societies while at least another three million belonged to those which remained "unregistered".<sup>6</sup> Significantly, at the end of the century the Chief Registrar stated:

... it remains one of the great glories of the Victorian era that ... welfare has been established in a very large degree by the labours and sacrifices of working men themselves, and by the

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**FOR LIFE, LIBERTY AND PROPERTY**



wise and judicious legislation which has permitted and encouraged their endeavour in the direction of self-help.<sup>7</sup>

By 1900 the total funds acquired by the various provident institutions amounted to nearly £400,000,000 and by 1911 between nine and nine and a half million people were covered in one way or another by various forms of insurance.<sup>8</sup>

### **TWENTIETH CENTURY DEMOCRATIC SOCIALISM: BY THE MIDDLE CLASSES, FOR THE MIDDLE CLASSES**

Now, it is not for me, here, to go into the details of why this movement declined. Suffice it to say that certain professional, private, for-profit, “corporatist” interests found advantage in the idea of getting into bed with big government and in undermining the self-help movement. On this point I strongly recommend David Green’s *exposé* of the lobbying that went on behind the scenes during the construction of the 1911 National Insurance Act.<sup>9</sup>

Nevertheless, it is quite shocking to think of the highly successful carpet of institutions created in British 19th century civil society, the churches, the cooperatives, the friendly societies and the power and benefit they brought directly to millions of individuals and then to listen — a mere forty or fifty years later — to Douglas Jay, the middle class Fabian who as a Minister in the Attlee Government asserted, as if it was self-evident, that:

... in the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves.<sup>10</sup>

Today, some forty five years on, as the British trades union movement faces continued decline and there is little evidence of any popular affection or support for the Labour Party and its policies (indeed they are as yet difficult to identify), it is important to remember that it has been central planning, economic interventionism and state welfare that has brought the movement to its knees. Not the traditional socialist principles of mutuality, cooperation and communitarian self-help.

### **THE LIBERTARIAN STRUGGLE**

When I look at the modern Labour Party I am constantly reminded of how right Bakunin was when in 1868 he said:

... the most fatal combination that could possibly be formed would be to unite socialism to absolutism, to unite the aspiration of the people for material well-being ... with the dictatorship or the concentration of all political and social power in the State ... We must seek full economic and social justice only by way of freedom.<sup>11</sup>

If post war history holds any lessons for the British Labour movement it must surely be the self evident truth of this prophetic statement.

Today, as we enter the closing stages of the twentieth century it is clear for all to see that the trades unions are in decline and the state socialist paradigm is pretty well hated wherever you go. Since 1979 the unions have seen their membership decline from thirteen and a third million people to something in the region of eight and a half million today, and as the paymasters of the Labour Party they find themselves — in many instances — to be near bankruptcy.<sup>12</sup>

### **AVOIDING THE DISASTERS OF STATISM**

Indeed, it is only now, after all this time, that there are the first tentative signs that some in the movement are re-thinking their position and coldly looking at the options which face them.

I particularly recommend the recent work of Philip Bassett and Alan Cave. Their Fabian Society pamphlet *All for One: The Future of the Unions*<sup>13</sup> shows tremendous courage and should be widely read and welcomed by defenders of liberty across the political spectrum.

Bassett and Cave point out that to reverse their decline, trade unions have few options open to them. Their current model, reliant upon the principles of collective bargaining and an ideological commitment to statism, are clearly ill suited to the modern world of personal employee contracts and individual consumption.

Evidence from the third *Workplace Industrial Relations Survey*, an authoritative quantitative study of employee relations in Britain in the mid-1980s, was conclusive. The decline of collective bargaining it charts is:

one of the most dramatic changes in the character of British industrial relations that our survey series has measured.<sup>14</sup>

The research concluded that collective bargaining probably covered something in the region of 8.4 million employees. However, because of the survey’s format, which excluded small workplaces with fewer than 25 employees, the real coverage of collective bargaining is probably much smaller. Most of the 6.6 million employees excluded from the study were probably not covered by collective bargaining, as most small workplaces tend to be non-union.<sup>15</sup>

Since the survey was completed, employers, unions and analysts testify that the structural reduction in collective bargaining has continued. Even if it has done no more than maintain the rate of decline over the 1984-90 period — and the rate may well in fact have accelerated since then — a further slice of collective bargaining will have been lifted out of British employee relations. It is estimated that the recession of the early 1990s has added at least half a million union members to the ranks of the unemployed and probably more. Drawing all the evidence together, collective bargaining probably now covers no more than 35-40% of the employed workforce and is continuing to decline at a rapid rate. Today, the vast majority have personal contracts and are treated by their employers as “individuals” or “human capital”.<sup>16</sup>

Again, recent research for the Fabian Society by Giles Radice MP and Stephen Pollard serves further to highlight the massive problems the Labour Party faces in its struggle to win over the electorate.<sup>17</sup> If Labour is to win more seats in the South and therefore take power at the next General Election, it has to improve its performance among the white collar and skilled manual groups — what sociologists call the C1s and C2s. These voters now make up more than half the electorate and they are crucial swing voters whose behaviour decides elections.

