

THE DISCURSIVE CONSTRUCTION OF ECONOMIC SPACE:  
LOGICS OF ORGANISATION AND DISORGANISATION IN BRITAIN

A thesis submitted to the University of Manchester  
for the degree of Ph.D. in the Faculty of Social and  
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Glyn Daly  
Department of Government  
Faculty of Social and Economic Studies

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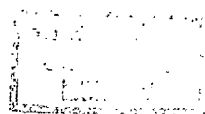
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## GLOSSARY

BID	- Bankers' Industrial Development Company
BISF	- British Iron and Steel Foundation
CDC	- Commonwealth Development Corporation
CDFC	- Commonwealth Development Finance Company Ltd.
ECGD	- Export Credit Guarantee Department
FCI	- Finance Corporation for Industry
ICFC	- Industrial and Commercial Finance Corporation
ISHRA	- Iron and Steel Holdings Realisation Agency
SMT	- Securities Management Trust
TDC	- Technical Development Capital

## ABSTRACT

Can the economy be conceived in non-economistic terms? This thesis presents a positive answer to this question by drawing on those currents of thought which flow from a critique of the "metaphysics of presence". On this basis, the thesis analyses the specific discursive constructions of the logics of organisation and disorganisation in Britain and their effects on the nature and dimensioning of economic space. Finally, the thesis examines some of the consequences of a non-economistic approach for our understanding of politics, the social (eg. such formations as "Thatcherism") and democracy.

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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The creation of the world did not take place once and  
for all time, but takes place every day.

- Samuel Beckett

The mask is the meaning

- Roland Barthes

## Introduction

Writing in 1910, Hilferding was confronted with what he saw as an epochal transition in the development of capitalism: the disintegration of *laissez faire*, (or liberal capitalism), and the rise of what he would call "organised capitalism". The central features of organised capitalism are well known: the institutional separation of ownership and control in the evolution of the joint-stock enterprise - thereby "liberat(ing)...the industrial capitalist from his function as industrial entrepreneur" (Hilferding,1985,p.107); the consequent development of "finance capital" - ie. the concentration and centralisation of industrial, commercial and financial capital (cartellisation, trustification etc.); the expansion of managerial bureaucracies and a rapid growth in the numbers of people employed in large-scale corporations; the rise of the modern cities and the centralisation of industry and employment; the interdependencies between the state and monopoly enterprises; imperialist expansion, etc. (see, inter alia, Lash and Urry, 1987, pp.3-4).

The theory of organised capitalism identifies the failure of the autonomous power of liberal capitalist market mechanisms (and the consequent development of new themes of conscious control) and the rise of a new regulatory instance of power: the modern national state.

The state is revealed to be a crucial and integral regulatory mechanism for imposing rational outcomes on capitalist "markets" through the various forms of intervention, monopoly and banking control, labour agreements (etc.) - thereby guaranteeing the conditions for the reproduction of capitalist development.

Now, with Hilferding, as with the neo-Marxist school, conscious intervention and the regulatory nation state were seen as the functional requirements of an underlying logic of capitalist accumulation - determination in the last instance by the economy. If we abandon this type of economism, however, (see below), an alternative perspective is possible. If the regulatory state is a functional requirement for continued capitalist development, then it may surely be regarded as a condition of existence for such development. That is to say, the state becomes constitutive of a capitalism which cannot, in fact, generate its own conditions of existence.

And if the state is (at least in part) constitutive of capitalism, then this implies that capitalism depends upon a historical force which is beyond its control. The so called "immanent laws of capitalist accumulation" are, therefore, themselves contingent upon certain "exterior" conditions of possibility (ie. the rationalising state).

If we accept these implications, then it is easy to see that the effects of a constitutive regulatory state may be very ambiguous for the nature and content of that which we call "capitalism" (see below). For, insofar as conscious intervention depends upon certain *decisions* (which cannot be derived algorithmically from a self-regulating market), the particular orientation of these decisions will modify and even threaten the nature and identities of an existing capitalist formation.

The ambiguity here may be seen in the (relatively recent) creation of the welfare state. While on the one hand, the welfare state may be seen as necessary for performing certain functions for the capitalist regime of accumulation (eg. the stimulation of demand creating new opportunities for exploitation), on the other

it represents a site of struggle on which people have won new rights and real benefits. In Marxist language, it has involved a fundamental shift from absolute to "relative surplus" value in the contingent reconstruction of capitalism. If we draw our focus back, moreover, we can see the effects of this ambiguity and contingency in much larger terms.

With the collapse of *laissez faire* and the myth of a self-regulating capitalism, the new themes of conscious control/regulation and statist intervention penetrated the global imagination in ways which opened up radically contingent possibilities. Indeed, it is no coincidence that the transition to organised capitalism witnessed some of the most violent upheavals in the world order in an effort to consciously overcome given destinies and to create the new visions of modernity. In interwar Europe, for example, we see the development of new forces of social democracy and fascism and their attempts to constitute the regulatory state in very specific ways. Thus, while there are certain "family resemblances" (in the sense of Wittgenstein) between social democracy and fascism in terms of a central logic of statism - indeed Sidney and Beatrice Webb (two of the founders of social democracy in Britain) were notoriously sympathetic to some of the more extreme measure of fascism (eg. enforced labour camps) in respect to developing a modern state-collectivist ethic - their conjunctural realities were radically distinct.

In Eastern Europe, by contrast, we see an added dimension to the theme of regulatory power: the Leninist expansion of the myth of the state as an *interruptus* of history; a state which is capable of taking on the tasks of a weak bourgeoisie in order to create the conditions of an economic modernity (hence a major interest in "capitalist" Taylorism) in which socialism/communism



could properly emerge. To this effect, then, it would also appear pertinent to speak of the development of "organised socialism".

What we see in the broad reinvention of our modern social and economic systems earlier this century, then, is not the evolution of a universal stage but, on the contrary, the irradiation of a new logic - or central organising principle - which is characteristically articulated within the terms of given conjunctures and a particular balances of forces.

The same, of course, can also be said of the more recent developments of "disorganisation" - which, in our extended sense, refers to the break-up of the old orders and a decline in the powers of national state regulation under both capitalism and socialism. That is to say, the disorganising effects of international interdependency (with new sites of decision-making power) constitute a crisis of the traditional forms of organisation with no necessary point of resolution.

Indeed, far from the era of disorganisation establishing an increasing social harmonisation, we are tending to see an enlargement of the field of political struggle in which more and more identities and values are being put into question. With the disintegration of the Eastern bloc and the instability provoked by the new antagonisms in Italy, Germany, Britain, France and Yugoslavia, the social boundaries of "Europe" are becoming increasingly difficult to determine - heavily compromising the unifications of 1989. In this regard, we are tending to see a paradoxical process in which the growing interdependency of disorganisation and the collective denominations of "we Europeans" are having to be constantly renegotiated in respect to the particularism of the alternative affirmations of "we Danes", "we Croatians", "we French/Italian/ German regionalists" (etc.).

Moreover, the regulatory instance of power which earlier shifted from the myth of the market to the myth of the national-state cannot so easily be assumed by a new totalising myth: that of multinational monopoly capital. To this effect, we see a broadly emerging antagonism between the Thatcher-Major vision of Europe as a site of international contract-winning relations, and that of the conscious control of this site through supranational regulatory mechanisms which is concerned to widen the social, political and cultural effects of communitarian definitions of Europe. To put it crudely, it is a question of multinationals versus the social charter.

The era of disorganisation, therefore, constitutes an ongoing historical process of deep and long-term transformations in which previous values and identities have become increasingly dislodged and exposed to alternative forms of articulating practice and political intervention. While disorganisation has undoubtedly been accompanied by widening affirmations of specificity and diversity, this need not lead simply to dissolution. The dangers of separation - the politics of *ethnos*, etc. - certainly exist, but there are also possibilities/opportunities for a far more radical and pluralised reconstruction of Europe. And these possibilities - greater now than at any other time - will depend fundamentally upon hegemonic struggle and those myths and metaphors we choose to identify with towards the twenty-first century. In this respect, and in contrast to Fukuyama, we would say that we stand at something approaching the beginning of history - a history without foundations, only conversational partners.

This thesis intends to examine the specific constructions of organisation and disorganisation in Britain. Organisation fully developed in Britain during the early part of this century (and, in

particular, the interwar period) with the political construction of a universalist and social democratic form of regulatory state. At the same time, this was accompanied by a re-imagining of social and economic practice in which the themes of naturalism and rationalism (eg. the movement of an invisible hand) were more and more displaced by those of conscious management and intervention. This, of course, had profound consequences for the positioning of the private/public frontier and the very construction of social and economic reality; a reality which increasingly depended upon the management of a large public sector. New identities were developed in opposition to the old liberal order - an expanded citizenship, welfare rights/identities the modern consumer, the civil servant/politician/planners as social practitioner, the Keynesian identities of interdependent "savers" and "spenders" - as part of a re-definition of the social (and economic space) as a structured and integrated community in which the themes of collectivist responsibility and universal rights reached maturity.

A large part of the thesis is devoted to an analysis of the ongoing character of the political construction of organisation in Britain since the interwar period: the hegemonic games played, the construction of alternative identities, the changing relationship between industry and finance, institutional ambiguity and the (unstable) determination of the private/public frontier.

The thesis also considers the emergence of "disorganisation" in Britain. In general terms, disorganisation is used to refer to a steady decline, since the 1960s of the regulatory power of the British state in the context of an internationalising capitalism. At the same time, however, the thesis also emphasises the specificity of Britain. Whereas in Europe we tend to see the progressive development of supra-national

solutions to the disorganising logics of international capitalism, in Britain we see the historical development of something quite different. After the Suez crisis of 1956 there were increasing attempts to mobilise Britain as a nationalist-manufacturing-exporting society; a mobilisation which is largely the result of the traditions of sterling, the political strength of the labour movement, the commitment to a commonwealth and the legacy of an imperial imagination. This mobilisation, however, was ultimately unsuccessful. In part, this was because of the weight of history (visible exports having only twice exceeded imports since 1822), but, more importantly, it was the result of a failure to accomodate/represent (i) the new forms of internationally mobile capital, (ii) the increasingly dominant service sectors, (iii) flexible forms of (post-fordist) productive, investment and distributive practice and (iv) the new categories of work (which led to a profound undermining of the labour movement).

The protracted crisis engendered by the failure to successfully accomodate the central logics of disorganisation precipitated the conditions for a certain "populist rupture" in Britain in which the new right established a powerful political ascendancy - an ascendancy which was quite unique in terms of the European experience of disorganisation. Indeed, the British construction of disorganisation is very distinct in terms of the radical defeat of the labour movement, the (physical and political) decline of the manufacturing/developmental sector, the undermining of welfarism and the authoritarian measures of the state in regard to both social and economic management.

## Chapters

The first chapter draws upon those various currents of thought which flow from a critique of the "metaphysics of presence" - anti-representationalism, post-structuralism and post-Marxism - in order to establish a working perspective in which to situate our analysis. In particular, it is concerned to elaborate a positive answer to the seemingly paradoxical question: "can the economic be conceived in non-economistic terms?".

The second chapter represents an engagement with the work of Lash and Urry (1987) and their specific arguments concerning the development of organisation in Britain. In this regard, our intention is to draw out some of the antinomies in their path-breaking analysis and, on the basis of the preceeding chapter, to develop alternative language games with a view to contributing to the main body of their work through different emphases and what Mary Hesse would call "metaphoric redescriptions" (1980). A central argument in this chapter is that organisation is fundamentally consituted through the myth of an integrated and structured community and what may be called an organicisation of social space.

The third chapter examines the major discourses through which the specific representations of "organisation" in Britain took place. In particular, it focuses on the articulatory play between the themes of private regulation and public control in the symbolic confrontation between Keynes and Montagu Norman - the Governor of the Bank of England, the hegemonic determination of the private/public frontier(s) and the political construction of a paradoxical centre (the so-called Bank-Treasury nexus) for the integrated/organicist economy.

The fourth and fifth chapters are concerned to illustrate the ongoing political struggles in the construction of organisation through an emphasis on particular "intermediary" corporations - the ICFC and the FCI. In particular, the chapters underline the institutional ambiguity of these corporations - ie. the creation/transformation of their identities in the context of hegemonic struggle - and emphasise their roles as "symbolic outposts" along the private/public frontier. While the ICFC was principally concerned with the successful absorption and accomodation of the "war effort" industries in the private sector, the FCI, through direct and antagonistic disruption, was involved with wresting control/ownership of the steel industry away from the public sector.

The sixth chapter analyses those hegemonic games of reconstruction which were played in the context of a protracted crisis of organised capitalism. In particular, it focuses on those attempts to re-invent "Britain" after the Suez crisis and identifies the long-term effects of the conjuncture of "Wilsonism".

In addition, the chapter attempts to demonstrate how the failure to successfully accomodate/represent the logics of an internationalising/disorganising capitalism involved a widening political exposure of the social order in which the critique of the economy was increasingly linked to a critique of national identity - ie. who and what constituted "we British" in the era of disorganisation. It is in this context, we argue, that the new right emerged to establish a hegemonic formation which was very atypical of the European experience.

In this respect, the chapter also seeks to transcend the Hall/Jessop *et al* impasse concerning the characterisation of Thatcherism and the conceptual privileging of either the

"ideological" or the "economic". From our perspective, this reproduces a classical division which inhibits our understanding of the construction of social and economic reality (see below).

A final chapter draws the central conclusions of our arguments with a view to establishing the broader implications for an alternative approach to politics and democracy.

The general approach of the thesis is one of historicising the constructions of organisation and disorganisation. That is to say, it attempts to analyse how the various themes and categories and identities were constituted through specific historical discourses. In this respect, the thesis does not elaborate models of abstraction, but is far more concerned to widen the scope of analysis (through an emphasis on the "cultural" and the contemporaneous) in order to establish the particular contexts in which policy decisions, institutional behaviour, rational choice (etc.) take place.

## CHAPTER ONE

### Grand Illusions

#### Anti-Representationalism, Post-Structuralism and Post-Marxism

This chapter intends to explore those various currents of thought which flow from a critique of what Heidegger and Derrida have termed a "metaphysics of presence"<sup>1</sup>. In particular it is concerned with the general philosophical theoretical premises upon which we might advance a non-economistic and non-essentialist conception of the economic.

In a recent account of the history of intellectual development, Richard Rorty has drawn an important distinction between "representationalism" and "anti-representationalism" (1991,pp.1-17). The representationalist perspective is clearly expressed by Bernard Williams as a general conviction that "we can select among our beliefs and features of our world picture some that we can reasonably claim to represent the world in a way to the maximum degree independent of our perspective and its peculiarities" (1985,pp.138-139). There is in the representationalist perspective, then, an aspiration toward a final vocabulary of truth; a universal and transparent language which corresponds to the way the world actually is. This aspiration lies behind all those analytical traditions which - from the referent to the phenomenon to the sign - have attempted to establish direct access to a predeterminate reality and, from this ultimate vantage point, to adjudicate in the grand matters of "objectivity", "validity", "human nature", "morality", "structure of history" (etc).



Rorty argues that this perspective has now outlived its uses and that we need to break radically with the representationalist/correspondence theory of truth. In particular, Rorty draws upon the work of Nietzsche, Wittgenstein and, more recently, Dewey and Davidson in order to galvanise an anti-representationalist approach. The central assertion here is that there is no objective reality which can be universally represented through a neutral (philosophical) medium of language. In this regard, Rorty makes a distinction between the unobjectionable realist claim that "the world is out there" - ie. that the world exists independently of human language/mind/history - and the claim that "truth is also out there". As he puts it: "Truth cannot be out there - cannot exist independently of the human mind - because sentences cannot so exist, or be out there. The world is out there, but descriptions of the world are not. Only descriptions of the world can be true or false. The world on its own - unaided by the describing activities of human beings - cannot" (1989,p.5).

Thus the world does not manifest an antecendent set of truths which simply need to be discovered - as a process of filling in the missing pieces of a pre-given puzzle. The world, in other words, cannot be represented/represent itself "as it really is" through a metavocabulary of truth. On the contrary, the world can only be described through particular languages and is, therefore, permanently exposed to competing redescriptions from other positions/languages.

H. Staten helps to clarify this point. Staten hypothesises the general objection that "language may move around as much as you like, but it remains responsible to something that stands still". He replies, however, that "the trouble with this way of talking is that the postulated reality is no good whatever

unless it can be fixed in a system of concepts, and then we are right back to language again. This does not mean "we can't ever get outside of language" - a remark which I have no idea how to make sense of - but merely that metaphysical propositions are necessarily formulated in language. Hence, in Wittgenstein's way of talking, the interest of remarks like "the chair goes on existing, whether I look at it or not" is conceptual or grammatical; that is, it is primarily an instance of how we talk about what we call "objects" (1985,p.157).

Questions concerning the distinction between "appearance" and "reality", therefore, can only make sense within certain language-descriptions - eg. art-dealing, theoretical physics, paranormal studies etc. - but cease to have any meaning when applied to the activity of language-descriptions as a whole. Now, if there is no access to a final representation of reality then this means we cannot assume a God's-eye stand point in adjudicating between different language-descriptions. As Davidson puts it, "there is no chance that someone can take up a vantage point for comparing conceptual schemes (eg. the astrologers and the astro-physicists) by temporarily shedding his own" (1984,p.185).

Rorty changes the metaphor and affirms that there is no "skyhook" which could lift us out of history, context and particular language-descriptions. What we are left with is a condition in which it is only possible to "explain true in terms of language I know" (Bennet,1985,p.66). To this effect, truth must be regarded in Nietzsche's terms as "a mobile army of metaphors".

The charges levelled against this position are that it necessarily leads to relativism and, worse, irrationalism. In regard to the first, Rorty points out that the "relativist predicament" is actually a pseudo-problem - a problem which cannot

be "solved" (to the satisfaction of those who make the charge of relativism) only transcended. As he argues: " "Relativism" is the view that every belief on a certain topic, or perhaps about any topic, is as good as every other. No one holds this view...The philosophers who get called "relativist" are those who say that the grounds for choosing between such opinions are less algorithmic than had been thought...So the real issue is not between people who think one view as good as another and people who do not. It is between those who think our culture, or purpose, or intuitions cannot be supported except conversationally, and people who still hope for other sorts of support" (1982,pp.166-167).

The "anti-relativist", therefore, poses an exclusive alternative between an objective ground for assessing truth (the way things actually are) and a complete chaos of positions (corresponding to, atleast, the number of people there are in the world at any one time) in which it is impossible to affix any truth whatsoever - either we have a necessary singularity or a necessary dissolution.

Anti-representationalism, however, makes it possible to cut through this alternative. Thus "truth" will always be conjuncturally put together as the result of a struggle between competing language-descriptions. The movements from Newtonian to Einsteinian to post-Bohrian physics, for example, does not admit to an arbitrary relativism. Rather, it is the result of what Mary Hesse, following on from Nietzsche, calls "metaphoric re-descriptions" which open up new possibilities and creates new "truths". Similarly, categories such as "woman", "citizen", "consumer", "rights", "Europe" (etc.) are not inscribed as atemporal objectivities but, on the contrary, are the result of historically specific and ongoing constitutive practices - and

this, of course, does not make these categories any less real or true according to their conjuncture. In the absence of a God's-eye standpoint, and in the light of what Rorty calls a "de-divination of truth", then the problematic or relativism dissolves and is absorbed within the continuing historical games of redescribing the world.

The second charge of irrationalism does not fare any better. The anti-representationalist approach does not abandon rationality but critiques the idea that it should have an ultimate foundation - ie. that reason should be based on an algorithmic and predetermined structure for making decisions and discriminating between options. It is a critique, therefore, of rationalism - that is, a particular foundationalist discourse on "reason" - which acknowledges that human beings are always in limited situations in which a final ground cannot be called upon to determine a decision.

What Rorty proposes is that we should abandon a theology of reason and move towards a much greater "pragmatism". This involves a fundamental shift in our approach to reason (and reasoning) such that abstract questions of the type "are we representing reality accurately?" is rejected in favour of those of the type "are there more useful conceptual instruments at our disposal?" (see Rorty, 1992, p. 41).

In a similar vein, Laclau and Mouffe have taken the Aristotelian concept of *phronesis* to develop a practical approach to reasoning. Thus if we are trying to determine whether an enemy will attack by land or by sea then an algorithmic approach - ie. a computationally predetermined answer - is clearly not available. Nevertheless, it is still possible, through reasoning, to determine which type of attack is the more likely. This approach enables us to see human beings as limited historical agents and not as the

embodiment of the Absolute Spirit of rationalism (the dangers of which are clearly apparent in the history of the twentieth century). As Rorty puts it, "we should not look for skyhooks, but only for toeholes" (1991,p.14).

The intention of this thesis is to develop an anti-representationalist, and, therefore, an anti-economistic, approach to the study of the economy. For this purpose we shall be drawing upon the insights of post-structuralism, discourse analysis and post-marxism - all of which are firmly anchored within the antirepresentationalist tradition - with a view to mobilising certain conceptual tools and to establishing a working perspective which will enable us to move beyond traditional conceptions of the economic.

### Hilferding, Structuralism and Post-Structuralism

The perspective of post-structuralism will be elaborated through an initial encounter with the thought of Rudolf Hilferding and the logic of identity he brings to bear through his concepts of finance capital and organised capitalism. The reasons for this are several.

In the first place we may observe that while the influence of Hilferding has been fundamental in shaping contemporary thought about the economic, his work has not been submitted to any systematic theoretical examination. According to David Harvey, for example, Hilferding's key concept, finance capital, has "passed into the folklore of marxian theory with hardly a flutter of debate" and that "(f)rom this privileged domain the concept is

periodically resurrected by marxists whenever it is deemed polemically or scientifically appropriate"(D.Harvey,1982,p.283).

In fact, the influence of Hilferding has been pervasive in bequeathing a whole "language" of contemporary political economy - in both the Marxist and non-Marxist traditions - with which to frame our thinking about capitalist economies. Lenin's theory of imperialism; the various analyses of cartellisation, trustification and economic concentration (eg.S.Prais,1981;Marsh and Locksley,1983); the studies of interlocking directorships (eg.Giddens and Stanworth,1975); the debates concerning the positions of dominance between banks and corporations, and the relationships between the different divisions of capital (eg.J.Scott,1979;Fitch and Oppenheimer,1970; E.S.Herman, 1973, 1979; Kotz,1978), for example, all owe, in some measure, a theoretical and conceptual debt to the work of Rudolf Hilferding. In all of these areas, finance capital has been taken as a fundamental unit of economic identity and has tended to be investigated on the basis of an assumed intrinsic unity. It has come to be regarded, in other words, as the historical object for contemporary political economy. And, most topically of all, the debates concerning "disorganised capitalism" are, of course, dominated by their reference to "organised capitalism", as Hilferding conceived it. In part, then, we will be attempting to remedy this remarkable lack of theoretical attention paid to such an important innovator of economic thought this century.

However, this paper takes a discussion of Hilferding as its point of departure for a more important reason. With the concepts of finance capital and organised capitalism, we will argue that Hilferding introduces a new logic to the conceptualisation of economic identity which, if we develop it to its fullest potential,

enables us to pose the question of the economic in an entirely new way. More specifically, Hilferding implicitly introduces a logic of structuralism to the study of advanced capitalist societies which directly anticipates such notions as the "relative autonomy of the state" and the "epistemological break" carried through by such writers as Althusser and Poulantzas more than half a century later. The crucial point here is that while, on the one hand, the logic introduced by Hilferding may be seen to represent the highest moment in the theoretical development of economism, on the other, it provides the very conditions for its dissolution. That is to say, it is precisely within the crucible of Hilferding's own theoretical innovations that a new perspective reveals itself allowing us to transcend the impasse of all types of economism, including structuralist economism.

The argument of this paper, then, is that we need to fully reinstate Hilferding as a major theoretical innovator in order to (a) appreciate the full measure of his contribution to contemporary thinking about the economic, and, more importantly, (b) to enter into dialogue with the entire problematic of structuralism - a problematic which, in many ways, has dominated modern political economy. It is only by entering into this dialogue, in fact, that it becomes possible to develop a genuinely alternative approach to "thinking" the economic. This new approach we may identify as post-structuralist (discussed below).

However, while it is crucial, I will contend, to theoretically move to a post-structuralist position, as an important step in the development of a non-economistic perspective on the "economy", this cannot be the end of the matter. For there remains an underlying philosophical problem which it is important to identify: that is the problem of essentialism. In order to

clarify this philosophical problem of essentialism we need to fully establish what is meant by economism.

Economism has a long and varied history with no political identity as such. Rather it exists as an intellectual horizon. That horizon, however, possesses as its fundamental reference point a conception of the economy as an autonomous and rational structure. Various perspectives have been built around this conception.

In the late eighteenth and early nineteenth centuries, the work of Smith, Ricardo and Malthus marked a new departure in the development of "political economy". As a systematic body of thought, liberal political economy set out to establish the economy as a realm of natural law and, thereby, impose definitive restrictions on the degree and nature of state intervention. In this regard, Smith's famous metaphor of a guiding "invisible hand" operated largely as an extension of the prevailing theme of "naturalism" and the Newtonian conception of rational unintended consequences (D.D.Raphael and A.S.Skinner,1980). According to this perspective, the economy, left unhindered, functions in respect to endogenic laws which determine that it always tends towards social equilibrium. And this classical demonstration coincided, in the words of R.H.Tawney, "with the growth of a political theory which replaced the conception of the purpose with that of the mechanism" (R.H.Tawney,1921,p.9).

By contrast, the intervention of classical Marxist theory has been that the economy does indeed operate according to its own objective laws but with different social consequences. Instead of equilibrium, capitalist economic practice will tend to polarize society into two antagonistic camps: bourgeoisie and proletariat.

In both cases, however, the economic space is derived as an



analytic construction - that is, as an *a priori* unity - whose internal logic, or "laws", remain constant in every social formation. The status of the economy, therefore, obtains that of an essence, or "universal", and may be identified with what Aristotle would regard as form (see H.Staten,1985,pp.4-8). In other words, the economy exists as a conceptual model which can be pre-specified, as an underlying structure of "rationality", and around which a causal topography of the social may be logically constructed.

Marxism and liberal political economy, therefore, may be said to share the same philosophical problematic based on essentialism. That is to say, both perspectives are constituted as mere variants of the same process of reducing social phenomena to a closed model of the economic which may be fixed, in advance, purely on the basis of "logical" considerations. Indeed, Hilferding explicitly assumes an absolute identity between model and phenomenon when he characterises "History" as "that best of all Marxists" (concluding paragraph in R.Hilferding, 1940).

The general philosophical process by which social phenomena are reduced to a closed conceptual model, or essence (of whatever type), is the process of idealism. Thus Marxism and liberal political economy are constituted at a point of indivisible philosophical unity around the general idealist principle of reducing the phenomenon to the model or, more specifically, reducing the real (ie. the classical "out there") to the concept.

At the very heart of all forms of economistic essentialism, therefore, lies the philosophical principle of the real as concept: that is idealism. Thus, regardless of which fixed conceptual model is used to define the economic - eg. as an equilibratory mechanism, or as a contradiction between productive forces and relations -

such theoretical endeavours always remain within the philosophical field of idealism. In this way, Marxism as a "science" of History, based upon the material conditions of life, remains unable to escape the philosophical ancestry of Hegel's absolute idealism. As Laclau and Mouffe have argued: "To affirm that the ultimate law of History is given not by the change of ideas in human beings but rather by the contradiction, in each stage, between the development of productive forces and existing relations of production, does not modify things at all. For what is idealist is not the affirmation that the law of motion of History is the one rather than the other, but the very idea that there is an ultimate law of motion that can be conceptually grasped." (1987,p88)

Economism, then, exists as a specific type of idealism which presents the economic space in terms of a closed ahistorical model whose laws exist prior to, and outside of, any articulation with other social practices. Thus the full reality of economic identity and the economic space can be established, in advance, on the basis of conceptual closure. And it is this principle of the closure of the real (the world external to thought) which characterises the idealist essentialism of economism. The movement towards a non-economistic, or non-essentialist, approach to the economic, then, must involve a philosophical disruption of the equation between phenomenon and model, between the real and the concept. That is to say, the movement towards a non-economistic perspective must involve nothing less than a displacement of the philosophical horizon from one which is based upon the idealist principle of the reducibility of the real to the concept to one which is based upon the materialist principle of the irreducibility of the real to the concept<sup>2</sup>.

The argument of this paper is that any non-essentialist

approach to the economic must, fundamentally, involve the philosophical assertion of the materialist principle of non-closure. In other words, it is only by asserting the irreducibility of the economic to a closed conceptual model that it becomes possible to develop a truly non-essentialist perspective - based upon a conjunctural and articulatory logic - without *a priori* limitations.

By philosophically moving towards the materialist principle of non-closure, and by theoretically securing the radical articulatory logic of post-structuralism, it becomes possible to advance beyond the static ahistorical models of all types of economism and to develop a conjunctural, and historically specific, understanding of the economic in terms of what we will call its discursive construction.

Non-economism, therefore, comprises a double-movement - theoretical and philosophical - which is of central importance to our discussion. To this effect, the actual consequences of this double-movement will be elaborated against an investigation into the limitations of Hilferding's thought and the structuralist/idealist logic he has brought to bear on contemporary approaches to the economic.

The intention of Hilferding was to show how the transition to a modern capitalism involved certain developments - the separation of ownership and control, the increasing presence of a regulatory and "relatively autonomous" state, etc - whose consequences were profound for the nature of economic identity: the rise of "finance capital". Rather than examine Hilferding's descriptivist account of the emergence of this new type of identity

we will focus here instead on the theoretical transformation involved in his conceptualization of finance capital and the way in which history is made subordinate to the structure/model in the classical manner of all structuralists.

First, Hilferding identifies a complexity, or plurality, of capitalist phenomena and establishes their identity as independently constituted in an atomistic fashion. Now, however, along with the restructuration of the economic space that Hilferding describes, there is a reformulation of that original plurality. Capitalist identity can no longer be thought of as independently constituted. On the contrary, all capitalist identity is constituted only insofar as it is articulated within a larger structure of interdependence. The organization of capitalist identity, therefore, stops being atomistic in character and becomes structural: that is, it ceases to be an aggregation of independent phenomena and becomes purely relational.

In this respect we may note a striking (but implicit) homology between the work of Hilferding and the first structuralist project of the Swiss linguist Saussure. In his *Cours de Linguistique Generale*, Saussure criticises what Wittgenstein later called the Augustinian tradition of studying language as a collection of independent representations of real objects: that is as a nomenclature. For Saussure, the fundamental distinction in the study of language runs between *langue* and *parole*, where *langue* refers to the entire vocabulary within an individual's mind and, *parole*, its individual products or expressions. The relationship between *langue* and *parole* is clearly interdependent. Thus, for example, the *parole* expression of "mother" is understood only in terms of the meaningful relations it establishes with the (absent) categories of "father", "son", daughter" (etc) at the level of

langue. For Saussure, therefore, linguistic categories are only meaningful insofar as they are articulated as differences within a wider (structural) system of integration. As he argues: "Language is a system of interdependent terms in which the value of each term results solely from the simultaneous presence of the others." (1974,p.114).

Consequently, "in language there are only differences *without positive terms*" (1974,p.118). There exists only differential or relational identity and no atomistic, or one-to-one, nomenclature.

Using the argument of Saussure, then, we could say that in Hilferding the "parole" of individual capitalist identity can only be understood in terms of the "langue" of finance capital. That is to say, the plurality of capitalist categories which Hilferding initially identifies as independently constituted is now transformed into the differential moments of a relational totality. Finance capital, therefore, becomes the name, or metaphor, for this relational structure in constituting capitalist identity and, thereby, establishes the discursive conditions for conceiving all economic phenomena in a capitalist market as a collective agency which exercises power in a unified and unilinear way. As he states: "Thus the specific character of capital is obliterated in finance capital. Capital now appears as a unitary power which exercises sovereign sway over the life processes of society" (my emphasis - 1985,p.235)

Put simply, "Finance capital signifies the unification of capital" (my emphasis-1985,p.301). And it is precisely to this new relational/structural form in the organization of capitalism that Hilferding is referring when he argues that finance capital represents capital's "supreme and most

abstract expression" (p.21).

It is important to stress here that the formalized structuralism of Saussure, which is contiguous with the work of Hilferding and, more explicitly, informs the later work of such writers as Althusser and Balibar, already begins to blur the classical division between the "linguistic" and the "non-linguistic". It is precisely to the relational/articulatory form of non-linguistic practices that Althusser, for example, is referring when he speaks of the "overdetermination" of any contradiction and any constitutive element of society as belonging to an entire "structure articulated in dominance".

This theoretical development, however, is most notably confirmed by Ludwig Wittgenstein in his concept of what he (rather misleadingly) calls "language games". At the beginning of his *Philosophical Investigations*, Wittgenstein demonstrates the impossibility of separating the linguistic from the non-linguistic in an absolute sense. The act of building, for example, cannot be divided into separate linguistic and non-linguistic spheres, but must be understood as something which is meaningful in its entirety: that is as something which includes both linguistic utterances and social action. And so Wittgenstein asserts: "I shall also call the whole, consisting of language and the actions into which it is woven the "language game"" (emphasis added - 1953, 1983,p.3)

Thus the form of the relational sequences which Saussure identified at the level of language now invades the universal problematic of all meaningful social action and social identity (see Derrida,1978,p.280). And this theoretical innovation constitutes the fundamental point of departure for writers such as Laclau and Mouffe and their recent reworking of the concept of

"discourse" (1985, see esp. the chapter "Beyond the Positivity of the Social"), to which this chapter will return.

By presenting capitalist identity in relational terms, Hilferding would appear to have established a new perspective which would enable us to develop an articulatory logic in a way which transcends the "nomenclature" of the base-superstructure model and the classical idealism of economism. However, this is not the case.

In Hilferding, the relational sequences reach a limit and the logic of differential identities is "resolved". Indeed, it is precisely at the point where the relational sequences of finance capital are transformed into a transparent unity that the transition to "organized capitalism" is made. In other words, the relational totality of finance capital ceases, finally, to be relational, with the effect that its identity can be ultimately determined by an "objective" exterior: that is to say, something which is not articulated within the relational framework but exists outside it as an "immutable datum". That exterior, of course, comprises the capitalist laws of accumulation and constitutes the *a priori* (conceptual) essence of the totality which predetermines the identity of finance capital/organized capitalism as a point on a line from a given equation. And the nature of that equation is clearly idealist.

For Hilferding, then, organized capitalism exists as a unified totality with rational limits that may be derived from a transcendent principle of historical development - *historical materialism*. At the domain of subjectivity, this meant that the space between the abstract conception of "capitalist" and those actual historical agents participating, at some level, in the market was theoretically overwritten in the construction of a

perfect overlap between the two identities - between the real and the concept. All "economic" identity was, therefore, seen to be unequivocally "capitalist" (with its own paradigmatic ideology). Conversely, all "producer" identity was seen to be ultimately "socialist" at the subterranean level of objective interests. The notion of a (discursive) tension between the conceptual and actual identities was denied and the possibility of economic identity being politically articulated to other positions was, consequently, rejected. As a result, any attempt to develop an articulatory politics was theoretically pre-empted. The economy could be perfectly elided as a foundation, separate from other social terrains, and, therefore, constituted the realm of objective interests for the development of *realpolitik*.

The notion of organized capitalism, therefore, ultimately extinguished all contingency and indeterminacy insofar as it constituted a fixed totality whose limits could be rationally determined by reference to the (external) metaphysical construction of the economic space. Economic identity remained frozen within a structural system of differences which Hilferding transformed into a universally intelligible object: organized capitalism. Hilferding, then, clearly represents continuity rather than rupture with traditional conceptions of the economy. Thus it does not matter whether the capitalist totality is presented as a nomenclature or structural system, the point is that both kinds of totalities are endowed with a rational/objective centre, an a priori essence, which identify them as idealist.

To put this another way, Hilferding began with a discussion of historical agents and then extinguished their history by a theoretical sleight of hand which subordinated the former to a closed conceptual model of organization. Thus economic identity



could have no identity other than that determined by the model.

In this respect, Hilferding ceased to be an historian concerned with the actuality of economic identity and became, like Saussure, a pure theoretician of the model. That is to say, the Saussurian logic of enquiry, which attempts to fix identity within a closed structural system, displaces and obscures all attempts to understand the emergence of new identities outside this system. History, in this sense, is at an end. It is this, finally, which unites Saussure and Hilferding in the idealist logic of closure which attempts to interrupt and foreclose history on the basis of a conceptual model of structural identity.

However, as we have argued, Hilferding's thought also reveals the possibility of a new perspective - that of post-structuralism - which will enable us to pose the question of the economic in different terms. Here the development of two concepts - which characterise the work of writers like Derrida, Rorty and Laclau and Mouffe - are going to prove crucial. These are radical relationalism and non-closure.

To take radical relationalism first. Here the assertion is that nothing can be specified independently, or outside, of a set of differential articulations. All identity is the articulation of difference - of the type formally established by Saussure and which, with the insights of Wittgenstein, fully extends to the non-linguistic. Thus, it is only by developing the very relational logic introduced by Hilferding that it becomes possible to go beyond the conception of the economic space as a totality limited by an objective exterior that can be determined *a priori*. The economic space, in other words, can have no meaning as an

independent metaphysical construction or as an autonomous realm of "natural" regulation. Rather its identity will fully depend upon how it is articulated with a set of categories and practices within a relational formation.

This position, moreover, presents a non-causal theory of identity. Thus, to take Saussure's own example of the familial sequence of mother-father-son-daughter, we cannot identify a privileged signifier which would cause everything else in the sequence. "Explanation", in this sense, can only be presented in relational, not causal, terms. That is to say, the identity of any object can only be explained in terms of the relational sequences within which it is articulated - ie. in terms of its discursive conditions of emergence.

Non-closure, on the other hand, refers to the fact that once it is accepted that all identity is the articulation of difference then the identity of any object, or practice, is limited only to the extent that its differential position can be rearticulated within an alternative system of relational sequences. The identity of "woman", for example, will be constructed as a particular kind of difference within the relational pattern "family", "mother", "passive", and so on, and as a countervailing difference in respect to the relational sequence "oppressed", "angry", "equal rights", etc. Moreover, these two discourses on woman exist not as positive opposition but as negation/subversion of one against the other in what Laclau and Mouffe call the infinite play of differences (1985,p.111) and Foucault calls "regularity in dispersion" (1972,pp.31-39). In consequence, the identity of any object can never be fixed, or closed, but is under constant threat of subversion/recovery from alternative differential articulations (other discourses).

Let us take the example of the controversy over the piece by Henry Moore a few years ago and the ensuing argument about whether it could be used as an altar or whether it should be considered purely as an object of art. Here we would say that the identity of Moore's sculpture cannot be "known" in the abstract - as if the artist simply liberates an already existing form/identity from the rock - or in advance of its articulation with other objects/social practices. Thus Moore's "sculpture" is incapable of telling us one way or the other. Its identity, in fact, will fully depend upon the language game, or discourse, which articulates it with other objects and social practices. In other words, Moore's sculpture/table/altar is quite capable of being all of these things (and more) precisely because of the logic of non-closure and the absence of any meta-vocabulary which would fix its identity in an ultimate sense.

Thus if we abandon the notion of metaphysical fixity, of an ultimate grounding, then the domain of relationalism must be regarded as having infinite dimensions. Any frontier separating, let's say, the economic sphere from other social spheres, will be contingent and precarious and will wholly depend upon historical construction and not on any *a priori* division of necessity. Another way of expressing this is to say with Rorty that the world does not tell us what language games play.

These two concepts (radical relationalism and non-closure) therefore, establish the principles by which we may understand Wittgenstein's notion of the language game as discourse. And it is on this basis that we can understand the economic as discourse - as something which fully depends upon the articulation of differences in specific conjunctures.

There are numerous ways in which we can analyse the

discursive construction of the economic space. For our purposes, however, we will limit ourselves to two examples concerning (i) the domain of subjectivity, and (ii) economic meaning.

With regard to the former, Bea Campbell, for example, shows how nineteenth century coalmining was transformed from a community-based industry to one which came to sexualise the drama of coalmining and became "preoccupied with the appropriate conditions of women's femininity". As she argues: "The feminisation of women was equated with the purge of women from hard physical labour underground....As with the underground campaign, the movement against the "pit brow lasses" was about the regulation of women, it was about the social definition of a feminine role"(1986,p.256)

In this way, producer identity and the producer environment was constructed as "male" through the development of a new sexist discourse which united both employer and employee (the Miner's Federation). Another way of putting this is to say that the subjectivity of the producer was rearticulated within a new language game which combined it with an alternative set of relational sequences:"man's work", "head of the family", "breadwinner", etc. It is clear, then, that things like sexism - or, indeed, racism, disablism, etc - are not secondary effects, they are not caused by an objective sphere called the economy, they are in fact integral to the very construction of the economy itself: that is to say, the discursive construction of the economic space as based upon a logic of articulation and not any model of causality.

Regarding the latter, we may note how in the 1960s there occurred a transmutation of economic life in Britain in which the economic space and its actors were no longer defined in terms of the postwar mixed economy and the universal market but rather of

national boundaries and nationalist identity (see below). There were major attempts to establish a new exporting culture and to revitalize and expand the exporting community, in which there emerged a sharp division in the economic space dividing capitals into legitimate and non-legitimate identities.

Moreover, in the political recomposition of economic identity, there began to occur a movement from a limited "economic" critique to a more general "cultural" critique of national identity - "fibre", "backbone", "spirit", etc - which led to a blurring of the classical division between economic and cultural practice. That is to say, the economic critique of exports (etc) was increasingly linked to questions concerning Britains role in the world, its national psychology, the discipline of its workforce and the general reproduction of social life. The critique of national psychology (the "British problem", etc), for example, began to form part of the "economic" diagnosis of Britain.

One important moment which condensed some of the central metaphors of this period of transmutation and (relatively) crystallized the themes of the new conjuncture is to be found in a famous film of the late 1960s, *The Italian Job*. This film brought together such people as Michael Caine, Noel Coward, Benny Hill, and so on (from the British tradition), articulated the resonant themes of anti-elitism and xenophobia and celebrated a more robust image of British know-how in the form of the Mini Cooper which both displaced the Jaguar as the industrial symbol of the establishment and embodied a new parvenu spirit - as the theme song declared, "this is the self-preservation society". Similarly, we can see how the conjuncture which has culminated in Thatcherism has engaged with this type of expansivist discursive logic in order to popularise its articulations between market and cultural identities

In the discursive construction of the economic space during the sixties, then, the "economic" came to be symbolised in a variety of different social spheres which had previously been regarded as other. And, in this respect, we see a widening of the metaphors in the construction of economic meaning and identity.

From the perspective of post-structuralism and discourse analysis, then, the economic cannot be identified as a fixed totality - as if it were constructed independently of its articulations with other social practices - nor can the economic subject be unified or predetermined. On the contrary, this perspective underlines the complex and varying ways the plurality of the economic space is actually identified, and the ways in which the identities and meanings of that space are under permanent threat of subversion by other differential articulations, other discourses, and is therefore continually having to be redefined and renegotiated.

### Post-Marxism: Negativity and the Constitutive Outside

By mobilising the insights of post-structuralism we have attempted to establish the grounds for a non-economistic approach in terms of a conception of the articulation of differences in a relational complex which can never achieve a final closure. In what follows, however, we shall be focusing on those points at which differential articulation is actually arrested and the economic is affirmed as a "totality". In order to do this we shall be drawing more directly on the thought of Derrida and the post-Marxism of Laclau and Mouffe.

The central assertion of Laclau and Mouffe is that

"society" can never be fully constituted as a positivity or final closure (1985,pp.93-145). This does not, however, negate the idea of "the social", or a relative fixation of society, as a partial and precarious discursive formation in a given conjuncture (Laclau,1990,p.91). While society as such is an impossible object, it is an object which, nevertheless, human beings constantly aspire to through a process of historical remaking. In this regard, the social is characterised as "a non-sutured space...and as a field in which all positivity is metaphorical and subvertable" (1985,p.126).

What Laclau and Mouffe's conception of the social demonstrates, in fact, is that all identity and "objectivity" is penetrated by the ambiguous forces of non-closure and negativity. In this respect, the authors draw the insights of Derrida's important arguments concerning "deconstruction" and the "constitutive outside".

To deconstruct an identity is to reveal its constitutive outside; an outside, moreover, which both threatens and affirms that identity<sup>3</sup>. Staten characterises the Derridean approach to the constitution of an identity in this way: "X is constituted by non-X. X here means essence or self-identity as conceived by philosophy, and non-X is that which functions as the "outside" or limit, to the positive assertion of this self-identity, that which keeps ideality from complete closure, yet in limiting it remains the positive condition of the possibility of the positive assertion of essence" (1985,p.17).

Thus, for example, Derrida points out in his *Dissemination* (1972) that a necessary condition for the definition of "memory" is that it must be subject to forgetfulness: otherwise "a limitless memory" would be "not memory but infinite self-presence" (1972,p.109). The same, of course, could be said of the mutual

subversion of such terms as "private" and "public" or, lets say, the drawing up of a wedding list - where the positive inclusion of "the guests" must, finally rely upon a certain limit (the exclusion of "the uninvited").

The general condition of any identity then, is that its "is-ness", or "as-such", is constituted through a relational frontier which it establishes with what it "is not". In this respect, identity is pierced by a basic negativity whose effects are always ambiguous in so far as the negativity prevents the closure of an identity (and thereby threatens it through exposure to a subverting "otherness") and, at the same time, provides a crucial "limit" (a combinatory effect of "not-this" and "not-now" - what Derrida calls "differance") for its positive affirmation.

The boundary of positivity for any identity, therefore, is always prone to violation. But this does not mean that the sense of a "boundary" disappears altogether. As Staten puts it: "It is not that identity is drowned in otherness, but that it is necessarily open to it, contaminated by it" (1985,p.18).

In this regard, Derrida represents a foil for Aristotle and his attempts to establish a strict division in all identities between the essential (*eidos*) and the accidental - between knowable form and unknowable formlessness (or "matter"). That is to say, for Derrida, form and essence actually grow out of, and are penetrated by, formlessness and the accidental (see Staten,1985,pp.15-19) and that, in consequence, the being of any identity must always be one of radical contingency - ie. a historical being, with no possibility of becoming stabilised within a fixed system of representation, nor of finding its *eidos* (see Laclau,1990,pp.18-21).

In contrast to Aristotle, then - who rejected the



possibility of a science of accidents - Derrida may rightly be said to have evolved a new rationality (and emphatically not to have abandoned "reason") which may be regarded precisely as a type of "science of the accidental" (Staten,1985,p.93).

The intervention of Laclau and Mouffe, on the other hand - while accepting the constitutive character of negativity - has been to demonstrate how in social life there is a point at which negativity can break down all possibility of a "positive" set of presences/identities: that is, antagonism. A fundamental tenet of their perspective, in fact, is that antagonism constitutes the limit of all objectivity (1985,p.125) and that, in consequence, the social must be analysed in terms of its (affirming) "limits" or "political frontiers". Let us examine their argument.

As the authors point out, the notion of antagonism has been widely deployed in descriptivist terms but has rarely been analysed as a specific type of relation. In redressing this, Laclau and Mouffe show that antagonism does not involve an opposition between two full identities A and B (or not-A) - ie. as either a contradiction or a confrontation between two physical objects. On the contrary, antagonism arises from a situation in which the presence of the "other" prevents A from being fully who she wants to be. Thus in the case of the dispossession of a peasant's land by the state, for example, an antagonism develops because a peasant can no longer be a peasant. Similarly, the wage relation can become an antagonistic relation if the wage earner, beyond a certain point, is prevented from being fully who he wants to be - eg. consumer, carer, parent, provider, etc.

In a situation of antagonism, then, negativity overflows the objective order and both denies the constitution of A and prevents the absorption of the antagonising other into a

(relatively) stable system of differential presence. Antagonism, therefore, functions as the "witness" of the impossibility of any closure (1985,p.125) and, insofar as it disrupts the process of an infinitely extending system of presence - ie. "society" as an aggregation of human beings - it acts as both the limit and the positive affirmation of the social. This argument is crucial.

If an antagonism threatens an identity - ie. prevents the ongoing affirmation "I am..." - then it reveals, in the strictest sense its radical contingency. At the same time, however, the antagonism also provides those necessary conditions for a new, and modified, affirmation of identity. Thus where the national identities of a colony are rearticulated as "the colonised", this clearly depends for its positive construction on the presence of the antagonising "coloniser". Laclau draws out the paradox of antagonism in this way: "On the one hand, it (the antagonising force) "blocks" the full constitution of the identity to which it is opposed and thus shows its contingency. But on the other hand, given that this latter identity, like all identities, is merely relational and would therefore not be what it is outside the relationship with the force antagonising it, the latter is also part of the conditions of existence of that identity. As Saint-Just said: "What constitutes the unity of the Republic is the total destruction of what is opposed to it". This link between the blocking and simultaneous affirmation of an identity is what we call "contingency", which introduces an element of radical undecidability into the structure of objectivity." (1990,p.21).

In addition, Laclau and Mouffe demonstrate that insofar as antagonism establishes the limit of the social it also gives rise to certain frontier effects through a "logic of equivalences" which subverts the identities and meanings of the social (1985,pp.127-

134). A logic of equivalences negates formally the Saussurian system of differences. We can see this in operation if we again take the example of the coloniser/colonised antagonism. The difference between the coloniser and the colonised will appear through a variety of differences: skin colour, language, dress, customs, etc. However, where this relationship becomes antagonistic, each of these factors will be taken up in a chain of equivalences which will establish a frontier of common differentiation - each "difference" becomes equivalential in symbolising the general otherness of either the colonised or the coloniser. The more the chain of equivalences is extended, the more difficult it becomes to establish a positive and legitimate system of representation for identity. In this situation, a point will eventually be reached where all the differential identities will be equivalentially subverted such that the colonised will be constructed as the anti-coloniser (and *vice versa*) - thereby precipitating a radical division, or frontier effect, in the social space. The "war of the roses", for example, indicates precisely the nature of antagonism as a symbolic negation such that the objective representation of Yorkshire and Lancashire - as coexisting counties with all their commonalities and differences in custom, dialect, tradition (etc) - became increasingly denied.

Through antagonism, the logic of equivalences tends to dissolve conditions of the objective/differential representation of "society". At the same time, however, this logic offers radically contingent possibilities for the construction of new identities - ie. "we...who resist/the undersigned/who oppose, etc.". It is a logic which reveals both the essential contingency of the social and the constitutive power of negativity.

What we see in the establishment of the social, therefore,

is not any boundary of essence but the essentially ambiguous and unstable movement of political frontiers - ie. the negating/affirming limits of an equivalential expulsion of otherness and "not them". The very possibility of the social, then, is one which necessarily requires, at a certain point, the equivalential subversions of frontier effects (separating "society" from its "non-society"). And, of course, the positioning of these frontiers is never given in advance but fundamentally depends upon the hegemonic determinations and articulatory practice in a specific historical conjuncture. In this way, the political play of frontiers becomes the founding principle of the social.