Importantly, the Fabian research shows that despite the collapse in support for the Government since April 1992 and despite its appalling economic blunders, Labour has made little or no headway with these key voters. At best, respondents argued that if Labour had won:

it couldn’t be worse,<sup>18</sup>

but a significant proportion felt it could well be:

God knows how we’d be.

How would they pay for it all?<sup>19</sup>

were frequent comments.

Labour is also dogged by many voters’ experiences of their local Labour council. As one panellist remarked:

If you want to know how they’d be in government, just look at how they run their councils.<sup>20</sup>

Labour is simply not trusted to spend wisely:

Look at Labour’s record of management at a local level — spending money on silly things like lesbian festivals ... they just throw money at lost causes.<sup>21</sup>

### **THE EMERGING LEGITIMATION CRISIS OF DEMOCRACY**

Interestingly for devotees of public choice theory, when respondents were asked to identify the people or groups they thought could be included in the category “rich”, in 1993 they introduced a new group for the first time: “politicians”.

While in the past, “The Queen”, the “landed gentry” and “sports and entertainment personalities” were thought of as being “rich” ordinary people in the South East now see politicians as being, to quote the Fabian research:

... a race apart.<sup>22</sup>

Indeed, all the groups surveyed spontaneously volunteered the idea of politicians as undeservedly wealthy and secure, and the research demonstrated a contempt both for them and for the whole parliamentary process. Labour is tarred just as much as the Conservatives with the brush of just being in it for themselves. As the researchers concluded:

It is the political class as a whole which is hated, not just the party in power.<sup>23</sup>

In my opinion this all adds up to very good news for libertarians, be they from a left wing or a right wing tradition (although I acknowledge that this distinction is increasingly irrelevant). Just as the IMF loan of 1976 and the “Winter of Discontent” of 1978-9 led to rolling privatisation in the 1980s, so I believe the evidence available suggests an emerging crisis of confidence in democratic statism, which can only be resolved by lowering taxation and massively reducing the size of the state.

### THE ‘THATCHERISATION’ OF LABOUR AND THE ROAD TO LIBERTARIANISM

I believe the fundamental problems that now face the Labour movement and its supporters are so acute — not to mention the Conservatives — that in the years ahead we might very well see the re-emergence of a popular Socialist movement devoid of its twentieth century statism. That is, the re-emergence of collective self-help.

After all, in addition to the electoral and structural problems the Labour movement has, the political eviction of the trade unions from Whitehall and their exclusion from the formal political process since 1979 has effectively deprived them of any real political power. And I now believe that it is unlikely that a future Labour government would want — or would be able — to return to such an outdated and unsustainable world.

Faced with an extensive range of social, economic and political challenges which now preclude a return to the world of the 1970s it is perhaps not surprising that Philip Bassett and Alan Cave’s Fabian Society research concluded:

Individualism is the key element in modern employee relations. Its growth has been the most important characteristic over the last decade. At almost every point where it has been possible to do so, trade unions in Britain have opposed it. And at almost every point, in doing so they have been wrong. Wrong in the eyes of government, certainly; expectedly so. But wrong in the eyes of employers, and — crucially for Britain’s unions — employees too. For many employees now, big monolithic collective unions are part of their past ... Like Labour, the unions are seen as mechanisms for holding people back, for restricting individual improvement and individual achievement, rather than empowering them. For their own good, unions in Britain must move away from being associated with failure — failed employment relationships in failed industries — and must instead try to associate themselves with success [...] Just as Labour increasingly feels that, if it is ever to be elected again, it must break from the past by blending more successfully the individual and the community, so Britain’s unions must take the same steps. That means acknowledging their role as private sector service providers, and improving their performance in that role.<sup>24</sup>

Suggesting that the trades unions should provide individually tailored private cooperative services for their members and using the Automobile Association and BUPA as 1980’s success stories<sup>25</sup> to be copied, the Fabian Society at least has come a long way from the belief that the Gentleman in Whitehall really does know best!

But I have to say, these ideas are not simply confined to the esoteric conversations of middle class, Hampstead intellectuals. Significantly, the new General Secretary of the TUC, John Monks, has let it be known that he no longer wants the organisation to be tied so closely to the Labour Party. He wants a closer relationship with the Government and politicians ‘across the political spectrum’.

Again, in a recent edition of the *Health Service Journal*, a publication not normally noted for its Libertarian leanings, the News Focus column read:

Patrick Butler reports on the comeback of friendly societies and asks what it means for the NHS.<sup>26</sup>

After informing the reader that the Industrial Orthopaedic Society now has some 200,000 members drawn mainly from its blue collar base in heavy industry — and that for an average of £1.70 a week it guarantees unlimited hospital treatment in a full range of specialities — the report notes that it now has:

... the full support of the TUC if not the health unions.<sup>27</sup>

The article goes on to tell of how the Post Office and Civil Service Sanatorium Society is now offering all civil servants swift private consultations, medical care and treatment in more than 200 surgical procedures for a mere 45p a week. And according to the Chairperson of the National Conference of Friendly Societies, contributions are up 17 per cent this year.<sup>28</sup>