It is on this basis, moreover, that Laclau and Mouffe have radicalised the notion of hegemony beyond its identification with any pre-given class identity or historical task. Thus the logic of hegemony is fully at play in the determination of the frontiers of the social and the constitution of all social identity in situations where negativity and equivalence have disrupted differential objectivity and opened up new possibilities for rearticulation (1985,p.136).

On the other hand, the authors point out that an equivalential division of social space can be re-integrated within a system of differences. This is exactly what happened with the politics of Disraeli in nineteenth century Britain. Disraeli was confronted with "two nations" - a sharp division of social space between the poor and the wealthy. In order to overcome this division - and, thereby, neutralise the various forms of popular revolutionary subjectivity - Disraeli mobilised a "one nation" discourse of universal belonging. To this effect, the various demands and struggles, instead of threatening the social fabric as a whole were gradually absorbed and reinscribed as legitimate

differences within a new (and more "objective") representation of society. The mobilisation of this logic, of course, is later expanded with the development of the modern welfare state.

Thus, while a system of differences tends to establish a set of "objective" representations - as in language which introduces (at least tendentially) ideality and metaphysics in order to make it meaningful/useable - a logic of equivalences tends to dissolve positive representation, through negativity, and to expose differences to the possibilities of radical subversion (thereby revealing contingency and the limits of all objectivity). And it is in this context of this exposure that the logic of hegemony - as an indeterminate game of reconstructing identities and remaking the frontiers of the social - reveals its full effects.

Now it is evident that the logics of difference and equivalence are not mutually exclusive and that, at any one time, both will be operating - to greater and lesser extents - within a social formation. As we can derive from the Derridean notion of deconstruction: if objectivity (through a Saussurian-type system of differences) is possible it is only because of the constitutive power of negativity and antagonism which provides crucial limits for positive affirmation (introduced through a logic of equivalences - a generalised "not this" in order for "this"). Thus "if negativity and objectivity exist only through their reciprocal subversion, this means that neither the conditions of total equivalence nor those of total differential objectivity are ever fully achieved." (1985,p.129). An important corollary to the assertion that "society" is not totally possible, therefore, is that neither is it totally impossible: that is, the objective order is never fully dissolved - recognition and identity are always

possible even in cases of extreme crisis and widespread antagonism, (eg. civil war where new identities - "survivors", "refugees", "communities of resistance", etc. - are constituted in the wake of what has been destroyed).

A crucial point is that in any example of the social - be it one of organic crisis/antagonistic rupture or one of stability in a hegemonic formation (such as the welfare state) - the logic of equivalence always establishes a frontier effect which allows us to identify the social as some kind of "totality". A logic of difference, on the other hand, cannot do this as it presupposes an infinite extension of the objective order - any "beyond" simply becomes a new difference without any final limit. In the construction of the social, then, an ensemble of differences will be cut out as a totality through an equivalential frontier which establishes the beyond or limit of that totality (ie. an essential condition of its affirmation) as that which it is not - ie. through negativity and antagonism.

The social, therefore, is not an objective order of presences or an aggregation of individuals. On the contrary, the social is constituted through the hegemonic determination of political frontiers which disrupt differential objectivity and establish fundamental (and affirming) limits of exclusion/negation - ie. "our society is this but not that".

In this respect, political frontiers cannot be identified with geographical or national boundaries - although in certain cases, of course, a community's definition may very well involve a territorial struggle. Rather these frontiers penetrate "society" as such to reveal a precarious and threatened order of political spaces. As Laclau and Mouffe put it: "Every "society" constitutes its own forms of rationality and intelligibility by dividing

itself; that is, by expelling outside itself any surplus of meaning subverting it." (1985,pp.136-37).

Frontiers, therefore, are not "parameters" but are, in fact, internal to the constitution of the dimensional order of the social. Thus, in the case of Thatcherite Britain, we see how a new political frontier describes an antagonism between "the people" (ie. all those who support free market and traditional values) and its adversaries (trades unionism, public waste/inefficiency, the alternative politics deriving from feminism, youth, sexual identities, anti-racist struggles, etc.) and establishes a new construction of the social within that formation we call "Britain".

The concept of frontiers is absolutely central to our analysis. In particular, the thesis will be concerned to examine the political play of frontiers in the specific constructions of "organisation" and "disorganisation" in Britain and to look in detail at those hegemonic games played locally over the definitions of such areas as "private" and "public". Finally, the notion of frontiers also allows us to examine how the very spatiality of the economic changes with a redimensioning of social space.

The two central themes of post-structuralism and post-marxism are clear for our analysis. While post-structuralism reveals a radical and open sense of articulatory practice for the development of a non-economistic approach, post-marxism elaborates the necessity (but indeterminacy) of frontiers in the historical constructions of social and economic space.

In addition to these broad perspectives, Laclau, in a recent work (1990), has further theorised the notions of negativity

and the constitutive outside in a way which contributes directly to our attempts to historicise the construction of economic space and to analyse the play of its political frontiers. Rather than drawing out all the implications of this provocative work we will attempt here only a working matrix of the main categories and ideas within which to situate our analysis.

A central formulation of Laclau is that of "dislocation". This formulation underlines the fact that where negativity and antagonisms proliferate, identities become dislocated from their previous structures of representation. Thus, in the case of early capitalist expansion, we can see how the seizure of land, the pooling of labour and the commodification of labour power, the rise of modern centralised cities and the factory regime (etc) dislocated identities from those structures of representation within traditional and peasant communities. At the same time, however, these dislocations gave rise to new sites of resistance and new identities - eg. opposition to the city, rural occupations, the breaking of machines, trade union organisation, strike activity, etc. In this respect, dislocation performs a paradoxical function: on the one hand it threatens identities but, on the other, it establishes the conditions for the construction of new identities by exposing an existing order of objectivity (held together through differences) to the dissolving effects of negativity. It reveals, in other words, the universal condition of negation and affirmation for identity - and, in this respect, every identity may be said to be ultimately dislocated (Laclau, 1990, p.39). Dislocation, therefore, reveals the universal potential for any symbolic structure (or discourse) to be de-structured and re-structured by a radical outside of alternative possibilities (see Appendix 1)



At the same time, however, we can also determine the relative degree of dislocation for a symbolic structure in a particular conjuncture. For the purpose of this determination the mobilisation of two further concepts is useful: space and temporality.

For Laclau, the idea of space refers to any "repetition that is governed by a structural law of successions" (1990,p.41). Indeed, the representation of any objective order - insofar as it is repeatable and recognisable - always takes place in spatial terms. The representation of "time", for example, as a seasonal succession in peasant communities constitutes a reduction of time to space. Space, to use a term from Husserl, sediments social relations, norms/values, institutional practice (etc.) as objectivity, and allows the structuring of life/experience as a series of successive moments of representation.

Time, on the other hand, refers precisely to a failure in the symbolic structure of any spatial representation of objectivity. The failure of the *laissez faire* imagination around the turn of the century, for example, constituted a temporal subversion of its spatial order.

In its pure form, temporality refers to an unrepresentable and traumatic condition of "event" (Laclau,1990,p.72) - a condition in which the "experience" of dislocation and antagonism are, relatively speaking, at their greatest (eg. the temporalisation of that spatial order known as Yugoslavia). Time, therefore, cannot be reduced to space - as in the classical manner of teleology in which all future (and past) events are already representable (be it in terms of the ever present "cyclical crises of capitalism" or Fukuyama's "end of history"). On the contrary, an event's temporality is always exterior - not in the sense of an "extra-

discursive" - because it is something which cannot be represented, or decided, within the terms of an existing symbolic structure (as it is precisely the structure which has failed).

It is evident that a spatial order can never fully domesticate the realm of the possible (the Lacanian real) and that, in consequence, it is always exposed to the corruptibility of time - this, of course, is the positive condition for any order to function as space (ie. with certain negating/affirming limits).

Time, on the other hand, can never establish an absolute condition of unrepresentability. That is to say, the dislocatory effects of time are never encountered within a discursive vacuum. On the contrary, as a failure, or lack, within a particular symbolic structure of spatial representation, temporality/dislocation is always "explained" from the position of an alternative signifying development. The temporal, therefore, is always reabsorbed/re-hegemonised by the spatial - while time will always overcome/negate space in a continuous game of transmutation/re-presentation. Thus the very fact of dislocation presupposes its discursive-spatial recomposition. To this effect, space and time (like equivalences and differences) only exist through their mutual subversion (and not in any pure form).

Now a central point here is that between a dislocated symbolic structure and its recomposition exists a radical "undecidability" (in the Derridean sense) whose resolution will fully depend upon the outcome of a hegemonic struggle. That is to say, dislocation and temporality open up possibilities of multiple and indeterminate rearticulations in which a heterodoxy of discourses compete to "explain" the particular failure/crisis and to establish the basis of a new spatial order - an order whose articulating principles cannot be decided upon in advance (as the

realisation of a preceeding rationality) but will be politically created.

This can be illustrated with respect to interwar Britain and Germany. Whereas in the former the dislocation/temporalisation of the *laissez faire* imagination witnessed a social democratic recomposition - as a result of the particular balance of political forces and those discourses mobilised in explanation of the socio-economic crisis - in the latter, by contrast, we see the emergence of a fascist order.

The logic of undecidability, however - inscribed in the omniscient condition of dislocation and corruptibility - never leads to a situation of *tabula rasa*. As we have seen, temporality in its pure form can never be experienced but is always partially represented from a multiplicity of alternative (but historically specific) discourses which are thereby unleashed. Laclau puts it this way: "the dislocation of a structure does not mean that *everything* becomes possible or that *all* symbolic frameworks disappear...The situation of dislocation is that of a lack which involves a structural reference. There is a temporalisation of spaces or a widening of the field of the possible, but this takes place in a *determinate* situation: that is, one in which there is always a relative structuration." (1990,p.43).

This widening of the field of the possible, moreover, is what Laclau understands by the political. That is to say, in the context of a failure of the spatial - and, more broadly, a failure of the social - there is a heightening of the moment of the political: "Politics and space are antinomic terms. Politics only exists insofar as the spatial eludes us." (1990,p.68). Again, using Husserlian terms, the political constitutes a reactivation in which identities are jostled from their position as a stable

difference in a spatial order, are radically put into question and become exposed to the constitutive effects of negativity, antagonism and new articulatory possibilities.

At the same time, while the processes of recomposing identities are always hegemonic (insofar as they reveal an outside and a logic of undecidability), recomposition, itself, always takes place through myth - or the establishment of an alternative mythical space - which has an essentially ambiguous and metaphorical character. Laclau explains the "functions" of myth in this way: "The "work" of myth is to suture (a) dislocated space through the constitution of a new space of representation. Thus, the effectiveness of myth is essentially hegemonic: it involves forming a new objectivity by means of the rearticulation of the dislocated elements. Any objectivity, then, is merely a crystalised myth." (1990,p.61).

Myth, therefore, is not a secondary plane of signification - it does not obscure an underlying objectivity to which we might secure access - but is constitutive of "reality" as such. At the same time, myth, or mythical space, has a split identity: on the one hand, it has a specific and literal content but, on the other, it symbolises the very principle of spatiality and embodies the sense of fullness beyond any particular suturing (1990,pp.61-67). This splitness means that mythical space can be metaphorically extended to embody an alternative holism of spatial representation for a multitude of dislocations and demands which were not part of its original "intention". Thus, for example, the specific demands for greater intervention and regulation in interwar Britain culminates in the later creation of the welfare state - the articulating principle of which is able to establish an entire spatial positivity for the absorption and representation of

widening demands and interests within a redimensioned social.

Mythical space - because it always represents something more: the very sense of a fully realised wholeness - is capable of becoming a "limitless" surface of inscription for all demands and any dislocation (Laclau,1990,p.64). At this point, the particular mythical recomposition ceases to be one among other objects and becomes the very horizon of intelligibility in which the meaning of all objects (and objectivity) can be understood. This can be seen, for example, in Nazi discourse where, from relatively modest beginnings, the discourse was transformed into an entire imaginary for the very formulation of demands and became constitutive of everyday social reality. It is a point at which, for Gramsci, the corporatist class becomes a hegemonic class and there is a universalisation of the demands of a particular group.

Conversely, of course, we can also see an opposite tendency: a waning of the surface of inscription in which a mythical space begins to lose its power of horizon and metaphor and becomes "re-literalised" as a particular object (and therefore exposed to competition with other objects of discourse). This is precisely what happened with the collapse of *laissez faire* in the early part of the century. The *laissez faire* imagination could only absorb a limited set of social demands at a time of crisis and became less and less able to integrate into its space of representation a widening set of dislocations (both domestically and internationally) and, in consequence, began to lose that power of horizon which had become synonymous with nineteenth century capitalism and the Victorian age.

The concept of mythical space is particularly useful from our point of view insofar as it enables us to understand how the economic is always put together in the context of a particular

horizon dominating the social. In this regard, the economic is imbued with an entire sense of "community" which embodies those historical norms, values, expectations, (etc.) pertaining to the economic/market. To this effect, there is no "rationality" (in the objectivist sense) to the economy. There is, however, always a rationale which is derived from a historical principle of intelligibility.

This last point is absolutely crucial for our following discussions. The movement from *laissez faire* to a modern organised economy, for example, does not represent the evolutionary unfolding of a pre-existing rationality. On the contrary, what we see is a radical act of reconstruction - the result of hegemonic struggle - in which a new principle of intelligibility suffusing the entire social and economic order actually comes into play.

In addition, while we can identify certain "family resemblances" between the various aspects of "organisation" (eg. the state logic of socialism, fascism and social democracy), there are also profound differences which modify the dominant principles of intelligibility in respect to the particular hegemonic forces at play. The radical frontiers of racial exclusion in Nazi Germany ("we Germans are this but not that"), for example, had profound consequences for the constitution of economic and organisational practice - eg. the dispossession of the Jews (as part of the anti-conspiracy diagnosis of the economy), genocidal bureaucracies and the every-day functioning of what Hannah Arendt has called the "banality of evil" (1963). In the era of disorganisation, moreover, we can see how British social democracy has largely lost its power of horizon. The new right, by contrast, has managed to establish alternative principles of intelligibility for social reality and its economic practices/norms/values, etc.

In this regard, we need to move beyond those rather sterile debates concerning the question of whether Thatcherism is essentially "ideological" or "economic" in its primary determination (viz. Jessop *et al*, 1984, 1985 and Hall, 1985). That is to say, Thatcherism is a structured totality of articulatory practice in which the economic only makes sense in terms of the hegemonic determinations (the outside) which constitute it in characteristic fashion. Indeed, under Thatcherism, the dislocatory effects of disorganisation have been integrated into an alternative mythical space/horizon of representation which has been very atypical of the "European" experience - underlining an open-ended and constitutive logic of hegemony and antagonism rather than infrastructural/stageist development.

In Europe, by contrast, against a background of both disorganising capitalism and socialism we can see how the attempts to establish a new principle of intelligibility for supra-national reality - articulating new forms of economic rationale with social, cultural, national, ethnic (etc.) values - is not leading to any naturalistic point of unification (the triumph of capitalism, the end of history, etc.). On the contrary, what these discursive processes of representation are tending to reveal is a proliferation of the sites of antagonism and hegemonic contestation. This does not necessarily mean that Europe is now haunted by the spectres of dissolution and separatism. The "organic crises" of Europe also presents new opportunities for reinvention in which it may become possible to effect a more radical and pluralised imaginary for a democratic Europe.

## Subject and Structure

The importance of an anti-representationalist perspective also lies in the fact that it allows for a deconstruction of the traditional social agent/structure problematic. Here the work of Slavoj Zizek is of particular relevance. Drawing on the work of Lacan - whose mark for the subject was  $S$  barred - Zizek demonstrates that the subject, far from possessing a positive identity, exists as an empty place within the structure (1990, pp.249-54). As he explains: "if we make an abstraction, if we subtract all the richness of the different modes of subjectivation, all the fullness of experience present in the way individuals are "living" their subject-positions, what remains is an empty place which was filled out with this richness; this original void, this lack of symbolic structure, *is* the subject, the subject of the signifier. The *subject* is therefore to be strictly opposed to the effect of *subjectivation*: what subjectivation masks is not a pre- or trans- subjective process of writing but a lack in the structure, a lack which is the subject" (Zizek, 1989, p.175).

Zizek, therefore, makes a crucial distinction between subject and subjectivation. While subjectivation depends upon its articulation within a signifying structure, the subject always functions as a lack within that structure; a lack which can never be finally signified and which means that an unrepresentable condition of trauma lodges at the heart of every identity (the eternal "who am I?"). The (partial and incomplete) absorption of the subject into the representable forms of subjectivation functions as a continuous process of attempting to repress this trauma (Zizek, 1990, p.253). In contrast to Giddens, then, "agency" cannot be specified in advance - either in terms of an intrinsic



nature or as an ahistorical position of interpretation - but is always a matter of identification/subjectivation.

A central point here is that the very failure of the representation of the subject is its positive condition (Zizek, 1989, p. 175). That is to say, the play of signification/subjectivation is only possible because of the subject's non-identity, its essential lack. For this reason, Zizek refers to the subject as a "constitutive void" (1990, p. 254) and as the "subject of the signifier" (1989, p. 175) - ie. that which makes signification possible in the first place. Just as in the Laclau-Mouffe formulation the social is always penetrated by a basic negativity (its affirming limits), so too the symbolic field of the subject is penetrated by the constitutive powers of its own negation.

Neither the subject nor the (symbolic) structure, therefore, exists as a positive domain. Laclau underlines this latter point. He proposes that we initially accept the idea of structural determination and then expose it to an interrogative procedure: "what happens if the structure I am determined by does not manage to constitute itself, if a *radical* outside - which does not share a common measure or foundation with the inside of the structure - dislocates it? The structure will obviously not be able to determine me, not because I have an *essence* independent from the structure, but because the structure has failed to constitute me and thus to constitute me as subject as well....I am *condemned* to be free, not because I have no structural identity as the existentialists assert, but because I have a *failed* structural identity. This means that the subject is partially self-determined. However, as this self-determination is not the expression of what the subject *already* is but the result of its

lack of being instead, self-determination can only proceed through processes identification." (1990,pp.43-44).

From this perspective - without a conception of objectivist positivity - the structure/agency and determination/free-will oppositions become meaningless (in much the same way as the blasphemous/pious opposition becomes meaningless without a conception of God). Identity and meaning, therefore, are never fully arrested at the level of either agency or structure but are (partially) represented within (incomplete) spatial orders whose essential conditions of possibility (that of negativity) necessarily exposes them to corruption and otherness. History, in this sense, cannot be represented as a continuum or in terms of a final underlying structure. On the contrary, history is dominated by undecidability, dislocation and failure - ie. the conditions of temporality and the subject - and the processes of hegemonic struggle in reinventing mythical space and the symbolic field of the subject within alternative relational formations.

A final consideration concerns the significance of Zizek's arguments for the Laclau-Mouffe formulation of antagonism. As we have seen, in a situation of antagonism A is prevented from being fully A by a negating other. However, as Zizek points out, A is already negated: that is, it is riven by its own auto-negativity (the subject). Thus, in a situation of antagonism, "it is not the external enemy who is preventing me from achieving identity with myself, but every identity is already in itself blocked, marked by an impossibility, and the external enemy is simply the small piece, the rest of reality upon which we "project" or "externalise" this intrinsic, immanent impossibility." (1990,pp.251-52).

Thus because A is already self-negated, in an antagonism there is a certain "negation of the negation". In this situation,

moreover, there is a dissolution of the symbolic order (preventing differential objectivity) and the beginning of alternative significatory practices in which A is politically reconstituted as a modified identity in its very confrontation with the negating other. This process of reconstitution, however, develops through an externalisation of auto-negativity and the projection of A's self-blockage onto the negating other (the "enemy") in such a way that the annihilation of this other becomes the *sine qua non* for A's sense of emancipation and self-completion.

This can be illustrated in respect to such antagonisms as the American opposition to "world communism", the workers struggle against "capitalism", and women's struggle against "male chauvinism". In each case, the annihilation of the "enemy" becomes a foundational act of determining the completion of identity as "American", "worker" and "woman". To put this in other terms, Žižek demonstrates how in antagonism there always develops "if only...." types of articulation which politically recruit and modify identities with new promises of completion - eg. "if only the state was not repressive/if only there were no evil empire/if only there were no sexism/racism/homophobia/ ecological irresponsibility (etc.)... then I could be fully me". But, of course, these "if only..." articulations can never finish the lexicon of identity (they are constitutive only through the power of negativity) and lead only to further assertions of "if only...". In political space there is no final frontier.

What Žižek shows, therefore, is that political struggle is always articulated through the social fantasy of an impossible fulfillment or, as Laclau puts it, through myth.

This perspective allows us to break the deadlock of the traditional exclusive alternative: either there is a fullness of

the structures (in which case subjectivity is merely a passive effect) or there is a fullness of subjectivity as a positive and self-determining identity (an objective "agent"). Rather structures can never achieve fullness of a closure because the subject constitutes a permanent deferral of this closure in its essential condition of lack.

This means that there is no "agent" of hegemony - eg. the party, the class, the individual - prior to hegemonic practice. It cannot be a question, therefore, of who or what is transforming social relations as a pre-existing identity. On the contrary, agency itself is a matter of identifications through hegemonic practice. Thus when we discuss the significance of a figure like Montagu Norman (an inveterate governor of the Bank of England) or the role of an intermediary institution in determining the position of the private/public frontier we are essentially talking about the same thing: that is, political loci, constituted through hegemonic practice, for the purpose of suturing (economic) identity and meaning in a particular way.

This position also undercuts those criticisms (viz. Mouzelis, 1988 and Jessop, 1989) which claim that the "serious" study of institutions is undermined, and even ignored through an emphasis on "discourse". The point is that institutions and their practices can only be constituted through the differential articulations of discourse. They are not part of any extra- or non- discursive world - as Foucault sometimes claimed (see Brown and Cousins, 1980). Whether we are talking about the House of Lords, the Vatican or the oracle of ancient Greece, they are all discursive constructions whose "institutionality" is historical and derives from the specificity of signifiatory contexts. This also allows us, crucially, to formulate a notion of "institutional ambiguity" and,

thereby, to examine institutions as the terrain of a political struggle which exposes their identity to modification/reconstitution - eg. the changing role of the church/monarchy/parliament etc.

Finally, the deconstruction of the structure/agency problematic allows us to see how precarious those formulations of "I..." and "we..." are and to look at them within determinate historical contexts. This is particularly important for our analysis of the specificity of Britain in respect to the broad conjunctural movements in the development of our modern social and economic systems. Thus in conjunctures of extreme and widespread dislocations, such as the collapse of *laissez faire*, we see the development of a new type of mythical space and communitarian imagination (a new "we British") through such articulations as "if only there were more state regulation/care for the poor/responsibility to industry/less banking conspiracy (etc.)". Similarly, with the 1960's crisis of organisation, the formulations of "we British" and the construction of economic objectives through political struggle involved such articulations as "if only the British could revive the Dunkirk spirit", "if only we did not have restrictive practices in government and trades unions", "if only foreigners would play fair", "if only we could boost our exports" (see below).

### Beyond Political Economy

In this chapter we have attempted to derive from the various currents of anti-representationalist, post-structuralist and post-marxist thought a working perspective for conceiving the

economic in non-economistic and non-essentialist terms - and, in this way, to establish a basis for our analysis of the characteristic constructions of "organisation" and "disorganisation" in Britain.

The central assertion in this perspective is that the economy cannot be represented/represent itself as an independent positivity, or metaphysical "extra-discursive", which transcends all historical and social context. On the contrary, the economy possesses, as a condition of its possibility, a constitutive outside which determines that it is always penetrated by a negating/affirming otherness which introduces a radical undecidability into its construction.

This may be illustrated in the context of those debates concerning the characterisation of South African capitalism. In liberalism/conservatism, the coexistence of apartheid and capitalism has been generally taken as an anomaly; one in which the latter will eventually sweep away the former with its market rationality and the attendant forces of social equilibrium. The neo-marxist school, on the other hand, has convincingly argued that, far from being incompatible with capitalism, apartheid is actually integral to its reproduction - ie. enabling increased rates of exploitation through discriminatory practices.

But as Laclau points out, this does not necessarily imply economic determinism (1990,p.23). On the contrary, if racism is a functional requirement of South African capitalist accumulation, then this must mean that it is a condition of possibility for such accumulation to operate (contingently) in that context. To this effect, we can see that there are a whole range of conjunctural discourses and articulations at play - eg. the fluctuations in racist politics, the shifts in discriminatory practices, state

regulation, black/labour resistance, etc - which are exterior to the capitalist "laws of motion" and which are clearly constitutive of the economic space and its rationale(s). Far from an abstract universal logic of capital determining every area of social development, therefore, this logic is itself contingent upon forces which are beyond its control. Thus racism, and the dynamics therein, function as part of the constitutive outside for capitalist accumulation (and, of course, *vice versa*) in South Africa. On the one hand, this outside clearly deforms the nature of capitalist accumulation but, on the other, makes such accumulation possible.

The constitutive outside, moreover, can be seen to be operating in all constructions of the economic space - and, indeed, in every identity. In the early part of this century, for example, we see how the "organisation" of the economic space took place through the dramatic expansion of the regulatory power of the state - ie. as an outside required to "rationalise" the market and the logics of capital. While in Britain this regulatory power was articulated through the themes of universalisation and the discourses of social democracy, elsewhere in Europe - notably Germany and Italy - this power was constituted through fascist mobilisation. In the "Soviet Union", by contrast, the myth of regulatory power was articulated in such a way so as to overturn capitalist-type relations in the construction of "organised socialism" - a socialism which, at no point, led to a withering away of state but, on the contrary, a Weberian expansion of bureaucratic power in order to impose economic cooperation.

Similarly, with the recent decline of the nation-state, we see that while in Britain the logics of disorganisation have been largely articulated through an "authoritarian populism" this has

been atypical of the "European" experience.

The economy, therefore, can never be a fullness because there is always an outside which, although necessary for its affirmation, always deforms and prevents its constitution as an objectivity and permanently exposes it to contingent possibilities. To this effect, we can understand how the economic never becomes "the economy" - ie. a transcendental signified perfectly repeatable and identical to itself<sup>4</sup>.

In this regard, we should also point to the interesting contributions of "regulation theory". Regulation theory encompasses a wide-ranging research project which has developed from the mid 1970s in W.Germany and, in particular, France, and has been chiefly associated with the work of Aglietta, Lipietz and Boyer. The central assertion of the regulationists - although there exists a significant diversity of positions within regulation theory itself (see Jessop, 1990) - has been to demonstrate that the capitalist economy does not regulate itself endogenously (and, in this respect, it represents a critique of both neo-classical and marxist theories). In particular, Aglietta argues that the economy is always structured/regulated through the imposition of a "regime of accumulation" (1976, 1987, pp.68-72). Lipietz characterises the regime of accumulation as: "a systematic mode of distribution and allocation of the social product, which brought about a long-run correspondence between changing conditions of production (volume of capital investment, distribution among different branches, and production norms) and the changing conditions of final consumption (consumption norms of wage earners and other social classes, collective expenditure and so on)" (1983, 1985, p.xvi). In this way, the regime of accumulation establishes a framework of regulation for the articulation of accumulation with production and



consumption - in addition, the regulationists speak of modes of regulation (institutional complexes) and modes of development (productive/technological paradigms) as part of this framework. The important point, however, is that the economy cannot function or regulate itself in an internal manner but depends upon a certain outside: a characteristic regime of accumulation.

Now while the critique of endogenous regulation is well taken, a question immediately arises as to the status of that which is being regulated. For if, as we have affirmed, the economic is not given then the question of the construction of the economic must be prior to that of its "regulation".

However, in an interesting contribution to the debate by Demirovic (1988) and Torfing (1991) the question of regulation is not separated from that of construction (see esp. Torfing, 1991, pp. 81-82). Regulation is rather conceived as hegemonic practice, such that the "objects" of regulation do not pre-exist this practice but are, in fact, constituted in and through it. On this basis, the process of regulation is something which always involves the modification of the identity of that which is being regulated: any act of regulation, therefore, becomes an act of re-construction (in which the logic of contingency is fully at play).

With this perspective, the concept of a regime of accumulation may be understood as a set of (essentially discontinuous) political spaces which are constituted through hegemonic struggle. Thus the regime of accumulation in South Africa, for example, does not only refer to the articulation of production and consumption (as narrowly conceived) but to all those practices which constitute and structure the economic space in the context of the logics of apartheid. Similarly, we can see how the

organised regime of accumulation was constituted through a wider "organicisation" of the social (ie. interventionist regulation, universal belonging, etc) while, in the era of disorganisation, new regimes of post-fordism/capital-mobility/flexible production/new divisions of labour (etc) are articulated through the discourses of the new right (see Jessop *et al*, 1985, and their argument concerning a return to a pre-Disraeli form of "two-nations").

In this respect, too, the concept of regime of accumulation may also be understood in terms of the mythic ordering of economic space - ie. as part of a political suturing which fills out the illusion of completion and effectivity (eg. "jobs for all", "the New Britain", "property-owning democracy", etc). And, in this extended sense, the regime of accumulation could also be linked more broadly to the Foucauldian notion of a "regime of truth".

Let us draw the main conclusions of our perspective. That which we call the economic cannot be identified as a perfectly delimited object with a positivity of its own, nor as one which can be analysed as a discrete set of logical considerations or "laws of motion" outside history. Another, simpler, way of putting this is to say that we have moved from the metaphysical realm to that of the metaphorical: that is to say, we have moved away from the idea that economic "truth" is discovered and towards the idea that it is made.

The economic, like all other social spheres, is the terrain of a political struggle and is governed not by a single developmental logic but by articulatory practice and a proliferation of discourses/language games. In other words, it cannot exist prior to or outside of its articulation with a set of other social/political discourses (an outside) in concrete historical conjunctures.

As we have argued, the economic must be located as a phenomenon characterised by the articulation of differences - a phenomenon whose authenticity and specificity is derived as a discursive construction on the basis of radical relationalism and non-closure. And, if the economy no longer possesses a status independently of that which it is supposed to effect, then in what sense can we say that the economic is determining, even in the last instance? The answer, clearly, is that we cannot.

Our principal concern, therefore, is with a deconstruction of the classical boundary of essence between the "economic" and the "non-economic" such that the former can no longer be privileged as a founding anatomy for the latter (or for "civil society"). In this respect, we affirm the need to move beyond the traditional problematic of "political economy" - common to both liberalism and marxism - and its attempts to establish some sort of causal topography on the basis of a law-bound economic objectivity.

Now this clearly does not mean that the economic disappears as a valid "object" of political analysis, rather that the objectivation of the "economy" takes place within the discursive terms of specific conjunctures. In this regard, we would say that the concept of political economy is not very useful (in its traditional conceptions) to an understanding of articulatory practice and the historical construction of economic identities and meanings. In order to remedy this, we propose that instead of political economy we speak of the "social-economic". Thus the idea of the social-economic is used to convey the idea of the economic as an articulated "totality" within a given social context. Moreover, the "verb-like" quality of this term (ie. to be social-economic) also indicates the radical historicity of economic construction in contrast to the metaphysical, and "noun-like",

quality of political economy.

Finally, by drawing on the post-marxism of Laclau and Mouffe and, in particular, their formulation of antagonism (and its arresting effects for differential objectivity) it becomes possible to analyse the histories and re-dimensioning of economic space in terms of the hegemonic determination of political frontiers. These frontiers, as we have seen, constantly aspire to, but never achieve, a mythic fullness.

The reality of the economic, therefore, is always conjunctural and threatened in the context of the infinite play of differences and the deformative/constitutive effects of negativity and antagonism. Indeed, an important corollary for our perspective is that there can be no "Capitalism" as such (see Laclau, 1990, p. 27). Rather what we are faced with are different constructions of capitalist relations which cannot exhaust the reality of economic space or transform it into an objectivity beyond all history and context - the same argument, of course, also applies to "Socialism", "Populism", "Nationalism", etc.

It is on this basis that the thesis will examine the rise of "organisation" and "disorganisation" in Britain; not as universal stages, but as logics and tendencies whose dislocatory effects have precipitated conjunctural forms of antagonism, hegemonic practice and reconstruction. In contrast to Lash and Urry, then, we do not intend to establish the degree to which Britain corresponded to a particular model or ideal-type of organisation or disorganisation (as if they possessed a positive content). Rather our intention is to examine the way in which these logics were characteristically articulated, made sense of and, thereby, modified in the context of "Britain" itself. Our intention, therefore, is to historicise the meaning and identities

of organisation in a way which reveals the essential play of political frontiers and their necessary exposure to temporal disruption, otherness and the indeterminate games of hegemonic/mythical recomposition. In this way, while bearing in mind the broader paradigmatic shifts in social-economic imagination, we will emphasise exceptionalism and the specificities of political struggle rather than the stageism and teleology of universal movements.

By moving beyond objectivism and political economy, we hope to reveal the contingent possibilities integral to the dislocations of the modern age - new openings in history - which, in the Gramscian sense, present us with both crises and opportunities for the democratic renewal of the ways in which we live today.

## Chapter Two

### The Crisis of the Liberal Order:

#### Organisation and Organicisation in Britain

##### I

In their book, *The End of Organised Capitalism* (1987), Lash and Urry identify fourteen basic points which characterise the general model, or "ideal type", of organised capitalism (see Appendix 2). In their discussion of Britain, however, the authors argue that the historical development of Britain as a "Makler", or "middleman" economy accounts for a rapidity of "organisation" at the bottom of the economy and slowness at the top (1987,p.42). According to these authors, Britain became organised at the bottom because of a set of historical factors which secured a rudimentary corporatism and incipient forms of welfarism and labour representation (1987,p.43). At the top, by contrast, Britain did not fulfill the conditions of "the organised capitalism ideal type" because, instead of a genuine concentration of capitals, with an attendant professionalisation and modernisation of the concentrated structures, Britain tended to develop loose federations of holding companies which invariably maintained their original form and practices (1987,p.44).

According to Lash and Urry, this failure to develop a fully organised capitalism must be contextualised in terms of the Makler economy. The notion of the "Makler" economy, which they take from Hans Medick (1974), is used to refer to various aspects of the economy. As a general category, however, it is used to refer to a

historical transformation where, in the absence of extensive modernisation and re-equipment in the early part of the century, Britain could no longer be identified as the "workshop of the world" but became increasingly based on "middleman" services:- particularly in the areas of food, drink, tobacco and a whole range of commercial activities.

In addition to this, the Makler economy is also a reference to the traditional practices of the City. Here the authors are in broad agreement with G. Ingham (1984) when they argue that far from the development of a dominant "finance capital" - with its own interests in "short term and overseas profit" (1987,p.49) - Britain is rather characterised by a relative separation of "finance" and "industry" as based upon the Makler activities of the City and its classical role as a commercial (as opposed to financial) enterprise. That is to say, the City has historically developed as a vast commercial network of broker-type practices and relations which has institutionalised a non-interventionist and non-consolidationist culture. This culture, moreover, effectively inhibited the development of any "real" structure of finance capital. As they argue: "in establishing such conditions of buying and selling of various "services" the city organisations have almost exclusively acted as *intermediaries* between investors and borrowers." (1987,p.49).

Thus, the historical development of the city in terms of its intermediary/Makler practices, and the absence of any real tradition of investment, has sustained a tendential division between industry and finance. And this division accounts not only for the rather slow development of organisation at the top but also the rather incomplete nature of organised capitalism in Britain altogether (in comparison to, say, Germany and the USA).

According to Lash and Urry, this very division (relatively speaking) in industry/City relations actually contributed to the extraordinary development of nineteenth century liberal capitalism in Britain. Indeed it was the very success of the City in securing the conditions for extensive and complex market mechanisms and commercial activity which provided the basis for a flourishing home industry. As they remark : "Companies could rely upon the "invisible hand" which had served British companies so well during nineteenth-century liberal capitalism." (1987,p.47). Thus, it was the very efficiency of the early commercial markets of Britain, overseen by the City, which obviated the need for any "visible hand" of intervention and integration. In Gramscian terms we might say that this historical bifurcation secured the conditions for an organic unity, or coincidence of interests, between industry and the City.

In the modern era, however, the authors suggest that this coincidence of interests radically broke down. In the face of stiff competition from organised national economies, particularly those of Germany and the USA, the City/industry divide became an active impediment in the race to organise (and thereby secure a competitive position in the world economy) at the beginning of this century. It is from this period, moreover, that the fate of both industrial and financial capital has continued to unfold in rather different directions. While the story of British industry has tended to be one of political denudation and a failure to attract long-term investment, the finance/industry divide has, by contrast, tended to liberate the City of London in a way which has allowed it to expand its commercial activities across the globe to the point where it functions as the principal "commercial entrepot" in the international structure of world capital exchange. In this



regard, Lash and Urry are in complete agreement with G.Ingham when he writes of Marx: "he failed to envisage the extent to which a single nation-state could monopolise the general commercial (including international banking and wholesale banking) functions in the global circuit of capital."(Lash and Urry,1987,p.49).

In their discussion of Britain's industrial economy, Lash and Urry take their central criterion of organisation from the work of Alfred Chandler and his observation concerning the emergence of "centralised, functionally-departmentalised" forms of economic organisation. While in Germany and USA these forms became widespread at the turn of the century, it was not until the interwar period that the industrial economy of Britain also became fully organised in this way.

While we are in agreement with many of Lash and Urry's empirical observations regarding organised capitalism and its development in Britain, in this chapter we will be concerned to develop an approach to the analysis of organisation which places a far greater stress on its discursive context.

From our point of view, the attempt to establish a universal model, or ideal type, of organised capitalism, although a useful exercise, can also be misleading and even impoverishing for analytical purposes. Indeed, we would argue that there is sometimes a tendency in Lash and Urry to do violence to the study of the discursive context of organisation through an excessive emphasis on their model of abstraction. In this way, the authors often adduce the degree of "success" or "failure" of the different manifestations of organisation (eg."rationalisation") purely on the basis of their model of abstraction. Perhaps more significantly, Lash and Urry tend to play down the radical differences between, for example, the interwar social democratic forms of organisation

in Britain and those fascist forms which developed in interwar Germany (regarding them as merely different "versions" of a given organised capitalism). Thus because Britain and Germany fulfilled the general criteria of their model then they tend to be regarded as sharing a basic reality.

The problem with this approach, we would argue, is that it tends to ignore the crucial dimension of articulatory practice in a particular discursive formation. By contrast, we would emphasise the way in which the fourteen points of Lash and Urry's model were actually articulated in interwar Britain and Germany and also, most importantly, the way in which these points were characteristically articulated with other social, political and cultural factors within the terms of their specific conjunctures. From our perspective, then, there can be no "Organised Capitalism" as such. Rather what we see are different constructions of organised capitalist relations which must be analysed within the terms of their historical context

In this chapter we intend to emphasise a logic rather than a particular model of organisation. That is to say, what the era of organisation crucially introduces is a logic of conscious control - ie. a new ethos of planning, regulation, corrective and creative intervention, welfare management, etc - in direct contrast to the self-adjusting naturalism of the liberal order. To this effect, we would also underline the undecidability of the representations/articulations of this type of new logic. Thus while we can certainly see "family resemblances" between social democracy and fascism in respect to their organising logics, we would also stress what Derrida would call their "iterability"<sup>1</sup> - ie. the charactersitic constructions of these logics according to their discursive contexts.

In this respect, too, we would also emphasise the political character of the development of these logics. That is to say, the logic of conscious control does not evolve automatically but is constituted through the hegemonic struggles which take place against a background of the widespread failure of the spatial representations of the liberal order. The characteristic social democratic and fascist constructions of the logics of conscious control, therefore, are not the expression of an underlying necessity but the result of "reactivations"<sup>2</sup> and the (undecidable) political mobilisations of hegemonic forces in the struggle to overcome the endemic dislocations in their conjunctures.

For the remaining sections of this chapter we will examine the specific construction of the logics of organisation in the discursive context of Britain. We argue that these logics precipitated new demands, antagonisms and identities which are re-spatialised through the hegemonic struggles to constitute social-economic relations as an integrated structure of collective belonging. In this regard, we will insist that organisation takes place through a certain "organicisation" of social and economic space; an organicisation which provides the characteristic discursive conditions of emergence for the logics of conscious control in Britain. In addition, however, we will also assert that the new identities, dislocations and antagonisms generated in the era of conscious control are never fully spatialised - there is no moment of closure for organisation. On the contrary, what we see is an ongoing process of hegemonic struggle over the frontiers of organisation and conscious control - particularly in respect to private autonomy and state authority - which reveals a specific history of the construction of its logics.

In very broad terms, then, we would agree with the arguments of both Hilferding and Lash and Urry that the early part of this century marks a radical departure from the previous economic formation *laissez faire* and that, further, it constitutes a formative conjuncture which may be identified in terms of the idea of "organisation". The contribution of this chapter, therefore, begins by trying to establish what it is about the new conjuncture which may be regarded as organisational.

Our first observation is that the restructuration of the economic space during the inter-war period takes place as a result of a massive instability and displacement of social and economic identities as the old liberal order began to crack and disintegrate. Among those moments which symbolise this process of dislocation some outstanding examples are: the 1926 General Strike; the pervasive de-industrialisation of the North, Scotland and Wales; the Wall Street crash of 1929; the British crises of 1931 and the Jarrow marches of 1933. In the basic industries of Britain's industrial empire, huge losses in production were experienced between 1912 and 1938 - particularly in coal, cotton and shipbuilding. At the same time, levels of unemployment grew so fast that by 1931/2 the workforce of the basic industries had been reduced to between a third to a half of its original capacity and, in some cases, notably shipbuilding, nearer two thirds. In addition, the tremendous increase in support for trade unionism and Fabianist ideals established the Labour Party as a major force threatening the traditional Liberal/Conservative duopoly in government - which it subsequently overturned in 1929 and, thereby,

permanently changed the political map of Britain.

What we see over this period are widening dislocatory effects - in conjunction with what Trotsky called the "combined and uneven development" of an early structure of international capitalism threatening Britain's imperial domination of markets - in which more and more identities became antagonised and "cut loose" from their traditional moorings in the liberal imaginary.

What emerged, in fact, was a discursive schism in which the metanarrative of *laissez faire* could no longer domesticate, or make sense of, those identities which had become dislocated - and in some sense denied - and, as a result, profoundly antagonised.

The proliferation of displaced and antagonised identities began to overwhelm the entire paradigm of *laissez faire* and liberal thought with a critical surplus of meaning whereby it could no longer "think" the evolving conjuncture within the terms of its naturalistic metaphors. And it was precisely this critical surplus of meaning which prevented the existing orthodoxies from incorporating or neutralising the new antagonisms - thus triggering what Kuhn would call a collective nervous breakdown and leading to a long period of traumatic adjustment and reorientation.

From the point of view of *laissez faire* discourse, then, this period represents a deep sundering of its closure in which the new antagonisms dramatically revealed the "artificiality" of its objectivity and, indeed, the "vanity" of its construction. At the same time, however, new opportunities and discursive openings presented themselves.

With this last point in mind, it is clear that the interwar juncture should not be read as simple disclosure or disarray in random terms. As Gramsci has argued, political opportunity is always integral to the moment of crisis. In the same way, we can

see the period not only as one of dissolution but as one of active recomposition, not only as dislocation but as rearticulation, in which the displaced identities became prone to "capture", and the antagonisms exposed to new meanings, by alternative discourses. In this regard the displaced identities became increasingly "charged", politically, in the context of those competing discourses which attempted to recruit them

This process was particularly apparent with respect to the development of alternative "explanation" for crisis. Against the background of the bitter experiences of the First World War, ten to fifteen years earlier and the disappearing certainties of colonial markets, it became less and less tenable, for example, to speak in terms of a temporary adjustment of an invisible hand which would eventually and automatically establish social equilibrium. Indeed, the very interventions of the state in mobilising and resourcing the nation in the first World War led to increasing demands for greater interventionism. On the one hand, this interventionism appealed to the protectionist wing of conservative imperialists and, on the other, to the Fabian demands for rational management and social engineering by the national state. In addition, of course, greater credibility was given to the classical Marxist views of the Second International - which had predicted the polarisation of social classes and the immiseration of the workers - and the events of 1917 loomed very large on the political horizon.

A significant development here was the mobilisation of popular-nationalist discourses and forms of subjectivity. This began to be developed at various points across the political spectrum and, importantly, mobilised the charges of national betrayal and even conspiracy against the "establishment". Writing

in 1931, for example, Karl Radek - in an article entitled "Britain and American Finance Capital" - characterised the emergence of a new class of international capitalists, which flouted the national interest, as a "dictatorship of financiers"; an expression which began to resonate more and more deeply in the popular imagination. The Daily Herald, on the other hand, was more specific when, on August 26th 1931, it defended its statement that the New York Banks had threatened to withhold their assistance from the Bank of England unless unemployment benefit was cut - although denied angrily by MacDonald, this was, in fact confirmed across the Atlantic by New York's financial paper, *The Journal of Commerce*. In the same year, which witnessed the collapse of the Labour government and the rise of a Nationalist coalition, the Daily Herald went on to make its strongest comments to date when it said: "The chief thing is that the new government is not a government of the people, but a government of bankers. The masses of all parties will feel deeply ashamed at the fact that the international financiers can overthrow a government".

With these types of interventions we can see precisely the articulation of a two-camp scenario which Laclau and Mouffe have identified as the people/power bloc antagonism and which, ultimately, leads to populist rupture. Indeed, the very emergence of a Nationalist coalition served only to underline the question of how the nation was to be defined in the first place, and thus exposed it to new discursive openings; openings which would finally dissolve the liberal order. In this way, the popular-nationalist perspective achieved considerable purchase in the political imagination precisely because it was able to connect with a whole range of antagonisms - North against South, the industrial community against the "dirty money" society, nation against foreign

threat, social responsibility against social "naturalism" (etc), and to (tendentially) charge these across an equivalential frontier between "the people" and ancien regime. And it is this radical charging of the popular sectors which threatened the resolution of the social space into a basic antagonism in the jacobinist tradition.

Now, clearly, while the interwar years did not experience anything like a jacobinist revolution, it is a period, nonetheless, in which the "expulsion" of liberalism was confirmed in terms of the movement towards a new social and political culture (discussed below). From the point of view of the traditional power bloc, the multiplicity of antagonisms was articulated in such a way that the liberal/laissez faire imaginary became increasingly unable to accomodate the social demands being made of it and, therefore, to constitute "society" as such. What we see over this period, in fact, is a widening of the realm of the possible in which the frontiers of the social became more and more put into question and exposed to political intervention.

The liberal order had already begun to be radically modified with the discursive emergence of a new type of political subjectivity. And here we are very much in agreement with Hall and Schwarz (1985) who characterize this emergence in terms of a shift from individualism to collectivism over the period 1880 to 1930. In particular, they argue that a new politics opened up along the fault lines of limited suffrage - inscribed in the Reform Act of 1867 - and that from the 1880's onwards this early constitutionalism was increasingly unable to incorporate or neutralise the widening democratic demands for collectivist political representation. In the terms of C.B. MacPherson (1962), it reflected part of an ongoing and difficult process of



articulating democracy with the liberal order (where, of course, no necessary relationship existed).

An irradiating democratic culture began to overwhelm the individualist orientation of the liberal reformers and to establish an agenda of universal suffrage firmly within the political imagination. Integral to the new agenda, moreover, was the development of a new type of state logic of rational management and intervention which responded to the emerging culture of political collectivism: "Thus, within the collectivist perspective, the state was seen as representing particular collectivist interests, and thereby required to intervene positively in civil society on behalf of these, rather than holding the ring within which individual interests compete. Underlying these theories was the idea that the state was linked to the organic interests of class, community or nation" (Hall and Schwarz, 1985, p.16).

What began to be developed over this period, then, was the discursive construction, and alternative metaphorisation, of the social space in collectivist/organic terms. In this way, a new type of universalist belonging to the political community was articulated and political subjectivity was reconstituted in terms of an extended citizenry. This citizen, moreover, became a holder of new types of social rights vis-à-vis what Hall and Schwarz call the "universalist state" (1985, p.28) - whose functions were similar to that of Hegel's ethical state in the moral formation of society (and here also we see a major conceptual current in the political development of Fabianism).

The crucial effect of this discursive recomposition was that it was able to displace and neutralise the political threat of the popular sectors, and any paratactical tendency<sup>3</sup> towards a two-camp antagonism, through what Laclau and Mouffe call a "system of

differences" (1985, pp. 127-34) - ie. the differential absorption of their democratic demands. That is to say, with the construction of a new public space and the designation of a new type of rights and political subjectivity, the discourse of collectivism is able to transform these demands into the positive differences of an organic unity. And, in this regard, we see the articulation of a new "we" ("we British") whose central organising principle is the regulatory and rationally redistributive state.

Indeed, the new demands were articulated in such a way that they no longer represented a critical and deforming surplus of the social, but were "identified" and relocated within the new social order through a process of (limited) incorporation and cooptation (eg. citizenry, welfare legislation, social management, the formalisation of industrial relations, etc). In this way, the discursive conditions were created for the state to (in large measure) assume the means of organisation, and to regulate political expression and social protest, by expanding the policy-making community and imposing a stable framework of demand management and competition. The popular became ingested, dispersed and redefined across the legitimate "spaces" of public representation and political subjectivity, and new margins were set for the definition of the social and the political expulsion of the more radical groups.

Thus, the new discursive interventions which were able to represent the logics of conscious control were also able to disrupt the connections between the various demands and to neutralise the radical charge of the antagonisms through the articulation of universal forms of naturalistic belonging to an integrated political structure dominated by a complex institutional heuristic - a heuristic which disciplined as much as it represented, and

which domesticated political identities and limited demands as much as it took account of them. And the form of this discursive recomposition, which modified both the identities of the players and the rules of the political game (in opposition to say the notion of "class struggle"), is characteristic of the uneven, and often contradictory, development of liberal democracy in the modern period.

Through differential absorption, the new dislocations and antagonisms could be domesticated (ie.re-spatialised) in such a way that "society" could be re-presented as an intelligible and ordered unity. It is the logic of this system, moreover, which is embodied in Disraeli's metaphor of "One Nation" and which culminates with the development of the modern welfare state.

A general observation of this period is that the re-metaphorisation/reconstruction of the political community began to take place with the development of the theme of universalism and that this was instituted through a discursive logic of differences. In addition, however, we would argue that this type of recomposition was not restricted to a narrow definition of the "political community" but extended to other social areas - in particular, the areas of "civil society" and "economic community" - and that it is in this extension that the departure from liberal political culture is completed. In regard to economic identity and subjectivity, two aspects of this process of extension are of particular relevance here.

The first of these concerns the creation of a mass domestic market and the articulation of a modern consumer identity. In most accounts of this period the relationship here is taken to be axiomatic, as a naturalistic function of domestic investment. From our perspective, by contrast, this process rather involves the

active construction of a new type of economic subjectivity within a new economic space. That is to say, individuals first had to "recognise" themselves as legitimate participants in the new economic culture of services, consumption and mass markets. And this process of self-recognition/identification is clearly an articulatory process in which using the language of Lacan, real individuals are "quilted"<sup>4</sup> within the *points de capitons* of a new world of consumption.