When asked by the *Health Service Journal* for a comment, Labour’s then health spokesperson, David Blunkett, was clearly unsure what to say. Instead of condemning the movement and the TUC outright, he simply said: “... the new opportunities for friendly societies threaten universal welfare provision”<sup>29</sup> and he went on to complain that it must a bad idea because the Adam Smith Institute supported it!<sup>30</sup>

### STRANGE GOINGS ON!

In recent times, I have begun to notice all kinds of strange — anti-centralist — statements being made by people like Sir Gordon Borrie — the man appointed by John Smith to head Labour’s Commission on Social Justice. For example, in the January edition of *The House Magazine* he stated:

... there is a pervasive sense across the UK that current [welfare] institutions and assumptions are inadequate to new challenges. ... For those on the Left, the need for reform stems from the failure of the system to meet its objectives — above all the elimination of want and the extension of economic opportunity.<sup>31</sup>

Significantly, he went on:

Today the keystones of the Beveridge welfare state — full employment (for men), the nuclear family, and the expertise of Whitehall professionals — are under strain. We are living through an economic revolution of skill, technology and competition that is transforming the nature of work. We are living through a social revolution of women’s life-chances that calls into question long-standing assumptions about social security and social services, in which unaccountable power is increasingly being questioned; people are not willing to be passive recipients of services, but want to be decision-makers in their own right.<sup>32</sup>

There are therefore clear signs that, slowly and painfully, the Labour movement is beginning to face ‘post-modernity’. Intellectually, it is probably where the Conservatives were when they proclaimed Selsdon Man in the late 60s. But I have to agree with the member of the Labour think tank who privately warned me that in his opinion the party’s modernisation would take at least another 5-10 years — if not longer.

### THE CAPITALIST REALITY OF POST-MODERNITY: WHAT’S TO BE DONE?

Today, the world is a very different place from that in which the Attlee government found itself. Public services the world over which rely on the organising principles of ‘democracy’ and ‘public accountability’ can now be seen to be less responsive and less sophisticated than those un-politicised, individually oriented institutions based on the principles of either profit or communitarian self-help.

Using taxpayers’ money and monopoly suppliers, modern governments and their agencies inevitably lack the information and incentives needed to respond to the subjective desires of the millions of individuals they are supposed to serve. Instead of relying on stat-

ism, I believe the Labour movement should seek to reverse the regulatory regime which has strangled the Friendly Society and Co-operative movements since the turn of the century, and begin to provide its members with the individually tailored products they desire — particularly when it comes to welfare.

However, to do this the Labour movement must first accept that it possesses an historically legitimate and effective alternative to the state.

Today, the trades unions still possess the latent power to transform health and welfare supply throughout British society. Despite the difficulties of the past twenty years, and in particular the demoralisation of the organised Labour movement has suffered since the early 1980s, trades unions are still of considerable numerical importance, with almost one in three households having a member.

If trades unions were now to offer their members health and welfare services there can be little doubt that they would experience a dramatic turnaround in their fortunes and spark a revival of the wider Socialist movement. Indeed, if they were to return to their co-operative roots and negotiate with, say, GP Fundholders, trust hospitals and independent health care providers for the best deals possible, their membership base would doubtless take off and rapidly expand.

For even after a decade of decline the larger trades unions still retain more clout in terms of the numbers of members they have than any private employer in the United Kingdom. And because unions have more members (UNISON has well over 1 million) than any individual private businesses have employees, it could be expected that unions would be able to negotiate terms at least if not more favourable than companies do at present for their staff.

Significantly, the supposed benefits of the Citizen's Charter and the internal market could be achieved for union members and their families if such a health and welfare policy approach was adopted. For the value of a union's endorsement to a group of GPs, a trust, or an independent hospital would ensure that the management of these health providers took a serious interest in the demands of their union customers and the services they were being offered.

This process would in turn improve the perception among working people of the unions as providing valuable social protection — a view sadly lacking (as we have seen) for most of the twentieth century.

To the degree that the unions at their outset were seen as vehicles for achieving the above mentioned health and welfare aims they became the mighty organisations they were at the end of the 19th century. Importantly, it was not closed shops or a massive state welfare system that made the Labour movement great, it was the high quality of their services compared with other available contemporary options.

The unions of today need to be compared with current health and social care provision. And I believe they can have a role to play by offering a better deal for a large and often under-privileged section of our community.

To give the socialist concepts of "community" and "citizenship" meaning in the lives of millions of individuals today, the Labour movement has to move away from its politicised model of democracy and instead put its faith in the traditional values of collective self-help and mutuality: those traditional socialist principles which not only encourage achievement and responsibility but, crucially, underpin community interdependence.

For far too long democratic socialists have argued for the formal control of services, by either nationally or locally elected politicians, without considering the damaging 'top down' structures that inevitably dominate their management decisions and which remove incentives. To revitalise and give meaning to the concepts of community and citizenship I believe the Labour movement must turn its back on the principle of collective state provision and instead return to a new era based upon individually tailored co-operative services.

It is in this way — and only in this way — that the movement will be able to recapture the intellectual high ground and reinvent an effective, worthy and respected "civil society".

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