Up until this point, the overwhelming experience of economic subjectivity was as a producer. Consumption patterns were very much organised around the producing community and producers themselves had little social investment in the markets they produced for - particularly in the basic export-orientated industries such as cotton. What began to happen now, however, was a discursive expansion of economic subjectivity in which individuals were also identified as "consumers", beyond the producing community, as a universal class of a mass domestic market. In this way, the developing modern service industries of advertising and a multi-million national-popular press came into their own in addressing this new class of consumers.

Relatedly, and importantly, the technological innovations of radio and cinema in the 1920s contributed to the suffusion of the "private" domain with a new commercial cosmopolitanism. In regard to the latter invention, Hobsbawm writes: "The gigantic baroque Granadas, Trocaderos and Odeons, their names hinting at exotic languor and luxury hotels, their cushioned seats opening vistas of million-dollar spectacles and huge organs rising to blow out heavy sentiment amid changing coloured lights, rose in the working-class districts with the rate of unemployment. They were probably the most effective dream-producers ever devised, for a

visit to them not only cost less and lasted longer than a drink or variety show, but could be - and was - more readily combined with the cheapest of all enjoyments, sex." (1969,p.221).

To this last point we would add that cinematic culture - as well as the many other developments in social life over this period - not only mobilised sex but was, crucially, involved in the codification of new forms of sexuality and social attraction, and which, further exposed them to the logic of consumerism/commodification, music, fashion, cosmetics, (etc). Moreover, the Egyptianesque structures of cinema, to which Hobsbawm refers, also acted as monuments of the new consumer society symbolising a much wider belonging of individuals to the (mass) produced culture of the market.

All of this was part of the articulation of a new type of economic subjectivity: the mass consumer. And it is important to stress here that it is not that the expansion of the domestic market simply liberates an underlying essence of rational self-interest - as if the identity of the consumer were already inscribed - but that there is a new articulation between the identities of the market and market consumers as such. That is to say, consumer identity and the meaning of the market were actively constituted in a new process of signification which responded to a re-metaphorisation, or re-mythicisation, of the economic space itself. In this way, the construction of a domestic market may be said to have offered new promises of mythic fulfillment at a time of unprecedented levels of high unemployment, industrial crises and widespread social antagonisms.

At the same time, the logic of consumerism allowed for the continuing opening-up of the discursive spaces of identification which could be occupied. Thus consumer identity became more and

more vulnerable to the dislocatory effects of the logic of commodification in capitalist culture. Fashion, ephemerality, the new (etc), became increasingly part of the constitutive process of desire and repression through which social identities were recomposed. In this regard, we would underline the fact the constant revolutionising of the means of production always takes place with the revolutionising of the means of consumption - through what the regulation theorists call a regime of accumulation (see above) - in a continuing process of dislocation/recomposition of social identities which modifies and reconfigures the identities of the consumer and the market as such.

In the interwar period, therefore, the invention of the modern consumer took place through the articulation of what Gramsci called Fordism - ie. a massification of forms of production and consumer culture in which social aspirations were increasingly standardised within regulated markets and a new mass market/mass consumer identification was signified within the terms of an integrated economy. In this way, the rise of the cinema, the multiple shop and the department store not only changed the skyline of the market-place but actually symbolised a new type of mass belonging to an economy which had been re-metaphorised as a structure which could be rationally managed.

The development of the domestic market was not simply decided by a logical response to the collapse of the export markets in the early part of this century. What allowed the characteristic development of the domestic market in the first place was rather a reconstruction of the economic space as a whole; a fundamental change in the economic imagination and the metaphors it worked with. With this reconstruction, a new economic subjectivity came into being such that markets became increasingly constitutive of

social identity and part of the "domestic" domain itself - indeed, the very notion of "domestic market" is one which did not simply refer to an economic expansion within a given space, but rather a new articulation between "domestic" and "market" as such. And these developments formed part of a broader re-metaphorisation of the economic space as an integrated organic structure; a structure which was organised around the idea of conscious control and planning, and which allowed for the thematic developments of intervention (rather than interference) rationalism (rather than naturalism), and the visible (rather than invisible) hand.

In addition to the construction of a domestic market there developed a widespread concentration of British capital - a process which is well documented by S. Prais (1976) and L. Hannah (1976) - as part of a general "rationalisation" of the economy (see below for a discussion of this). E.J. Hobsbawm refers to this process of intense concentration as one of "accumulating great clusters of miscellaneous capital which were in no sense productively more rational than their original independent components" (1969,pp.217-18), but which provided financiers with new opportunities for investment and, crucially, for expanding their commercial services in regard to merger-management (etc).

However, we would emphasise that there is not a simple unfolding of a pre-given rationality but a discursive construction of a different rationale - a new imagination in which economic culture became increasingly corporatised. Here we would also take issue with Lash and Urry who maintain that because British capital was centralised through "loose federations" rather than the structured forms of "functional departmentalisation" and professionalisation then this centralisation may be regarded as a kind of "phoney" organisation (1987,p.42). By contrast we would

argue, however, that this federal centralisation must be considered in its own terms as part of a wider process of articulating new types of economic identity and "rationality" which represented the logics of organisation in a specific manner. Thus corporate buildings, logos, brand-names (etc), combined with modern advertising, were integral to signifying a new type of economic presence and belonging within structured markets. Corporatisation, therefore, developed as part of a process of creating and connecting with the new constituencies of "consumer", of stabilising and shoring-up markets, of regulating "free entry" and of rationalising consumption and market forces through the logic of conscious control.

The rationale of a predominantly corporate identity for capital came to be naturalised through a discursive reconfiguration of the economic space; a space expunged of the principles of *laissez faire* and which became increasingly dominated by a more "visible hand" approach of influence, control and management. Corporatisation, therefore, first had to be "imagined". And this imagination involved a reordering of the fundamental points of reference for capital's self-identification in conjunction with the development of a new consumer and market culture. In this way, the crisis of the liberal order was transcended through an alternative representation of economic space and reality.

Capital did not simply "up-tent" and move to the home market. As we have argued, the very process of domestic development involved the political dissolution of Victorian liberalism and the making of a new social and economic reality in which it was possible to conceive interventionist-type solutions, the corporatisation of capital and the rationalisation of markets, production and consumption as valid - ie. the conception of a new



regime of accumulation. At the same time, the external/export economy was not simply abandoned but was, similarly, re-made as a part of this process of discursive re-configuration. In this regard we may note the construction of a new type political and economic community at the international level: the Commonwealth.

The Statute of Westminster officially identified the "Commonwealth" in 1931. The significance of this Statute was that it initiated a process of recognising the "territories" of the Empire as no longer anonymous colonies but as specific formations of national determination with a different type of collectivist/organic belonging to Britain. The change in the political and policy perspectives on Britain's colonies was reflected by Addis - an influential Director at the Bank and, later, a government adviser and part of the Chatham House Study Group - who stated : "Any international policy in which one nation seeks to promote its own national advantage at the expense of its neighbours is doomed to failure" (April 1934, cited in R.A.Dayer,1988,Ch.8)

Clearly the process of establishing a Commonwealth was neither revelatory, automatic nor instantaneous but developed in the context of a series of long anti-colonial struggles across the globe. What does begin to emerge from this point on, however, is a discursive reordering of these relations in such a way that it tended towards a differential absorption of the popular demands for independence/national sovereignty by creating a series of legitimate spaces in the construction of a new international political community; a community which connoted a much larger "citizenship" of nations and collectivist belonging to Britain.

Here, we should also note the steady ideological transformation of the Crown. To this effect the death of Queen

Victoria began to be overtaken by a larger historical death of the Empress and her domain. The identity of the monarchy began to move away from its embodiment of British omniscience - "ruler of the waves" - as imperial sovereign, and increasingly came to symbolise an enlarged constitutional collective: the Commonwealth. At the same time the rearticulation of the Crown became central to the "naming" and incorporation of the identities of national formations it had previously denied, and to the process of extending the rights of protectorate (etc.) and to imposing legislation through Parliament and the policy-making structures. It became central, in other words, to creating the political conditions for a new type of integrated organic community across the globe in which the social authority of Britain could be hegemonically secured.

This discursive harnessing/re-invention of territorial belonging to Britain had two major effects. First, it became possible to differentially absorb the people/power bloc antagonisms of anti-colonial struggles (with varying degrees of success) by inscribing the (limited) rights of national independence within an enlarged constitutional reality. This had the further effect of limiting the expansion of demands for national equality and of influencing the social and political orientation of the indigenous regimes. And, second, it became possible to secure the political and legislative "loyalty" of the Commonwealth nations against the encroaching multipolarity of international forces.

In regard to this last point, we can see that the economic dimension of the collectivist reconstruction of territorial relations was crucial. Thus, Britain moved towards the development of a much deeper international structure of market incorporation - beyond military and political domination, resource extraction for exports, etc - in the construction of, quite literally, a common-

wealth. In a way similar to that of domestic reconstruction, we witness the active development and securing of overseas markets through a process of commercial and technological integration. New types of economic relationship were articulated between internal and external markets - one of greater dependency - in which the free market was increasingly de-liberalised in favour of interventionism and the development of a series of regulatory mechanisms, institutions and ministries for the purposes of creating, managing and defending markets with Britain at its epicentre. At the same time, we see the creation of a whole network of central banks throughout the Commonwealth, centrally coordinated by the Bank of England (with some notable exceptions - eg. Canada), in which Britain took on a collectivist identification with a "sterling bloc"

It should be emphasised, however, that at no point could the Commonwealth be regarded as a unified totality. Its construction was uneven and complex, and the historical effects of incorporation for the participant countries were variable and ambiguous. The process of decolonisation, for example, did not lead in an automatic fashion to the creation of the Commonwealth but depended, in large measure, on the "strategic" decisions of political/military elites and the various abilities of anti-colonial movements to establish independence. In addition, the Commonwealth "solution" was applied differently according to region and context. At its most obvious, we see this in the very broad terms of what has been called the North/South divide. Whereas Commonwealth incorporation for the "North" countries - eg. Canada, Australia, New Zealand, etc. - generally meant increased economic opportunities and greater market competition, for the "South" countries incorporation has given way to an opposite tendency

towards market subordination and dependence - a vicious circle of infrastructural underdevelopment, rising debt and the erosion of natural resources.

The "Commonwealth", therefore, developed historically as a complex discursive configuration which was articulated in contrasting and contradictory ways across time and space and which has clearly given rise to new political struggles and antagonisms within the terms of its own formation. Nevertheless, we do see the development of an organicist logic which fundamentally reorganises and redimensions Britain's territorial/market relations. The notion of an invisible hand establishing its own social equilibrium, particularly at the international level, became more and more compromised. Against this background, a rationalist culture was developed which mobilised a "commonwealth" solution as a meaningful construction against the dislocatory effects of anti-colonial struggle, an encroaching multi-polar international capitalism and the spiralling crises of laissez faire and the free market. The liberal imaginary therefore became fully exposed - its power of metaphor becoming "re-literalised" (see above) - and there was a collective turning away from the Gods of naturalism which had once granted an empire.

A new milieu came into being which combined within it the organicism and collectivism of an extended political and economic "community" - a new "we British" in both national and international terms - which created the discursive conditions for the development of new types of social and economic management which were no longer disruptive of a natural order but fundamentally rational, corrective and creative.

## II

Organisation in Britain developed largely through democratic-interventionist type solutions to the crises of the interwar period with, *inter alia*, the progressive differential absorption of social demands, the articulation of new types of collectivist political and economic identities and the creation of a territorial Commonwealth. This, moreover, involved a widening universal: in respect to the consumer, corporate capital, citizenry (and a citizenry of nations), welfare reciprocity and new forms of right-holding. To this effect, a new sense of social-economic reality was articulated within the terms of an alternative communitarian imagination.

In fascist Germany, however, something quite different occurs. In Germany we see an extensive political mobilisation of the people/power bloc antagonism against a background of the struggle of industrial financial monopoly capital to seize political control from the landowning elite (see Laclau, 1977, pp. 115-24). Monopoly capital developed an identification with the popular mobilisations of Nazi discourse, and its promises of a crisis-free Germany, as a credible alternative to the existing *ancien regime* with a view to establishing an alternative construction of social and economic reality.

Instead of differential absorption and the development of organicist/integrated relations, we see, on the contrary, the emergence of a sharp division in the social space between legitimate and non-legitimate identities. This involved an opposite discursive movement: a movement of radical social

expulsion across an equivalential frontier between German/non-German. Nowhere did this manifest itself more virulently than in the negation and annihilation of the semitic communities. Indeed, to be fully German in Nazi discourse actively required a demonstrative anti-semitism. The official and paranoid fixation with the "non-German" (embodied in "the Jew") became central to German identity and prevented a widening of the constituencies of "consumer", "citizen", "welfare recipient" (etc.) to the non-German identities and inhibited what Rorty calls "fellowship-inspiring descriptions" (1989,p.191).

The type of national state and the forms of conscious intervention which emerged in fascist Germany, therefore, were very different to those which developed in Britain. In addition, Hirst and Zeitlin point out that the historical development of Japanese and Italian capitalism were also very distinctive in respect to Britain and Germany (and, indeed, Western economies as a whole) and do not conform to the main points in Lash and Urrys' model (Feb.1991,p.14).

As a general explanation of these types of anomalies, Lash and Urry assert: "One of the key elements in distinguishing national paths in the development of organised capitalism is the question of who is the organising force: that is, the set of social or political actors or collective actors - whether a social class or class fraction, an interest association or political party - which takes on the primary role in bringing about the organisation of a country's capitalism" (1987,p.29).

While, at first sight, this explanation appears unobjectionable we would argue that it is inadequate and, once again, plays down the crucial aspects of hegemonic determination and articulatory practice. In the first place, the authors do not

address the question of how the identity of the organising force is constituted or why such an identity should be recognised as an "organising force" in a particular conjuncture. Indeed, there appears to be an assumption that the identity of the organising force is already given prior to the process of organisation (ie. social class, class fraction, party, association, etc.). From our perspective, this assumption is most unsatisfactory.

The problem, here, we would argue actually stems from the general approach of Lash and Urry. As we have seen, the authors tend to analyse and discuss their chosen countries in respect to their approximation, or not, to an ideal type - a supra-historical object of contemplation. To this effect, the various phenomena of "organisation" and "rationalisation" are variously judged real or phoney and/or to have succeeded or failed from the "objective" position of their model. Thus, explaining national variations becomes a matter of identifying, with hindsight, who the superstructural organising force was and the way it effected the proper course of organisation.

By contrast, we have abandoned the model-approach to organisation (as a norm) and have endeavoured to analyse the development of organisation as a certain type of logic: a logic of conscious control. In this respect, we have emphasised that the logic of conscious control does not establish a uniformity in social-economic reality but, on the contrary, is historically articulated/represented in specific conjunctural terms. Moreover, this logic, in so far as it enormously expands the power of decision making through the nation state, introduces a radical undecidability in the attempts to mythically reconstruct social reality - a process which we argue is central to the political transformations, violent upheavals and competing visions of

modernity which ravaged the earlier parts of this century.

Thus while the logic of conscious control, through the principal medium of the nation state, introduced a new imagination, this imagination was crucially articulated in different ways - eg. the representations of social democracy, fascism and socialism. And, in this respect, we have emphasised that organisation did not emerge out of the blue but developed in the context of the widespread failure of the liberal order - eg. increasing social conflict, industrial crises, the destabilisation of international markets, etc. - and the re-literalisation of its central myth of a self-regulating private economic realm. To this effect, new dislocations, antagonisms and identities were generated which crucially revealed the undecidable play of the hegemonic attempts to represent the logic of conscious control and to establish new promises of fulfillment and mythical space.

From our perspective, therefore, organisation should not be analysed in terms of a norm but in terms of the articulatory practices which take place in regard to the irradiating effects of the logic of conscious control and its expansion of the realm of the possible. In this regard, the identity of the organising force is not prior to organisational practice but is actually constituted through the hegemonic struggles which take place in the attempts to represent the logics of conscious control in particular ways. Let us elaborate this argument.

The transition from liberal to organised capitalism is not one of simple displacement, but is fundamentally a process which reveals deep crisis and widespread dislocations. Now, as we have seen, there is no pre-given logic of movement from a dislocated symbolic order and its forms of recomposition which may be derived from an objective rationality (eg. "progress", "modernisation",



"forces of production", etc) - a rationality which would, in fact, reduce the temporal to a moment of interiority within the spatial. On the contrary, we are faced with undecidability and an absence of any rationality of history which would algorithmically determine an outcome. In this situation, the best we can do is to show, as Donald Davidson and Richard Rorty argue, how certain new metaphors functioned as causes - but not reasons - in the development of new perspectives and the reconstruction of reality (Davidson, 1982, p.305; Rorty, 1989, p.50).

At the same time, as Laclau makes clear, dislocation does not constitute a discursive vacuum in which everything (and nothing) becomes representable. While there is a failing/negation of an existing spatiality, and an expansion of the realm of the possible, dislocation always takes place within a relative structuration. That is to say, as a result of coming to terms and dealing with a crisis in symbolic representation, certain tangential currents and "half-baked" notions begin to gather credence, enter the arena of discussion and, gradually, to cohere into "social thought", "ideology", "economic theory", etc. But this new coherence is not the result of divine intervention. It is put together and drawn from the historic traditions available, the "discursive conditions of possibility", and those hegemonic forces struggling to represent the new forms of identity and reality - and thereby act as a relative structuration for the potential forms of recomposition.

In the cases of interwar Britain and Germany we can see how this relative structuration operated. In Germany, Nazi discourse - from relatively modest beginnings - was able to hegemonise the experience of widespread crisis and dislocation and to present itself as the only credible alternative to complete disorder. The

decisiveness of the Nazi (re)spatialisation of the social, was the result of its hegemonic interventions - drawing upon certain traditions, language, symbology, etc - and the lack of any real opposition under particular historical circumstances. In this way, the Nazi movement became the organising force in interwar Germany, not because it represented pre-given interests but because of its ability to "explain" the crises of this period (the "international Jewish conspiracy", etc) and to establish itself as a (relatively) coherent ideological pole for the articulation of the various demands, interests and dislocated identities. To this effect, Nazi discourse was able to extend its power of metaphor and to transform itself into an entire imaginary for the very formulation of social and political demands as a horizon of intelligibility. At the same time, of course - in the transformation of the Nazi movement from a "corporate class" to a "hegemonic class" - Nazism was itself modified as it took on the mantle of state authority and addressed the various demands for intervention and social management in the different spheres of the German social formation.

The central point is that the Nazi movement was not a pre-ordained organising force (representing objective interests), but achieved its identity as an organising force through articulatory practice and its hegemonic ability to explain the crises of the interwar period and to represent the new imagination of conscious intervention in the re-making of social reality.

In Britain, by contrast, the resolutions to interwar crisis drew upon entirely different traditions. The burgeoning social democracy of universal suffrage and the collectivist state led to the differential absorption of the various demands and democratic-interventionist type solutions. In this regard, we see a widening universalism and a re-metaphorisation of the social in terms of a

collectivist communitarian imagination. This is why we have insisted that the "organisational" developments in Britain - including those identified by Lash and Urry ("departmental functionalisation", etc) - should be contextualised within a much broader "organicisation" of social reality which gives rise to different types of identities and organising forces.

Organisation, and organisational identities, under fascism and social democracy, therefore, develop differently according to hegemonic determination and the particular constructions of the mythical spaces of the social. As we have seen, myth is not confined to a particular domain (as an object) but concerns the very nature of dominion and social reality as such. In terms of our analysis, the myths of fascism and social democracy also have direct consequences for the configuring of the economic with their respective themes of social fulfillment/completion. We should also analyse, therefore, how the "organised" economies were characteristically constituted within the terms of their discursive contexts and how the frontier between the economic and the non-economic was constituted (modifying the identity and meanings of each sphere) - an investigation which tends to be ignored by Lash and Urry.

From the point of view of interwar Britain, for example, we can see how the economic/non-economic frontier shifts from one which defines a sharp division between market and state towards a new definition of economic management through a large public sector. At the same time, the relational configuration between the economic and the non-economic is entirely redimensioned within the terms of an organicisation of social space in which new themes and categories - universal right-holding (an expanded citizenship, welfare reciprocity, new forms of housing, education and health

rights, etc), Keynes' "savers and spenders" metaphors, the modern consumer, corporate capital, the Commonwealth, etc - define a new imagination of collectivist functioning and belonging.

In interwar Germany, by contrast, social reality and the mythical interventions for overcoming crisis and dislocation are drawn from an entirely different horizon: the fascist imaginary. In this context an entirely different relational configuration between the economic and non-economic is put together. Thus, where Britain was moving towards securing its international/foreign markets and differentially absorbing the political demands of its "dependencies" in the mythical invention of a common-wealth, Germany was planning to annex the "territories" of central Europe, Poland and France (among others) in the recovery of a politically and economically viable teutonicism. Military expansionism, therefore, became part of a dominant expedient for dealing with social and economic problems as well as a historical quest.

At the same time, we see in fascist Germany the complete eradication of any legitimate spatial representation for the Jews in the equivalential discourse of German/non-German. Jews were denied participation in the economy (indeed Jews were historically denied these basic rights of participation throughout Europe). More especially, the systematic dispossession of the Jews (and its "social redistribution") became part of routine economic policy. Anti-semitism became integral to the economic diagnosis of Germany's problems.

Anti-semitism, therefore, did not exist as an ideological "veneer" for a particular version of organised capitalism. Nor was it a monstrous invention of the Gestapo. Rather it penetrated the very identity and meaning of the "economic" as well as other ("non-economic") spheres in an entirely different relational

configuration of social reality. It fundamentally permeated the social fabric of everyday thought and institutional practice in the wider management of the social-economic.

This permeation is implied by Hannah Arendt when she refers to the anti-semitic procedures of the holocaust as "the banality of evil" (1963) - ie. the routinisation of the extraordinary and the unthinkable in the reproduction of social life at every level (including the economic). In a similar vein, Slavoj Zizek speaks of this moment of pervasive ideological inscription as one of "determining the mode of our everyday experience of reality itself" (1989,p.49).

It is important, however, to avoid the dangers of being overly unitarian. The argument is not that everyone suddenly became identikit fascists. Nor is it that anti-semitism simply evaporated in social democratic Britain.

In the former case, the mythic vision of a complete and crisis-free Germany offered by the Nazis - in response to a set of specific problems - succeeded in becoming the dominant imaginary from which popular and official discourses were drawn. This imaginary - coterminous with an alternative spatial representation of the German - made the "final solution" thinkable and, indeed, requisite in the "banality" of a huge bureaucratic, military and economic/industrial programme of extermination.

In the case of Britain, on the other hand, we should not underestimate the strength of various fascist currents (often regionally based) found in such movements as Moseley's black shirts. Here, however, the fascist promises of a fully embodied English society - against a background of urban social recomposition - did not succeed in becoming a dominant horizon. On the contrary, it was confronted with popular resistance in the

streets and was politically displaced (although not vanquished) by a prevailing social democratic imagination for thinking the nature of crisis and the possibilities of resolution.

From our point of view - and in contrast to that of Lash and Urry - the difference between the social democratic and fascist constructions of the logics of organisation cannot be derived from a pre-existing agency. Rather this difference lies in the hegemonic attempts to represent these logics, the consequent recompositions of dislocated identities and the way in which the economic/non-economic ensemble was relationally constituted, as specific historic blocs, within the conjunctural terms of a particular imaginary.

Our intention in this chapter has not been to abandon the notion of organised capitalism or the work of Lash and Urry. Rather we have attempted to effect a certain "metaphoric redescription" such that it becomes possible to reclaim the idea of organisation as a certain type of logic and to examine specific ways in which it was articulated and represented. In this respect, we have attempted to show that, in contrast to fascism (or, for that matter, Soviet socialism), the logic of organisation in Britain developed through characteristic democratic-interventionist solutions and a general organicisation of social space.

Interwar Britain and Germany, therefore, represented radically different constructions of organised capitalist relations which articulated the "economic" with the "non-economic" in distinctive ways. And, in this regard, we have been concerned to reveal the operation of myth: that is, those various discursive logics and practices which attempt to put the economic/non-economic relationship together in an effort to represent a final, but

impossible, totality (eg. "mode of production", "body politic", "commonwealth", "European Economic Community", etc) - this is the point at which we may redescribe our interrogation as one which is concerned with the social-economic rather than political economy. In consequence - and in contrast to classical Marxist perspectives - we can see that social democracy and fascism are not simply variations of an underlying reality (ie. the capitalist laws of motion) but, in fact, different constructions of reality as such.

In addition we have also argued that there is no moment of closure for organised capitalism - in which it would become history-less in conformation to a model. In this regard, we can affirm that a universal history of organised capitalism is ultimately impossible because of an endemic vulnerability to dislocation and the deforming effects of antagonism and negativity which introduce undecidability.

In what follows we shall be concerned to elaborate a specific history of organised capitalism in Britain in terms of the ongoing hegemonic attempts to "suture" the meanings and identities of "organisation" and to repress or eliminate real alternatives on the discursive terrain. Our approach, therefore, is one which intends to examine those historical attempts to domesticate the realm of the possible within organised capitalism in the context of the impossibility of such a realm ever being finally achieved. In particular, we will be focusing on those attempts to constitute a "centre" for organised capitalism in Britain and those ongoing political struggles to determine where the frontiers between civil autonomy and public authority should lie in an era of conscious management and control.

## CHAPTER THREE

### Organisation as a Contested Terrain

#### The Struggle for a Centre

In the previous chapter we argued that organisation did not develop in Britain as an objective universal stage. Rather what we see is the specific construction of certain logics through the development of a social democratic state and a wider organicisation of social reality.

In this chapter we will examine the way in which the theme of conscious control was actually taken up and the consequences this had for the new frontiers of economic space and the practices of economic management.

Our principal concern is with the following question: if the economy was now organised as an integrated structure which could be consciously and creatively regulated, where was the "natural" site of regulation, where was its centre? In what follows we shall argue that the "centre" of organisation did not emerge naturalistically but was the result of an ongoing hegemonic construction between different (and often antagonistic) sites of regulatory power. Indeed, it is questionable whether the notion of an actual centre can be meaningfully applied. However, insofar as a certain sense of a centre does emerge, then we would argue that it is a paradoxical centre: that is, a "historical compromise" between the demands for a self-regulating private sector and the demands for extending the realm of state responsibility and authority.



The chief protagonists in this historical compromise are the Bank of England and the government itself. Thus a certain centre of paternalism, symbolising universal belonging for social, political and economic identities, began to be put together in the form of a set of negotiated relations between the Bank, the Treasury and the Government.

With the movement towards organisation the traditional frontiers between the "private" and the "public" became radically disrupted. In the *laissez faire* world, of course, there existed a rather sharp division between a self-managing private realm and a minimalist state. Now, however, it became increasingly unclear as to the extent of the organised state's responsibility and to the nature of its interventionist measures. It became increasingly unclear, in other words, as to where the private/public frontier should lie.

Clearly, the historical development of the themes of conscious control effected a dramatic reordering of the public realm (its physical expansion, its political imagination, norms, values, etc). At the same time, the private sector was also radically modified in resisting the advances of public authority and was reconstituted against the interventionist energies of the organised state. This resistance, however, did not simply consist in the dogmatic assertion of liberal values. On the contrary, the reconstitution of the private fundamentally took place through a rearticulation of certain aspects of organisation and conscious control. Indeed there were more and more demands for the conscious control (rather than market regulation) of the private sector through regulatory mechanisms and institutions. These demands, moreover, were increasingly laid at the door of the Bank of England.

It is at this point that we see a transformation of the Bank both in terms of an extensive programme of modernisation and, more importantly, in terms of its political role as a major bargainer and site of resistance in regard to state authority. In particular, the Bank fostered two important "intermediary" organisations to (ostensibly) encourage rationalisation and financial investment in industry in the 1930s - the Securities Management Trust (SMT) and the Bankers' Industrial Development Company (BID) - in order to take up the baton of conscious control and to demonstrate the ability of the private to regulate itself and to meet its responsibilities in respect to the fortunes of industry. In addition, these intermediaries were also constituted with a view to keeping the government out of industry and as a "bulwark" against the "socialism" of the Labour government (see Montagu Norman and Nigel Campbell below). In this respect, we shall argue that the Bank, as part of its discursive interventions, set up a series of intermediaries - thereby creating its own culture of semi-official interventionism - as "symbolic outposts" along the private/public frontier in order to defend the validity of private regulation.

It is no coincidence that we also see a transformation of the Governorship of the Bank of England during this period and an enormous amplification of the political powers of its office. In particular, there was a widening emphasis on the personal qualities of Montagu Norman as a kind of financial demigod. To this effect, we will focus on the ambiguous (and paradoxical) construction of the identity of Norman as a (Solomon-like) mystic moderniser. The importance of this identity was that it inflected within it both the themes of conscious regulation and the themes of secret/hidden economic knowledge and, thereby, perpetuated the myth of a

privileged private access to this knowledge. This type of articulation, moreover, was crucial to the modification of the theme of conscious control in what might be called an esotericisation<sup>1</sup> of "command" and rational management. Through this articulation the Bank was able to counteract criticisms of financial indifference to industry and the wider economic community and, at the same time, with its emphasis on specialist knowledge, was able to absorb and positively transform charges of financial conspiracy - ie. conspiracy became part of the secret world of financial negotiations and regulations.

The figure of Norman, of course, contrasted markedly with that of Keynes (the rational organiser of the public realm). And in this regard we will argue that the symbolic confrontation between these two figures constituted a much wider set of antagonisms in respect to the political determinations of the private/public frontier and to the nature and degree of conscious intervention.

In this chapter our emphasis will be on the dislocations generated in the era of organisation and the new identities and antagonisms which consequently emerged in the affirmation of a new type of social and economic reality. In addition, we will examine the ambiguous and the evasive attempts to constitute a "centre" for organisation in Britain through an analysis of the various twists and turns in the discursive oppositions/antagonisms between (i) the national state and the political forces of the civil economy (esp. the Bank), (ii) public responsibility and private regulation, (iii) the various attempts to secure the meaning of "rationalisation", (iv) conscious control and esotericisation and (v) the figures of Norman and Keynes.

## The Politics of the Rationalisation Movement

While the industries of coal, iron and steel and cotton (among others) had consolidated nineteenth century British capitalism in the context of international supremacy and a massive empire, this configuration became critically dislocated against encroaching foreign capitals and nation-states and the collapse of the "free market". These dislocations precipitated the articulation of new themes of protectionism, interventionism and (later) demand creation/management through the constructions of a mass domestic market and the identification of the universal consumer (see above). At the same time, we see a transformation of capitalism from one which was largely family-based to one which became increasingly concentrated and corporatised. This process of transformation, moreover, involved the elaboration of a new perspective and a new set of norms, values, expectations (etc) which were radically different from the previous age of capitalism. Hobsbawm captures the depth of this transformation in this way: "But the most striking change was not so much the conversion of Britain into a country of giant corporations, oligopolies, trade associations, and so forth, but the positive approval of business and government for a change which would have horrified J.S.Mill" (1969,p.217).

The entire liberal order of capitalism, therefore, began to disintegrate in the early part of this century. However, the movement from a liberal to an organised capitalism was not a smooth process of transition and "the approval of business and government" for the new order was anything but easily obtained. As we have

argued, the introduction of the theme of conscious control disrupted the previous constructions of "private" and "public" (and the relationship between them), and opened new hegemonic struggles in the determination of their frontiers. A major aspect of the new order and perspectives in which these hegemonic struggles were revealed concerned the complex and ambiguous construction of "rationalisation".

The so-called "rationalisation movement" began in the mid/late 1920s and represented an attempt to both re-structure industry in a manner appropriate to a modern world and to develop the necessary financial accomodation for this re-structuring. Insofar as it expanded the themes of conscious control in regard to industrial planning and financial coordination, the rationalisation movement was central to the development of organisation in Britain. In this respect, rationalisation was part of a mythical recomposition of the private which, in the wake of the disintegration of *laissez faire*, offered new promises of completion - eg. "if only we had more rationalisation/planning we would have a fully effective and efficient economy". Rationalisation, therefore, was part of a radical re-imagining of the nature and functioning of the economy.

However, rationalisation did not emerge automatically as a "technical fix". On the contrary, the very meaning and identities of rationalisation were heavily contested and revealed many of the dislocations and underlying antagonisms present in the era of organisation. If industry (and more generally the private sector) was to be rationalised, then the question arose as to who and/or what was best placed to carry it out; where, in other words, was the rational centre of rationalisation? These types of questions involved a number of tensions between the demands for civil

autonomy and the demands for public intervention in an ongoing hegemonic struggle to determine the positioning of the private/public frontier in the new age; a struggle which reveals a political history in the undecidable developments of organisation in Britain.

Lash and Urry characterise the development of the organised state in terms of a *de facto* alliance between the "Keynesian rationalizers" and the "imperialists" (ie. conservative supporters of protectionism)<sup>2</sup>. However, this belies the widespread antagonisms which were generated by the forces of organisation and the transformation of political, social and economic identities which subsequently took place. For this reason, we prefer to characterise organisation as a type of logic (rather than a given project or model), based upon the theme of conscious control, whose irradiating effects led to a series of dislocations and recompositons which could not be determined in advance. It is in this context that we propose to analyse the organising effects of rationalisation and the various attempts to subvert it.

The discussions of rationalisation generally divide into two forms according to the epistemic weight given to either structure or social agency. W.D. Rubinstein (1977) and J. Foster (1976), for example, tend to present the developments of interwar rationalisation purely in terms of class re-structuring - the rise of finance capital - as dictated by the capitalist laws of motion. For these, and other structure-orientated writers, social-economic reality may be read as a set of abstract categories which reveal an underlying (ahistorical) objectivity.

In the more traditional accounts (eg. Clay, 1957; Sayers, 1976), however, rationalisation tends to be presented in terms of the Bank of England's inexorable involvement in the

problems of industry and the influential and imaginative Governorship of Montagu Norman. From the mid 1920s the Bank became directly involved in the failures of two major concerns: the Lancashire cotton industry and the great armament firm Sir W.G.Armstrong Whitworth and Company Ltd. (a private, and the biggest, customer of the Bank's Newcastle branch). The first of these involved the Bank in the wider aspects of the cotton industry in order to protect the interests of those local, and some large, banks whose finances had become (precariously) bound up with it. In the second case, however, the Bank's efforts to prop up a personal customer entangled it in major schemes of reorganisation in the steel industry for many years (see Tolliday,1987). For Sayers, intervention by the Bank did not develop out of any grand design of policy, but began to take on a certain consistency of texture and direction which was more a matter of circumstance and the idiosyncracies of a Governor: "In fact, the Bank through its traditional activities found itself confronted by an array of quite separate problems for which there was no traditional solution. Nobody else wanted the hot potato but all - including ministers of the Crown were anxious that it should not be dropped. The Governor of the Bank of England found an outlet for his energies, and there was no law which said he should stand aside."(1976,p.314).

Indeed, for Sayers, this precipitated "one of the oddest episodes in its (the Bank's) history: entirely out of character with all previous developments of the Bank" (1976,p.314). The most important aspect of this "episode" was, without doubt, the Bank's continued involvement in the steel industry through its relations with Armstrongs. After a disastrous investment in a newsprint manufacturing complex in Newfoundland - as part of a strategy of industrial diversification - the position of Armstrong's became

even shakier and required increasing financial and organisational support from the Bank (see J.D.Scott,1962). At the same time, it became clear that Armstrong's traditional business would require thoroughgoing intervention and reconstruction if it was to survive. This began with a proposed merger of the remaining armaments industries of Armstrongs with the much stronger Vickers in 1927. The objectives of this merger were generally seen in terms of the Bank discharging its responsibilities to a personal customer, recouping some of the losses to the Bank and private holders of debentures and, more broadly, in terms of "political" factors concerning the maintenance of a healthy military industry for possible revitalisation and the need to arrest some of the downward spiral in regional unemployment (see Sayers,1976; Clay,1957; Scott,1962).

Using the Sun Insurance Company as an intermediary, the Bank proceeded to give Armstrong's a five year profit guarantee (which eventually cost it £1 million) in order to provide the necessary support for the new Vickers - Armstrongs merger to take over all the armaments and usual businesses of both companies at the beginning of 1928. In addition, the remaining Armstrong interests were reorganised as the assets of a new holding company, Armstrong Whitworth Securities Company Ltd, in which the Bank took ordinary shares at £2.35 million and eighty per cent of the voting power. This company, along with a junior partnership in the new merger, had a number of major subsidiary concerns in shipbuilding, engineering, locomotive production, an iron foundry, and controlling interests in Pearson and Knowles (including Partingtons) and Cravens. All of this took the Bank even more deeply into the industries of coal, iron and steel, and heavy engineering (see Tolliday,1987, for an exhaustive account of the



Bank's involvement in the iron and steel industry).

It is at this point that Montagu Norman himself lent force to a new approach to industrial coordination when he described the Vickers-Armstrong merger as "an endeavour to bring about the rationalisation of the iron and steel industry" (Clay, 1957, p. 332). Indeed, it marked a new departure in the traditional role of central banking. No longer was the Bank simply responding to individual cases, but was actively involved in the development of new initiatives as a controlling shareholder in an industrial complex. The qualitative change in relations which this implied was underlined by the transference of Armstrong's banking account to other bankers during this period. As Sayers points out: "It was thus no longer possible for the Governor just to tell the Committee of Treasury from time to time of the steps he was taking toward retrieving what the Bank had lent to a customer; the question now was one of arrangements for the management of vast industrial interests" (1976, p. 318).

From seemingly modest beginnings, then, the gelatinous idea of rationalisation began to take on the form of a widening strategy. In 1928, the Bank committed itself to the establishment of the Lancashire Cotton Corporation and its programme of reorganising industrial capacity into much larger units. It provided the new Corporation with an issue of debentures (an advance of nearly £1 million), selected its management and, through Sun Insurance again, gave a guarantee of interest for five years to spur issues. In 1930, the Governor pledged full support, and practical resources, to Sir Andrew Duncan in the creation of new corporation in shipbuilding, the National Shipbuilders Security Ltd. In the same year, the Bank helped set up the Lancashire Steel Corporation (a merger of three main companies) by overseeing its

financial structure and the innovatory participation of several issuing houses and banks.

Indeed this type of industrial intervention was to become "one of the most characteristic activities of the Bank in the interwar decades" (Sayers, 1976,p.315). Stephen Tolliday confirms this with reference to the engagement diary of Montagu Norman which indicated that "more time and priority were given to industrial matters than almost anything else, and this at a time of intense crisis in central banking's more traditional operations" (1987,p.189).

In general, the type of account provided by Clay and Sayers of the emergence of rationalisation is one which clearly privileges individual volition. The story of rationalisation is presented as a narrative of progress and discovery and as a series of almost anecdotal exchanges between leading industrialists, directors and auxilliary staff at the Bank and, in particular, the Governor ("his idiosyncracies", "his energies", "his innovations", etc). In this respect, the social agent tends to be viewed as an unproblematic "referent" whose identity is simply assumed - as a set of particular impulses, intentions, etc.

From our perspective, however, neither the structure nor the agent are given as objectivities, but are themselves the products of open discursive complexes in which the forces of dislocation, antagonism and contingency are fully operative (see above). Rationalisation, therefore, cannot be presented in terms of a simple narrative of progress/logical sequences (of one type or another). Rather what we see with rationalisation is the introduction of a new type of logic of conscious control - ie. a rational management approach to industrial restructuring, financial coordination, and the economy generally - and various discursive

attempts to represent this logic (in spatial terms). In this regard, the logic of rationalisation may be seen to have precipitated new types of antagonisms and new spaces of representation for identification.

A major aspect of these processes of antagonism and re-identification may be found in the remarkable rise of the Labour party. In the age of organisation and the increasing enthusiasm for collectivist measures, Labour (as an entire social and cultural movement) garnered considerable support for its political project. Drawing upon popular discontent with what was seen to be the cushioned affluence of the City and the complacency of the Bank of England, the Labour Party published its own programme on banking and finance in 1928 promising a radical project of intervention and socialisation. Its three main objectives were:

" 1)The control of the Bank of England by a public corporation containing representatives of such essential factors in the community as the Treasury, Board of Trade, Industry, Labour and the Cooperative movement.

2)The extension of banking facilities to people with small means by the spread of municipal and cooperative banks throughout the country.

3)Such changes in the banking and financial system as will secure that the available supply of credit and of savings shall be used for enterprises of national advantage as distinct from those that are useless or socially injurious, and an enquiry into the best method of achieving this purpose." (*The Labour Party's Programme for Banking and Currency Policy*, Oct.1928)

Indeed, Mr. Dalton, part author of the programme, stated that success crucially hinged upon "the capture of the citadel of finance" and added "if the joint-stock banks would not play then

another eleven would be placed in the field." (*The Banker*, Nov. 1928, p. 39).

In 1929 the Labour Party was elected to government and formally dissolved the duopoly of British politics. At the same time, however, the slenderness of its majority meant that it was precariously placed as a force for change. MacDonald implemented conventional austerity measures of raising taxation and cutting expenditure and Labour's programme on banking and finance was all but abandoned. Moreover, warm relations were established between Chancellor Snowden and Governor Norman, to such an extent that Snowden went on to defend the gold standard and the advance in the bank rate at the Brighton Conference of the Labour Party in 1929.

In this light, it might be tempting to dismiss Labour's early political gusto as mere "rhetoric" - ie. something counterposed to "reality". However, this would be a mistake. What the interventions of Dalton, and others, represented was a growing agenda of thought and possibility which had to be (and was) taken very seriously in regard to the nature and degree of state intervention.

The Labour Party - its forum of debate, imagination, traditions, etc. - became integral to the elaboration of a new conjuncture of putting the social-economic together and fundamentally reconstructing its meanings and identities in an era of modernity. Any return to "business as usual", therefore, was permanently barred. Labour's contribution to an alternative commonsense and set of initiatives - and, indeed, its self definition - may be seen to have widely impacted on the political recompositions of interwar crisis. In particular, Labour's commitment, throughout the 1930s, to a "state logic" of public sector expansion, welfare provision and vast programmes of

nationalising industries (coal, iron and steel, electricity, aircraft, etc.) continued to revolutionise the sense of social reality.

A major figure in the revolutionising of this social reality was undoubtedly Keynes. The fundamental importance of Keynes lay not so much in any "theoretical solution" but in the fact that he articulated a "metaphoric redescription" of the economic in a way which explained and imposed a new order of coherence on the dislocations and crises which were taking place at the time. Thus, in the *General Theory of Employment, Interest and Money* (1936), Keynes formalised a radically alternative language game in order to transcend, rather than engage with, the problematic of classical economics. As he put it: "Our criticism of the accepted classical theory of economics has consisted not so much in finding logical flaws in its analysis as in pointing out that its tacit assumptions are seldom or never satisfied, with the result that it cannot solve the economic problems of the actual world." (1936,p.378)

In this way, by drawing on the contemporaneous discourses of universal belonging, Keynes was able to represent the economic as an integrated structure. This representation comprised the now famous "principle of effective demand" which involved a conception of the "community's propensity to consume" and a universalising of economic agency (including, crucially, the unemployed) into savers and spenders. Moreover, the economic was represented as a space which could be rationally commanded by a "comprehensive socialisation of investment" (1936,p.378). And, while this did not necessitate any moves towards State Socialism (p.378), it nevertheless required "a large extension of the traditional functions of government" (p.379).

Of course, the publication of the *General Theory* did not initiate the moment of "Keynesianism"<sup>3</sup> as an official doctrine - which only came of age after the second World War. However, we would insist that the earthworks and mythic foundations Keynesianism were fundamentally laid during the interwar years. Indeed, through his prolific publications of articles and papers, his role as advisor to the Government and his authoritative position on such bodies as the 1930/31 MacMillan Committee, the influence of Keynes - and his mythic identity as the great moderniser - may be seen to have been absolutely crucial throughout this period.

Within the perspective of this new imagination, and its celebration of the intervening authority of the "visible hand", Keynes established the modern discipline of "economics". In fact, his language was very influential for a whole generation of politicians and bureaucrats (as well as intellectuals) in their reconstructed role as the "social practitioners" of a modern and powerful state.

Against a background of "Keynesian" (and Fabian) enthusiasm for economic modernisation and rational management there were increasing criticisms of the Bank of England and its traditional practices. After raising the bank rate to 6.5 per cent in September 1929, during a period of deepening recession, Lord Melchett, for example, published an article in *The Times* entitled "Unemployed, by Order of the Bank of England" (cited in *The Banker*, 1929, vol. XII, p. 136). More especially, in November 1929, one month after the Wall Street crash, while the Labour government pledged £142 million for "public works programmes" - a sum which was regarded as "too little too late" by the Liberals and Conservatives - Keynes, himself, sent a memorandum to MacDonald

calling for cheap money and accusing the Bank of reducing the national wealth by some £500 million (*John Maynard Keynes: The Collected Writings*, vol.XX,p.19, in Johnson and Maggridge,eds.,1971). In the same month, the Labour government adopted proposals for a committee of enquiry into relations between industry and finance (the MacMillan Committee - appointed in May 1930) with a view to more effectively rationalising and coordinating these relations in opposition to an "invisible hand". This Committee, on which Keynes also sat, represented a direct challenge not only to the traditions of the Bank but to the entire perspective of a self-adjusting private sector.

In response to these statist and exoteric<sup>4</sup> attempts represent the logic of rationalisation there were, not surprisingly, strong voices of opposition from the private and, in particular, the financial world. W.W. Paine, a director at Lloyds Bank, was among the first to turn out the guard. Against the proposals of Labour, Paine argued in *The Banker*: "We shall be dominated by a bureaucracy which, for its own protection, will have to make rules and regulations affecting our lives at every point, which must completely destroy not only individual freedom but the freedom of trade and commerce" (1928,p.142).

On the question of rationalisation and the demands for more direct coordination between finance and industry in respect to economic regeneration, typical responses from financiers were: "No one, I take it, would suggest that the banks should permanently find the money required for capital expenditure and lock up their resources in machinery and bricks and mortar. It never has been the policy of the English Joint Stock Banks to immobilise their funds in such investments, and I trust it never will be" (extract from a speech by Sir Harry Goschen, National Provincial Bank); "My

own answer to these somewhat difficult questions is definitely that it is not the function of individual banks, or even banks as a whole, if that were a practical possibility, to initiate the reorganisation of industry, or to try to dictate the steps which should be taken in this direction" (extract from a speech by Mr. Beaumont Pease, Lloyds Bank); "It lies with industry to reorganise itself, that not being within the province of the banks, and provision of capital is of little value unless a business is efficiently organised and controlled" (extract from a speech by Mr. Goodenough - all cited in *The Banker*, March 1930, pp.359-65).

Thus there existed considerable opposition from the financial elite to the encroaching demands for the public coordination of economic enterprise and, in particular, finance-industry relations. At the same time, the imperatives of the new age precluded the use of old solutions and prevented a return to the liberal order. In this context, we begin to see a number of political interventions (particularly from the Bank) which attempted to overcome private opposition towards rationalisation and, at the same time, to rearticulate and modify the very meaning, identities and applicability of rationalisation in a way which resisted the advances of state authority. In short, what we see is a hegemonic struggle over the discursive terrain of rationalisation and the positioning of its frontiers - particularly in regard to private/public demarcation.

In contrast to the Fabian and Keynesian demands for a state-regulated type of rationalisation, the influential financial journal, *The Banker*, insisted that "the force of which we are in search can be most effectively supplied by the banks acting in cooperation" (Jan, 1930, p.11). The journal went on to elaborate this position: "Is it not, therefore, possible that, if a



recognised leader in the banking world were to give this method of rationalising industry his support and guidance, the other bankers would loyally follow the herd? Is it not, after all, a question that must depend on two things: first, a vivid appreciation of the dire necessity that now compounds us and, second, the realisation of the dangers of leaving the responsibility to others far less capable of undertaking it in the best interests of the community." (Jan.1936,p.13-my emphasis)

In these remarks we see the beginnings of the discourse of a collectivist private regulation. For *The Banker* the site of regulation for any rationalising process should be located within the private sector and, more particularly, the City. In this way, a strong set of equivalences was established between "the best interests of the community" and "the banks acting in cooperation" against a state intervention ("the dangers of leaving the responsibility to others"). Within these terms, we see the articulation of a new type of collective "we" in the private sector - radically different from the "we" of the liberal order - which was capable of regulating itself as an integrated whole.

In this collective "we", moreover, the identity of the bankers and financiers ceased to represent the "middlemen" of a Makler economy and were reconstructed as an elite group with privileged access to hidden knowledge about the economy. In addition, the Bank of England was symbolically transformed from the "Old Lady of Threadneedle Street to the "Sphinx of the City" - the symbol of hidden knowledge - with far more powerful, and even sinister, overtones. Thus, new forms of identification began to be articulated as a result of the hegemonic struggle to represent the imperatives of regulation/rationalisation against the power of state authority.

The "recognised leader" of which *The Banker* spoke was, of course, a barely disguised reference to Montagu Norman. In fact, Norman had already expressed sympathies for a certain type of rationalisation in his evidence to the Sankey Committee: "I believe that the finance which for a hundred years has been directed by them (the banking houses) abroad can be directed by them into British industry, that a marriage can take place between the industry of the North and the finance of the South, provided that industry can satisfy finance that its house is in order." (cited in S.Tolliday,1987,p.183).

However, Norman, importantly, was also concerned with the construction of rationalisation in a way which defended the principles and values of private autonomy. In this context, the public figure of Norman took on a particular significance. Indeed, the paradoxical construction of Norman's identity as both moderniser and mystic became central to combining rationalisation with the discourses of private regulation and "hidden knowledge". At the same time, the construction of Norman's identity was also crucial to the transformation of the private sector in general (its norms, values, expectations) and of finance-industry relations in particular.

The literature on Montagu Norman is enormous, and this fact alone should tell us something about his standing in the social-economic community. Norman became Governor of the Bank of England in March 1920 and proceeded to "break the mould". Instead of the normal practice of rotating governors every two years, Norman remained at the helm of the Bank for twenty four years - during which time he "assumed enormous personal power and authority" (R.A.Dayer,1988,p.110). In fact, the Governorship itself was transformed into a position of much greater prestige and influence

than ever before.

A clue to the mythic construction of Norman lies in the widespread fascination with his character. Paul Einzig saw Norman as the quintessential financial statesman who, to his friends, was "the greatest financial genius of our era", and, to his enemies, "the evil genius of post-war Europe" (1932,p.8). John Hargrave regarded Norman variously, and sometimes rather sinisterly, as: a "sphinx like, yet strangely will-o-the-wisp personality"; a "man of faith and a man of vision"; a "Puck embodied in a High Idealist"; a "master snake charmer"; and as someone who revealed "the ghost of a Mephistophelian alter ego peeping all the time through the outward appearance of the "handsome courtier"" (1939,pp.10-12). Sir Henry Clay, on the other hand, recorded that, "He exercised a power of magnetic fascination" (1957,p.64). And this fascination persists in the contemporary literature. Dayer, for example, maintains that Norman was a "romantic aesthete - one who relied on intuition rather than carefully marshalled facts in making decisions", and a "sensitive highly strung individual" (1988,pp.110-111). The emphasis of Tolliday on Norman's character, on the other hand, is more irreverent but no less strong: "He was a cantankerous aloof man...His erratic personality, against the background of his financial prestige, invested him with an air of mystery" (1987,p.198).

What interests us here, however, is not the relative merits of each character assessment - with a view to developing our own "theory of the man" - but the way in which these assessments have become so important in studies of this period. This does not amount to any such assertion as "personalities are unimportant" (paralleling structuralism's famous "disappearance of the author") - on the contrary, we have insisted on a "naive" consideration of

the identity of Norman. Our line of enquiry, however, is rather different. What we want to examine is the way in which the particular qualities of Norman identified by his commentators actually became fused with, and even celebrated, in regard to a new type of Governorship. That is to say, while we fully accept the importance of the figure of Norman, we want to historicise his identity<sup>5</sup>. We are concerned, in other words, with the discursive context of the development of the public identity of Norman-as-Governor.

In fact, Paul Einzig unwittingly draws attention to the issue of the Governor's identity and its historicity when he writes: "It is a curious contradiction of fate that the metamorphosis of the Bank of England to meet changed requirements should begin exactly during the regime of such a typical representative of its century old traditions as Mr. Montagu Norman." (1932,p.17)

The question then becomes: how did this "typical representative" come to take on such an exalted role during this period? It could, of course, be argued that the reconstruction of the governorship takes place as part of the continuing advance of modernity which brings with it the cult of the genius and themes of *avant garde* leadership. But there is more to it than this. The identity of the governor was rearticulated through the discourse of private regulation. Norman-as-Governor became the esoteric commander whose "genius" was actually cultivated through the discourses of hidden knowledge and self-regulation. The paradoxical identity of Norman (as moderniser and mystic), therefore, became a central reference point for the specific construction of "rationalisation" and regulation with private autonomy and the esoteric.

The discursive construction of Norman's identity was crucial in terms of its broad symbolic value in the new forms of economic community and in determining the frontiers between private practice and public authority in the era of conscious control.

Like Solomon - who was famed for his reason and his invocation of demons - Norman's "highly autocratic methods" (Dayer, 1988, p.110) and "pathological secretiveness" (Sayers, 1976, p.648) were discursively contextualised in terms of a privileged access to hidden knowledge and an ability to intuit the best way forward with the appropriate (self-regulating) adjustments. As a mystic moderniser, who conversed with economic demons, Norman's identity was often in conflict with that of the Keynesianites. Nowhere was this more apparent than in the development of "rationalisation". And, in this sense, the rationalisation movement cannot be regarded as a unified set of objectives which either failed or succeeded (viz. Lash and Urry). On the contrary, it constituted - in the first place - a terrain of antagonism and hegemonic struggle in which questions concerning the degree to which the new economic communities could be regulated, by whom and in what way became paramount.

The symbolic confrontation between Keynes and Norman was not one of zero-sum displacement - ie. the invisible versus the visible, the esoteric versus the exoteric, or even the Makler versus the organised economy. Rather what we see is a characteristic articulation of esoteric themes with those of conscious control in which the hand of economic authority became at once more powerful and more obscure as it passed between the public and private realms. In this way, the symbolic identities of Norman and Keynes confronted each other but, at the same time, were mutually modified in the construction of a paradoxical "centre" for

economic regulation. If the modern economic community was becoming more "Keynesianised" then its underlying regulating authority (in the private realm) was also being "Normanised". If Keynes was the heir apparent to economic modernity, Norman was integral as its eminence grise.

While Keynes formally identified the collectivist responsibility of the state in regard to demand management and an integrated economic community, Norman articulated the limits of this responsibility in terms of collectivist private regulation. This collectivist private regulation, moreover, developed as a discourse of resistance to Keynes' "comprehensive socialisation of investment" - and thereby resisted an alternative and deeper articulation of collectivism with public authority. It is in this context that we can understand the political character of rationalisation as a contested terrain.

It is evident that we are not reducing the developments of the interwar period to a simple confrontation between the individual figures of Keynes and Norman. Rather what we are arguing is that these figures represented thematic identities which were symbolically articulated within the terms of broader discursive formations. Thus, the discourse of private regulation actively depended on the mythical construction of Norman as a central reference point in terms of his access to hidden knowledge and as an authoritative guardian of the esoteric nature of the economic and the best interests of the community. Indeed, the Bank and Norman (as "the very soul of the Bank"- *Banker* March, 1950, p.190) may be seen to have been put together as a synonymous entity of esoteric authority - a sphinx within a sphinx. In this way, the Bank became part of a paradoxical "centre" in articulating and demarcating the private realm with that of the

public.

At the same time, however, while the discourse of private regulation asserted the esoteric authority of hidden economic knowledge, the Bank was also obliged to develop new approaches and institutional practices in response to the organising logics of conscious control<sup>6</sup>.

Thus, while the discourse of self-regulation superseded natural regulation and received widespread support against the spectre of increasing public control, its success crucially hinged upon the Bank's hegemonic interventions and ability to represent the new themes of modernity in relation to the communitarian economy and collectivist responsibility. And this, fundamentally, required the de-structuring of certain traditional representations of the City and its practices (particularly in regard to industry).

In this way, prior to the MacMillan committee and the further political ascendancy of Keynes, the Bank had already begun to prepare the ground for the difficult (and often antagonistic) construction of new interests and identities in its representation of the modern communitarian economy. This alternative hegemonic representation by the Bank was reflected in the development of new institutional arrangements, practices, commercial services, credit categories and legal powers.

The Bank, crucially, began to "corporatise" its responsibility for industry and the integrated economic community in the interwar years - beyond any involvement with individual concerns - through the development of a series of intermediaries which created a culture of private economic management. Following a deep depression in agricultural land prices, for example, the Bank was instrumental in setting up the Agricultural Mortgage Corporation in 1928 under part one of the Agricultural Credits Act.

The Bank and all the leading joint-stock banks (except for Midland) took shareholdings<sup>7</sup>. Under the Corporation, long-term loans on mortgages and land improvements were made available for periods of up to forty and sixty years, and by March 1931 the Governor reported it as being a success (*Economist*,1931). The significance of this Corporation is that, for the first time, we see the major City institutions (under the aegis of the Bank) acting collectively - as part of an integrated conception of economic space - in order to provide relief and the necessary regulatory adjustments in an esoteric way (ie. to the exclusion of direct public intervention). Thus, within the terms of this alternative spatial representation of the economic, the City - and, capital identities generally - began to take on new forms of self identification which made this type of activity possible (and even expected).

However, the development of the Corporation could be seen as something of a one-off, and it was not until the Bank began to engage with the problems of industry that the radical quality of this type of intervention - as a general logic - was noted. In particular, the Bank's involvement with the United Dominions Trust (an instalment finance company) in 1930 became the subject of concern. Through his personal relationship with Gibson Jarvie, the managing director of the Trust, Norman committed himself to meeting the need for certain instalment and deferred purchase facilities. On approval by the Committee of the Treasury, the Governor arranged to take up 250,000 ordinary shares at £2 each to assist the Trust. Against this, *The Banker* charged the Bank with being "a little invidious" (Feb,1930,p.177) for allying itself so closely to a particular enterprise, while the *Economist* commented: "The announcement of the Bank's interest in the United Dominions Trust Ltd., has given rise to considerable uneasiness as to the way in



which the immense resources, power and prestige of the Bank of England are to be used in connection with industrial developments. A clear statement on what is conceived to be the role of the Bank in this connection is very desirable" (Feb. 1st, 1930, p.229). It was clear, then, that the Bank was actively challenging the previous norms, values and expectations of the liberal private realm.

At the same time, the Bank began to radically change its recruitment philosophy. Norman began to surround himself with a group of advisors - at first employed intermittently - with a particular expertise in company affairs and industrial matters. Within the Court of the Bank of England this began with the appointment of two new directors, Kitson and Anderson, who possessed considerable knowledge of industry. In 1928-29, Norman secured the election of industrialists (Lord) Stamp, Sir Duncan and Peacock (who was an avowed supporter of industrial strategy).

The most significant development here, however, concerned the creation of the Securities Management Trust (SMT) on November 20th 1929. The Trust was to act as a corporate "think-tank" outside the traditional organisation of the Bank. With Stamp as Chairman and Duncan as Vice-Chairman, the Trust comprised a team of four experts which Norman had drawn together: Frater Taylor - a company doctor for Armstrong's and then a major protagonist in the reorganisation of the steel industry; Sir James Cooper - an accountant and adviser in representing the Bank's interests in companies in which it was involved; Hugh C. Bischoff - a specialist on the legal side of amalgamations; and Frances Hodges - a former secretary of the Miner's Federation. In addition, the Trust further recruited Henry Clay and Charles Bruce-Gardner. Henry Clay (later Sir), who was Professor of Social Economics at

Manchester University and had extensive knowledge of the Lancashire industries, became the new adviser to the Trust. Bruce-Gardner had special experience of the iron and steel, and coal and chemicals industries, and became Managing Director of the Trust in March 1930 (staying for eight years).

The position of SMT was extremely ambiguous. At heart it was a body of experts with only nominal capital and which, on the one hand, had the grand objective "to assist in forming schemes of reconstruction and reorganisation of whole industries" (*The Banker*, Feb 1930, p.179) and, on the other, was considerably played down by Norman as a "temporary, or industrial adjunct of the Bank of England" (cited in Sayers, 1976, p.325). At any rate, the Trust did possess much wider terms of reference than a conventional intelligence unit in its approach to industrial problems. As Professor Clay recalled: "As recorded at the time the objectives of the Trust were to go much further than the management of industrial interests which the Bank had already acquired, or might acquire in the future in solving individual problems. It was to initiate or help to develop schemes for the "rationalisation" of whole industries, by investigations not limited to the technical or accounting fields." (1957, p.328).

Despite these objectives, the absence of any real financial machinery or influence meant that the Trust did not live up to expectations - tending to function more as an administrative overload office for the Bank's existing interests in industry (Sayers, 1967). However, it would be a mistake to dismiss it on these grounds. As part of a wider hegemonic game, the importance of the Trust, we would argue, lay in the ambiguity of its identity in regard to the various alternative approaches to economic regulation. While the Trust was clearly an innovation which broke

the mould through the recruitment of new blood and the framing of a new intention it went largely unsupported. At the same time, however, it identified a major potential.

Indeed, it is through the identification of this potential that a larger and more powerful organisation, the Banker's Industrial Development Company (BID), was brought into being. This organisation would ostensibly augment the practices of the Trust and, in fact, carry through its objectives.

The BID was registered on 13th April 1930 and consisted of (largely) the same personnel as the Trust but with a board of much greater official gravity: Norman became chairman and a number of senior Directors from the Court of the Bank were appointed to the board. The Company also had an Advisory Council on which a number of influential financiers sat.

The purpose of the Company was understood to be similar to the SMT and was summarised by Norman as being: "to examine, assist and finance the amalgamation, reconstruction and reorganisation of an economic and rationalised basis of groups of British companies engaged in important industries." (cited in Clay, 1957, p.329)

A major development here, of course, is that the theme of rationalisation is not only formally articulated with private regulation but, significantly with "amalgamation". In this context, too, the Company's financial structure, influence and social authority also differed from that of SMT. The new Company had a nominal capital of £6 million which was divided into 45 "A" shares and 15 "B" shares of £100,000 each. The "A" shares were taken up by practically every major bank and issuing house in the City<sup>8</sup>, while the "B" shares were allotted to SMT. The "B" shares possessed three times the voting rights of the "A" shares, which meant that the Bank (through SMT) controlled half the voting

strength. Nevertheless, unlike the Trust (which was a wholly owned subsidiary of the Bank), the BID constituted a major innovation of collaboration between the Bank and City institutions, in which the latter (under considerable pressure from the Bank) were obliged to participate. Moreover, on paper at least, the BID would ensure the continued collaboration of City institutions in such a way that it would guarantee financial resources for approved schemes. As the Economist explained: "The present scheme (BID) is not an attempt to create a new organ for financing, but rather to smooth over the difficulties that have hitherto existed, whether on the industrial side or as a result of the lack of coordination between those who are financially interested in an industry, to ensure that schemes for bringing industry into larger units are well thought out, and by associating the chief City firms in this enterprise to ensure that, when a scheme gets a clean bill, it will be financially supported" (May 10th, 1930, p.8)

In much the same way as SMT, however, BID appeared to fall well short of its objectives. Sayers, for example, maintains that these agencies "proved not to be the engines of rationalisation through a great array of industries" (1976, p.547), while Tolliday states that they "drew back from taking on the role of a visible guiding hand" (1987, p.210). Ingham, on the other hand, goes even further and argues (rather exaggeratedly) that the BID "was not a novel departure, but a way of preserving the essential structure of the existing financial system" (1984, p.100). From our point of view, however, we should rather historicise these organisations and examine the discursive context which made sense of them.

Both SMT and BID were ambiguous responses to the themes of conscious control. In particular, with the election of a Labour government in May 1929, these organisations began to be articulated

as much stronger sites of political resistance. The BID especially became "an important part of the Bank's political response to the perceived threat to private industry posed by the Labour Party" (Tolliday, 1987, p. 201). From a position of relative ambiguity, then, the BID began to take on a far greater significance in regard to the positioning of the public/private frontier. In a communication to Sir Guy Granet, on 18th December 1930, for example, Norman commented on the BID's function to "keep the government out of industry", while the BID minutes themselves recorded its purpose to "prevent government intervention in industry" (18th Nov, 1930). And Nigel Campbell, a senior member of the Bank and board of BID, commented: "As a bulwark to keep the socialist government from tampering with industry it (the BID) succeeded, though, had the government stayed in power much longer, it is doubtful whether it could have held the fort." (Memorandum recorded in BID minutes, 1/10, 28th Oct., 1931).

Thus, the BID may be seen to have been very much part of a hegemonic game which became fundamentally identified with formalising and institutionalising the discourse of private regulation against the advances of state intervention. Indeed, it was precisely in these terms that Norman described the BID as "the outward and visible sign of what Mr. Thomas (a senior Labour minister) describes as "the City" " (Norman to W. Fisher, 22nd Feb., 1930, in Papers of E.H.D. Skinner). The identity of the BID, therefore, was put together against the contingent exterior of an incoming Labour government and its proposals for extending public authority - as an organisation which symbolised both the collectivity, "the City", and its ability to regulate itself. And, in this respect, the BID was very successful in achieving a certain hegemonic stability vis-à-vis the private/public frontier; a

stability which was reflected in the speech by Labour Minister J.H.Thomas who spoke of "the readiness of the City" to support and find the necessary finance for approved schemes in "improving the organisation and equipment of British industries".

Some authors - eg. Ingham (1984) - argue that the BID simply secured the interests of the City. But this ignores the essential ambiguities of its interventions and agenda. On the one hand the BID could be seen purely as a "political smokescreen" to prevent state interference, on the other, however, it faced very real and severe industrial problems which had to be dealt with. Andrew Duncan (a director at the Bank and vice-chairman of SMT), for example, argued that because "industry was going down the slippery slope so fast (and) no-one knew where to put in a peg to mark the basis of stabilisation", then the BID should "give up pretending that it could fulfill the functions for which it was formed" (SMT Memorandum, 11th May, 1931). Indeed, there was wide recognition among its members that "BID was not built to function in such an emergency as the present" (SMT meeting, 30th July, 1930). In other words, the BID had identified a problematic which, in its own terms, it was not able to solve.

One example illustrating the problems which faced the BID concerned the steel industry. Nigel Campbell proposed that the BID foster a new company to undertake the reorganisation of the industry. The risk and scale of capital involved (estimated at #13 million in 1930), however, would mean an application to the Treasury. Because of this Norman insisted that it would contradict the fundamental role of the BID: "Up to the present, the project which had largely activated the formation of the Company (BID), viz. the prevention of government in industry, had been singularly and unexpectedly succesful. To involve government aid now would be

tantamount to an admission that it was indispensable to rationalisation and offer a dangerous weapon to that section of the Government and its supporters who were only too anxious to seize an opportunity to bring industry in some degree or other under state control". (BID minutes, 18th Nov, 1930)

Here we can see how the BID's role as the defender of private regulation radically conflicted with its supposed role as a "rationaliser". The (discursive) resolution to this conflict is crucial insofar as the Bank - directly and indirectly - began to foster centralising agencies in respect to the problems of industry, in particular, and the demands of the collective economic community in general. In regard to the steel industry the Bank, in fact, devolved all responsibility for planning and reorganisation on to the British Iron and Steel Foundation - a powerful "semi official" private monopoly (Tolliday, 1987, p.258) - in which Andrew Duncan was released from SMT to take up the position of chairman. While the Foundation was supposed to represent "self-government in industry" (*Economist*, 18th July, 1935), it effectively consolidated "a giant restrictionist cartel in open partnership (through the Import Duties Advisory Committee) with the government" (Hobsbawm, 1969, p.217).

Even before this episode, the BID openly coordinated City institutions in the development of another agency in 1930 - the National Shipbuilders Security Ltd. - in order to centralise capital and shipping interests (A.J.Youngson, 1960, p.103). What began to emerge was an increasingly centralist approach to industry of a particular character. Commenting on the late 1930s, E.H.D.Skinner - Norman's private secretary - put it this way: "The Bank was still looking for solutions that would enable it to stay outside and above industry, and its attitude to reorganisation

remained strongly in the mould of the late 1930's rationalisation milieu. There was a notable lack of policy evolution, for instance, in the direction of non-merger solutions; in this instance the Bank might have grasped the nettle of technical change by using the opportunity to back the most efficient single producers against the rest as the nucleus of reorganisation". (emphasis added - E.H.D. Skinner papers; cited in Tolliday, 1987, p.258)

Here we would stress the importance of the Bank and centralising agencies in regard to the representation (and imagination) of a new type of economic presence and identity. For, as Hobsbawm points out, these amalgamations were no more rational, productively speaking, than their original independent units (1969, p.219). What we have argued however, is that this amalgamation strategy towards the problems of industry - the development of corporate capital - takes place in relation to a corporatisation of economic culture. Capital now began to take on a new self-identification in respect to an alternative spatial representation of corporate symbolics - investment practice, organisational strategy, corporate buildings/logos/brand names, advertising, etc. And this self-identification developed as part of a more general process of signifying a new kind of economic presence and belonging - not possible under laissez faire - within integrated (and strongly contested) markets and organicist social space.

The discourse of rationalisation, therefore, was crucially articulated as "private regulation through amalgamation". In this way, the private sector was "strengthened" through a series of centralising agencies which represented industry (and, more widely, capital) vis-à-vis the organisational machinery of the modern universalist state. At the same time "rationalisation" mobilised



the themes of collective belonging, responsibility and discipline - through the bringing together of miscellaneous capitals, price-fixing, market stabilisation, economic policy formulation/implementation, etc. And, in this respect, it was fundamentally concerned with "rationalising" the market environment and consumption as a whole.

The collective (civil) economic community was effectively rearticulated through the centripetal logic of "rationalisation" and the modification of identities, interests and expectations (especially in industry-finance relations) in the reconstruction of the "private" in relation to the new forms of "public"<sup>9</sup>.

The identity of organisations like the SMT and the BID, therefore, must be situated within the terms of these constructions, generally, and the discourse of rationalisation in particular. In respect to the BID, for example, we would emphasise what Tolliday calls its "role in the strategic direction of investment" (1987,p.205) rather than its functional incapacity. To this effect, the BID became part of a new spatial representation which symbolised the validity of the private regulation of industry-finance relations in the creation of amalgamations and mergers. Thus, by historicising the BID, we can understand the significance of its role and identity as part of an alternative and difficult representation of the economic and the private realm through hegemonic struggle and the play of political frontiers.

#### The MacMillan Committee

A fundamental aspect of the "new times" of interwar Britain, as we have pointed out, was the coming of age of the Labour Party - and, more broadly, the Labour movement - and its

transformation of the political landscape. In this regard, the latter interwar Labour government, formed in May 1929, was unquestionably the more important insofar as it achieved a firmer political foothold and in far more difficult circumstances<sup>10</sup>. And while MacDonald's second Labour government was also a minority one (and failed to live up to many of its promised programmatic reforms), it nevertheless became integral to the representation of a new social order and the construction of a modern universalist state (see above). As Richard Rorty might say, Labour became a major "conversational partner" in a new language game of social reality.

In this new role one of the most significant interventions of Labour was its formation of the Committee on Finance and Industry - the MacMillan Committee - which began its hearings in November 1929. The Committee was formed largely in response to a long-standing demand from Labour politicians and from some leading industrialists for a full enquiry into monetary policy (A.R.Holmes and E.Green, 1986, p.176; K.Burk, 1989, p.176) As well as H.P.MacMillan, the Committee drew together such luminaries as Ernest Bevin, McKenna (a previous Home Secretary and Chancellor in the Asquith government and Chairman of Midlands Bank) and J.M.Keynes himself. The Committee considered a comprehensive range of evidence submitted by all the major economic actors - the Federation of British Industry, trade associations, City institutions, the Trades Union Congress, etc. More broadly, the Committee constituted an official forum for the development of an alternative approach to, and recognition of, the economy as an integrated structure with a view to developing the appropriate interventionist measures and regulatory practices.

As a central forum for exploring the nature of economic

authority and for generating a policy ethos during this period the exchanges between members of the Committee and key personnel at the Bank were particularly revealing. As recorded by Sayers (1976,p.366), both Deputy Governor Harvey and Governor Norman went alone to their respective meetings (despite being fully entitled to take advisers and other personnel with them). Moreover, neither of them were prepared for the challenging and rigorous nature of the Committee's questioning - "He (Norman) felt that he had been quite unable to deal satisfactorily with the questions addressed to him...and that McKenna "attacked him in a rather aggressive manner in regard to facts and figures which he had not in his mind." (Sayers,1976,p.366) - appearing to regard any form of directness from the Committee as *infra dig* and an impertinence to their authority. In reply to Keynes' request for a more open exploration of policy decisions, Harvey's reply was that the Bank's practice was "to leave our actions to explain our policy" (Report, question 435). When challenged that more public information would improve collective action, Harvey insisted that "(it) is a dangerous thing to start to give reasons" (Report, question 436).

Norman, on the other hand, came away feeling that he had "understood very little of Keynes' remarks during the session" and "Keynes for his part felt that the Committee was "bewildered" by the Governor's evidence. The published evidence certainly suggests that the Committee...and the Governor were talking different languages." (Holmes and Green,1986,p.177) Indeed, Dayer suggests that the apparent criticism and suspicion of the Bank probably contributed to Norman's breakdown at this point (1988,p.210), particularly as it was expected that the subsequent MacMillan Report would "recommend moderate if not radical changes in the constitution of the Bank of England" (Sayers,1976,pp.371-2).

In the event, the Committee did not recommend far-reaching constitutional changes. However, this was only part of the "threat". The radical quality of the Committee rather lay in the potential of its metaphoric redescription of the economy as a structured entity which could be rationally diagnosed and corrected through intervention. Indeed, the very title of the committee suggested a collectivist responsibility for "industry" and "finance". It is in this context that the controversial "gap" identified in the Report took on a special significance. The so-called "MacMillan gap" was described in this way: "It has been represented to us that great difficulty is experienced by the smaller and medium-sized businesses in raising the capital which they from time to time require even when the security offered is perfectly sound. To provide adequate machinery for raising long-dated capital in amounts not sufficiently large enough from small sums up to say £20,000 or more, always presents difficulties" (*Report on Finance and Industry*, 1931).

At first sight this may appear a relatively unimportant observation in a large economy. In fact, the MacMillan gap symbolised much more than this. For what the gap alluded to was not only a structural failing in the system but the need for remedial intervention/regulation. The subsequent political, and more general, types of question became "who and/or what was best placed to meet the demands of this type of collectivist responsibility in a modern integrated economy?" and were the subject of intense hegemonic contestation between the imperatives of public responsibility and the demands for civil autonomy. A certain balance, therefore, had to be struck in the creation of a paradoxical centre; one in which the symbolic confrontation between "Keynes" and "Norman" was not zero-sum but involved a negotiated

(and precarious) construction of private (esoteric) practices and the logics of conscious control and state intervention.

What is interesting from our perspective is the way in which the idea of a "gap" was subsequently articulated as part of the process of opening up the spaces of collectivist regulation. At one level, of course, the BID itself was regarded as a collaborative financial reponse to the gap (S.G.Checkland, 1975,pp.573-574). In 1934, on the other hand, Credit for Industry was established for the express purpose of filling the MacMillan gap through the provision of financial services (including long-term capital) for smaller industrial concerns unable to raise capital on the London issues market (H.Clay, 1957,p.322). The company was a subsidiary of United Dominions Trust Ltd. and was given personal backing by Norman in the securing of banking facilities. Indeed, on the recommendation of the Governor, informal links were maintained with the Bank through Bruce-Gardner (Managing Director of SMT) as a director of the company. Elsewhere, in 1935/36, Sayers points out that in the setting up of a Special Areas Reconstruction Association Ltd. - in order to help small industries in depressed regions - the "Bank's role was the filling of a gap in organisation - a "MacMillan gap" of the kind later filled by the Industrial and Commercial Finance Corporation" (1976,p.548). Indeed, throughout the early postwar period, the Bank's largest intermediary organisations, the Industrial and Commercial Finance Corporation and Finance Corporation for Industry, were variously regarded to be filling MacMillan gaps.

There was, in fact, considerable confusion over not only the location of the "gap" (or "gaps") but also the organisations which could best fill it - apart from an insistence that they should be private organisations. We would argue, however, that the

gap began to take on an increasing centrality and ambiguity in respect to its symbolic articulation within the discourse of private regulation we have been elaborating and that, as such, it embodied the paradoxical quality of what Derrida has called "hymen" (1972,p.220). Let us examine this more closely.

In the first place, we would contextualise the confusion over the gap in terms of a metaphorical expansion from the particular to the thematic; an expansion which both increases its symbolic value and makes it more obscure. That is to say, the gap ceased to be a definite article - the name of a location or institutional failing - and became more generalised as something which alluded to the collective and corrective management of finance-industry relations and the economic community as a whole. In this regard, the gap became more and more central insofar as it symbolised the tension between collective responsibility and those economic identities who could be identified with an exclusion from that collective (eg.small businesses, venture capital, technological enterprises, etc.) and the implicit problem of their private/public regulation.

In this sense, the notion of a gap became central to the ongoing development of organisation in Britain insofar as it functioned as a thematic reference for the opening-up of the spaces of collectivist belonging and regulation around the myths of conscious control and rational regulation. The non-belonging of any economic identity, instead of evolving into antagonism, could be represented as merely a "gap" in a collectively regulated system which was responsive and otherwise sound. Thus, through the articulation of gaps, new representations of economic identity could take place and new innovations in credit and institutional practice could develop in order to resolve the various

aspects/interpretations of the "gap" It is in this context that an intermediary culture developed in order to meet the challenge of gaps and, at the same time, to secure the "commonsense" of resolving these gaps through private regulation (rather than state intervention).

The MacMillan gap, therefore, was integral to the ongoing determination of the frontiers of the organised economy in respect to civil autonomy and public responsibility. At the same time, however, its status as a "gap" - as an actual fissure exposed to a contingent exterior - was made impossible. That is to say, the gap was never allowed to become an actual failure of the structure of economic integration but was always articulated as a further development of it. Thus, within the terms of the discourse of self-regulation, the very idea of a gap was already represented, already taken account of. To this effect the gap may be seen as both definition and non-definition, both presence and non-presence. On the one hand, the gap signified contingency - exposing the economic community to new definitions and precipitating the dynamic development of new practices and organisational identities. On the other, its radically contingent potential (as exposure of the integrative system and the discourse of self-regulation) was fully denied. In this sense, the theme of the gap was both required and made impossible within the terms of the (private) regulation of the economic community - thereby revealing a certain history of the themes of conscious control and organisation. And in this requirement/denial dialectic the gap may be regarded as performing the role of a Derridean hymen (or locus of ambiguity).

The paradoxical quality of the MacMillan gap(s) - as something which was both representable and unrepresentable - underlines the way in which organisation itself was constructed as

an undecidable game of political intervention. The ambiguous functioning of the gap(s) required the continuous intervention of intermediaries and the opening-up of spaces of collectivist belonging and regulation in the mythical representation of an integrative economic community - and, as such, revealed the political play of frontiers in the history of the construction of organisation.

Thus there is no absolute moment of organisation in Britain in which economic identity and meaning became frozen in conformity to a model. On the contrary, the precariousness and instability of phenomenon such as the MacMillan gap reveals a dynamic quality to the development of organisation.

In this regard, the history of organisation we are attempting to elaborate here is not a definitive one - ie. another (closed) account. Rather it constitutes an examination of the frontier movement between (relative) spatial closure and (relative) temporal disruption in the construction of certain social-economic identities through the discursive logics of organisation.

Organisation did not evolve as a homogeneous milieu, but was constituted through the introduction of a discursive logic - a new imaginary conscious control and rational social-economic management - which was characteristically articulated in the specific construction of political frontiers we have been elaborating. Thus, where Lash and Urry tend to endorse Kocka's assertion of an increasingly harmonious inter-articulation between the state and corporate capital (1987,p.3), we would emphasise a profound hegemonic struggle over the very definitions and control of the "private" as against the "public" within the terms of the



new imaginary. And it is in the context of this hegemonic struggle, moreover, that we can understand the construction of organisation in Britain through the peculiarity of its articulations (and the different myths/promises of completion in regard to regulatory practice). In particular, we have emphasised the difficult (and paradoxical) construction of a "centre" for the organised forms of economic management in regard to the discursive attempts to establish objective frontiers between the private and public realms.

While organisation may be understood as a new principle of reading economic reality, therefore, this principle was crucially articulated with other discourses as part of an ongoing game of hegemonic representation. To this effect, the frontiers of the economic space - eg. between public and private - were not given but fundamentally depended upon an undecidable process of political intervention. And for this reason we have insisted upon the historicity of the development of organisation in Britain.

In the following chapters, we will be focussing on two intermediary organisations, the Industrial and Commercial Finance Corporation and the Finance Corporation for Industry, and their political interventions in respect to certain "gaps" in the investment-credit structure. Moreover, in their role as "symbolic outposts" across the private/public frontier, we will emphasise that the interventions of these organisations reveal a history of the discursive construction of organised capitalism, and its hegemonically contested forms of regulation, in Britain.

## CHAPTER FOUR

### The Industrial and Commercial Finance Corporation: Postwar Conversion and the Private/Public Frontier

As we have argued, the intention of this thesis is not to present a positive and definitive account of the development of economic history in Britain but, in fact, to demonstrate the opposite: the essential play of political frontiers in representing economic space and their necessary exposure to otherness and temporal disruption.

In what follows, we will be analysing the political roles and identities of two major organisations - the Industrial and Commercial Finance Corporation and the Finance Corporation for Industry - concerned with the provision of postwar industrial finance and, more generally, with the regulation and reconstruction of the social-economic community. In particular, we will argue that both Corporations were crucial in terms of revealing the play of political frontiers in the creation of the postwar community - especially the frontier between the private and public domains - in the ongoing political construction of organised capitalism in Britain. Again, our central argument is that at no point did organised capitalism constitute pure space - ie. a radical elimination of antagonisms - but was essentially a contested terrain within an overall imaginary of "conscious regulation"<sup>1</sup>.

Now it is evident that in looking at these Corporations, as

concrete institutions, we are not returning to any arbitrary distinction between structure and agency - with a view to privileging the former. On the contrary, following the arguments of Zizek (1989) and Laclau (1990), we have seen that neither the agent or the structure exist as independent positivities. Rather agency and structurality are themselves constituted as continuous processes of articulating signifying relations within the discursive. On the one hand, this prevents ontological division and, on the other, makes any closure impossible. Moreover, the very conditions of possibility of "structure" and "agency" - as discursive (de)constructions penetrated by otherness - necessarily exposes them to symbolic fracturing, temporal dislocation and the undecidability of heterodox forms of mythical recomposition.

Thus for our perspective it is not a question of prioritising "ideology" or "discourse" - as delimited objects - over institutions and their practices, as some authors have claimed (eg. Jessop, 1982, pp.200-202; 1989, pp.xxiv-xxv; Mouzelis, 1988, pp.107-124). Rather it amounts to the qualitatively different assertion that "institutions do not constitute closed structural frameworks, but loosely integrated complexes requiring the constant intervention of articulatory practices" (Laclau, 1990, p.224). The identity of institutions are not epistemically arrested at any point - ie. as universally intelligible "structures" - but are themselves relationally put together, as specific historical (and unstable) constructions, within the horizon of discourse as the general condition of possibility for their being.

This perspective allows us to formulate a notion of institutional ambiguity. That is to say, the identity of institutions is essentially unstable and will depend upon the political play of articulatory practices. In this respect, we will

argue that the identities of both Corporations, in their regulatory capacities, were fundamentally modified through the process of hegemonic struggle with public authority.

At the same time, however, these Corporations were not simply reactive - ie. knee-jerk responses to government interventionism in defence of private interests. On the contrary, they were also crucial in articulating regulatory and collectivist themes in ways which modified the interests, expectations and identities of the private sector - again revealing the dimension of institutional ambiguity. In this regard, we argue that the central importance of these Corporations may be found in their roles as "symbolic outposts": that is as political loci in establishing a negotiated balance between the demands for private autonomy and the realities of public authority in the era of conscious control.

In this chapter, we will be focusing exclusively on the Industrial and Commercial Finance Corporation (ICFC). We will argue that while the ICFC was ostensibly created for meeting the needs of small-medium business finance, its financial activities were far more located in the corporate end of capital concerns. This corporate orientation, however, must be seen within the context of postwar "conversion" and the particular hegemonic struggles which took place around it.

Conversion refers to that process at the end of the war whereby a number of major businesses and industries, previously expanded by the procurement funding of the government for the "war effort" economy, were suddenly returned to the private sector (or, rather, lost their funding from the public purse). To this effect, the ICFC became increasingly involved with the "re-location" of these businesses and industries within a private community which could collectively accomodate their demands. A clear danger here

was that these "war effort" industries (many of which had grown very large on government subsidies) would organise into a powerful collective and demand greater state intervention. In this context, the ICFC became centrally concerned with the differential absorption of the largest conversion demands from corporate industry in order to offset this danger.

The conversion phase, therefore, precipitated a long-term involvement of the ICFC in the larger ventures of corporate capital from this period. Thus, the corporate orientation of ICFC, in contrast to its early doctrinal statements, must be regarded within the terms of a broad hegemonic struggle to stabilise the private/public frontier and to demonstrate to government that the Corporation (and, more generally, the private sector) was able to accomodate the major demands of industry. This, moreover, involved the ICFC in the development of a series of financial innovations, the construction of new categories of credit and the mobilisation of collectivist regulatory themes which had the effect of modifying banking practice and the functioning of the private sector as a whole. In this way, too, the ICFC directly sponsored the creation of a range of subsidiary organisations which were also concerned to demonstrate the ability of the private sector to regulate itself responsibly (see below).

Finally, we see a further transformation in the identity of the ICFC from the mid/late 1960s in which the Corporation became less and less involved with national forms of industrial investment and more and more involved with international corporate portfolio forms of commercial investment - a development which was part of an internationalising capitalism in which national forms of economic regulation have been steadily drawn into crisis in the movement towards "disorganised capitalism" (see below).

Along with the Securities Management Trust and Banker's Industrial Development Company, the ICFC was part of an ongoing intermediary culture which was concerned to regulate and coordinate industry-finance relations in the modern world. In the postwar period, however, both the ICFC and the FCI were also part of the enormous task of economic reconstruction.

Of the two new Corporations designed to meet the new demands for industrial finance, the FCI (discussed in the next chapter) was regarded as the more tangible and serious venture. The argument we shall be advancing here, however, is that each Corporation was characteristically significant in regard to key political interventions in the hegemonic representation of economic spatiality and the postwar community.

In an immediate sense, both Corporations were located at the intersection of industry and finance in the important and ambiguous area of "credit". A major dimension of our discussion here, therefore, concerns the construction of credit. For us, credit must be regarded as essentially political in respect to both the determination of the frontier of economic belonging (who qualifies for credit and who does not) and the construction of economic interests - ie. the mobilisation, and demobilisation, of investment practices and financial expectations (etc) - within the sphere of credit (see Appendix 3).

Put in other terms, we would say that the nature and functioning of credit is not given but is (ultimately) undecidable and fully depends upon the articulatory practices at play in a given conjuncture. In this respect, we would regard David Harvey's

functionalist characterisation of the credit system as "a kind of central nervous system through which the overall circulation of capital is coordinated" (1982,p.284) as rather inadequate. From our perspective, the "credit system" is constituted as a discursive enterprise which reveals not only the historical construction/legitimation of certain capital identities and economic interests but also the political expulsion of other identities and interests.

It is in the context of an essential undecidability of the credit-system, therefore, that we can understand the (ongoing) identitary construction of the ICFC - and, indeed, other intermediary organisations. In particular, we can see how the ICFC, far from acting as a mere functionary of the credit-system, was crucial in terms of its own credit innovations and in developing new forms of institutional practice in respect to the postwar economic community. In this way, the ICFC oversaw the development of a range of intermediary institutions - eg. Estate Duties Investment Trust Ltd., Technical Development Capital Ltd., Ship Mortgage Finance Company Ltd., Industrial Mergers Ltd., Scottish Industrial Finance Ltd., ICFC Leasing Ltd. - which were able to privately regulate widening areas of the economy and, thereby, to resist demands for state intervention.

According to Checkland the national institution of the ICFC developed from an initiative within the Scottish banking community - in particular with John Erskine of the Commercial Bank - for the express purpose of revitalising Scottish industry (1975,pp.598-600). Sayers, on the other hand, argues that even before the war the Bank was guiding the City towards the creation of both the ICFC and FCI and that "(w)ith these two in prospect for post-war Britain, the Bank allowed BID to die and its own Securities

Management Trust to vegetate, later using it for a quite different purpose" (1976,p.551). Whatever its "origins", however, the key point is that once established the ICFC began to take on a central hegemonic role in the reconstruction of the economic community in the postwar period.

Under the aegis of the Bank<sup>2</sup>, the ICFC was put together as a collective venture with the joint-stock banks. As we have seen, the BID had already established the precedent of City institutions acting in collaboration. However, the ICFC represented an altogether more radical and extensive endeavour than that of the BID. This was reflected, in the first place, in the scale of its resources.

The subscribed capital of the ICFC was £15 million, in which the Bank made a token subscription of £500,000 while the remaining bulk of the money was made up by the clearing and Scottish banks in rough proportion to their deposit liabilities. In addition to this capital, the ICFC also possessed borrowing powers of up to £30 million which could be exercised by means of loans and advances from the member banks pro-rata to their shareholdings.

The Corporation also drew on the intelligence resources of the banks through an Advisory Panel (the equivalent in Scotland was the Scottish Committee). The Panel acted as a liaising body through which representatives of the member banks could pass on information in their possession to the ICFC. At the same time, informal links were also established with the Treasury through Mr. Edward de Stein who was both a director of the ICFC and a member of the Development Areas Treasury Committee - an organisation committed to the "proper distribution of industry" under the terms of the Distribution of Industry Act.



The "institutionality" of the ICFC was not axiomatic. Indeed, the construction of the ICFC was rather paradoxical. While on the one hand it was resourced by the banks, on the other the very existence of the Corporation threatened traditional forms of banking. In other words, because the ICFC was conceived in relation to some sort of "gap" in the credit structure, then, to some extent, it also represented a certain failure of its shareholding banks. Moreover, even though the ICFC clearly belonged to the private domain, at the same time it was crucially part of a semi-official drive to regulate private economic relations in new terms.

In addition, the type of intended financial interventions of the ICFC were also ambiguous and threatening for conventional financial practice. Thus because the ICFC was doctrinally committed to fulfilling the needs of small and medium-sized businesses, then this could be regarded as not only impinging on the banks' potential customers but also could be seen to be breaking with the traditional banking practices of dealing with individual customers through a new emphasis on the collective needs of entire groups of businesses.

To this effect, the ICFC could be seen to be not only intervening in the credit structure but (as part of a process of centralising and rationally coordinating financial facilities in respect to the reconstruction of the postwar community) to be articulating new forms of credit practice and credit reciprocity with new demands and expectations vis-à-vis the financial system as a whole. In this regard there was a general financial anxiety concerning the consequences of these articulations and their potential for opening-up possibilities which might be politically precarious - what were the limits of this new type of credit

reciprocity? how far would banking discretion be compromised by collectivist policy? would it lead to greater intervention and a "socialisation of credit"? (etc).

The new Corporation's apparent intention to mobilise an alternative collectivist programme of credit clearly threatened (at least potentially) the traditional credit practices of banks and City institutions and, as such, precipitated considerable tensions with its shareholding banks. It was against this background that the *Economist* commented: "It is divulging no secret to say that the consent of some of the participants was obtained only after considerable persuasion" (Jan 20th, 1945, p.83).

The central ambiguity of the ICFC lay in the fact that, in terms of its institutional rationale, it was part of an official response to section 404 of the 1931 Report on Finance and Industry which identified both a "MacMillan gap" and the advantageous role for a special corporation in filling it. This discourse of "gaps", however, was somewhat perilous. The very construction of the ICFC and the development of alternative forms of credit practice and credit reciprocity were the positive consequences of a discourse of gaps. At the same time, however, the discourse of gaps necessarily involved a certain de-structuring of the existing credit formation in a way which put the principles of the credit system into question and exposed it to the potential of alternative approaches to, and demands for, credit. It is in the discursive tensions between the positive attempts to represent the filling of gaps - through the alternative interventions of organisations like the ICFC - and, at the same time, the systematic denial of gaps as a real failure of the credit system, as such, that we see revealed a history of the movement of the political frontiers of credit.

The construction of the ICFC as a semi-official

organisation, utilising the very resources of banking - and in a way which apparently undermined the banking system - also put into question the idea of what legitimately constituted "commercial" finance. By mobilising a collectivist programme of credit and articulating a new form of credit subjectivity, the ICFC could be seen to be operating well beyond the boundaries of commercial finance. Indeed, the *Economist* did not see any legitimate commercial role for the ICFC at all, arguing that its function was generally (and pejoratively) "political": "The case for setting it up is largely a political one: that of proving that finance, and the banks in particular, are not holding back in the tasks of post-war reconstruction and that the needs of the small man are receiving their due consideration" (Jan 20th, 1945, p.83).

From our point of view we would say that the ICFC was neither simply "commercial" or "political". Rather what we see is a certain politicisation of commercial finance. This politicisation takes place within the context of conversion and the postwar representations of the private sector as an integrated structure capable of regulating itself.

The organisation of the ICFC, and its relations to so many different banks, proved to be a complicated and arduous project. Indeed, it was not until July 20th 1945, six months after the details of its organisation had been announced, that the Corporation was finally registered and its board appointed.

A central precept of the MacMillan Committee was that an industrial finance corporation of this type should be separate from the banking system. The ICFC, however, was a creation - although, significantly, not an initiative - of the banks whose board clearly reflected this fact. Lord Piercy, the first and inveterate Chairman of the ICFC, was nominated by the Governor of the Bank for

his "varied economic, administrative and financial experience". He was assisted by seven directors appointed by the joint-stock banks themselves: three of whom were already directors of participating banks; a merchant banker, an accountant; and two industrialists. In terms of accountability and working criteria, such a board could be seen to have strong orientations towards the banks. Brian Tew (an original member of the ICFC), on the other hand, points out that Lord Piercy drew together a wider team of experts which was "somewhat novel in its composition": "They were a thoroughly mixed bag, and...brought together a remarkably wide range of professional experience - a banker or two, four experts on issue business, including a former head of an Issuing House, two stockbrokers, three chartered accountants, a lawyer, an economist, a production engineer, and a building expert. No other City institution has ever thought it needed to bring such a wide range of expertise to bear on the propositions submitted by the clients" (1955,p.218).

One of the first priorities of the ICFC was to articulate its own discourse on the nature of the gaps it was intended to fill. In an important article in the *Banker*, J.H.Laurie - the General Manager of the ICFC - set out the broad principles of operation for the new corporation in relation to the notion of gaps. In his introduction Laurie affirmed that the ICFC was established in response to the gap identified in Section 404 of the MacMillan Report on Finance and Industry. However, Laurie crucially went on to develop an alternative "version" of the gap within an entirely different language game. As he explained: "Whether there was a gap in 1931 can never be proved; what is suggested by the experience of ICFC to date is that there is undoubtedly a 1946 version of the MacMillan gap...The chief reason why the Committee's opinion of 1931 has become the undoubted fact

of 1946 is the persistence of high taxation for many years past. Taxation has affected the position in two ways. First increased rates of income-tax, surtax and death duties have diminished the number of rich people willing to invest capital in backing small businesses; secondly EPT (excess profits taxation) has made it impossible for the small but growing company to plough back into the business sufficient profits to finance the capital expenditure with which it is now faced, if it is to continue its growth or even to consolidate the position already attained" (Aug.1946,p.97).

In this way, Laurie effectively suppressed the original meaning of the MacMillan gap - as a failing within the structure of credit - by redescribing it as an artificially induced "growth gap" resulting from the political effects of government taxation. This view of a tax-determined growth gap percolated right through the banking community and was crucial in generating agreement about the location and particular nature of financial lacunae as regards the needs of business in the postwar context. The *Economist* also added weight to this position and helped to naturalise it as common sense when it stated: "It is a matter for debate whether the so-called MacMillan gap was so significant in 1931 as it was then believed to be; but there is no doubt that the slow strangulation of private sources of finance by war and postwar taxation has widened it." (3rd Dec.,1949,p.1258)

In this way, the gap was no longer presented as an inherent fault within the credit system which required official forms of intervention. On the contrary, the gap was now identified in terms of the very problems of intervention and high taxation - as the primary obstacles to enterprise - which would have to be remedied and resisted at the level of the private itself. In other words, the gap was no longer identified as an internal phenomenon of the

credit-system but as an external problem of "public policy" impinging on "private needs" (*Economist*, May 26th, 1945, p.706). On this basis the ICFC would function to help the civil economy transcend the limitations on growth imposed by taxation and, in this respect, it would also act as a key site of resistance against any moves towards further public management of the economy. To this effect, the ICFC became part of a new sense of the "private" - one characterised by the need for communitarian regulation - in relation to the Keynesian state and its regulatory potential and authority. Importantly, the discursive interventions of the ICFC were crucial to both resisting and modifying this potential and to affirming the "common-sense" that the private sector should regulate itself.

The identification of the gap, therefore, was centrally contested through alternative descriptions and political interventions. The rearticulation of the MacMillan gap as a tax-induced growth gap had a number of effects. In terms of policy, the ICFC was able to affirm that any programme of "cheap money" was thoroughly misguided and that any lasting remedy to the problems of business and the acquisition of credit would depend upon the private coordination of the financial and industrial communities. In this way, charges of financial insularity were diverted away from the banks and the "problem" situated firmly within the grounds of political management of the economy by the government. This began to consolidate a consensus about the general role of the ICFC - thereby (partially) resolving its operational ambiguity.

By articulating the powerful theme of anti-interventionism, moreover, the Corporation also promoted the ideological conditions for unity between finance and business against a common identifiable "enemy" - eg. government tax bureaucracies, public

control/interference, etc. In consequence, any potential antagonism between business and finance - resulting from a certain reading of the MacMillan gap as an internal fissure - was displaced and neutralised in the political constructions of "private" against "public". At the same time, the very identity and meaning of "private" and "public" were discursively reconfigured in respect to those hegemonic attempts to coherently represent the logics of conscious control and communitarian responsibility - once again illustrating the point that "organisation" did not evolve as a homogenous positivity in which politics and antagonism were absent.

Another way of putting this is to say that we see the articulation of new "if only" subjectivities in which the identities of the "private" are represented in terms of a mythical fullness against certain aspects of the "public" - ie. "if only the state did not interfere/if only government tax bureaucracies ceased to exist.... then private economic relations could be conducted harmoniously." And, in this respect, we can see how the dislocations and antagonisms generated by the regulatory state in the era of conscious control provided, at the same time, the positive conditions for the articulation of new identities.

It is in this context, too, that we can appreciate the paradoxical aspects in the identification of the "gap". On the one hand, the gap was identified as a largely external problem of high taxation and official intervention - as something which the orthodox credit structure recognised and would have to overcome. In this way, the gap was presented as a symbol of the need for private cohesion. The gap as internal fissure or symbolic failure, therefore, was denied. On the other hand, however, within the terms of a new horizon of conscious communitarian regulation, the gap - as a symbolic failure - was actually required in order to develop

an alternative representation of the private and its forms of collectivist belonging, credit practice/reciprocity (etc). The gap, therefore, became a dynamic and positive condition for the development of new themes and identities - including the establishment of the ICFC itself. Thus, insofar as the gap was both required and denied, we may characterise it in terms of the Derridean notion of "hymen".

The immediate problem facing the ICFC was that of extensive "conversion". Conversion concerned the transformation of Britain from a martial to a civil economy and the widespread re-entry of "official" enterprises into the private sector. During the war numerous industries and businesses were contracted to the national government. The economic identities here were articulated within a larger national identity as part of the "war effort". The experience of the government-managed war economy, moreover, significantly modified the expectations of industry and business in respect to the financial possibilities of investment and provision. The central and immediate problem for the ICFC, therefore, was how to negotiate these expectations in the postwar context of cancelled government contracts and financial disinvestment without provoking a popular backlash - ie. an antagonism between industry and finance (possibly leading to further *dirigisme*). In our terms, we would say that the ICFC was faced with a problem of discursive disruption and intervention: that is, a problem of how to differentially absorb the (equivalential) community of "war effort" industries into the "peace effort" civil economy while maintaining the same sense of inclusivity and communitarian responsibility.

The General Manager of the ICFC, J.H. Lawrie explained the problem of conversion for the banks in this way: "A very common type of application to the ICFC is that of the company which has



increased its turnover during the war tenfold, or even, perhaps, twentyfold; the net profits have gone up from a few hundreds to ten, twenty, or thirty thousand pounds; practically the whole of the profits have been paid away in EPT - Excess Profits Tax (again a strong reference to the popular discontent with the tax burden)....It frequently happens that such a company has received from its bankers during the war very generous overdraft facilities. The company was engaged on war work; its principal debtor was the government, there was a limitless demand for its products, and the bank felt justified in allowing the overdraft to go to much higher figures than would have been permitted in normal times. Not unnaturally, the banks attitude now is that, though they like their customers and are anxious to support them, they cannot continue to allow them overdraft facilities even on a somewhat similar scale as during the war, unless the company attains permanent capital, not only to cover the costs of the additional fixed assets, but also to provide the permanent part of the working capital required" (*The Banker*, Aug. 1946, pp. 97-98).

The problems of conversion were importantly identified with the general theme of gaps and, in particular, with the impingement of tax and public authority. At the same time, however, these problems were linked with the requirements of communitarian responsibility and self-regulation. In this way, the ICFC became directly involved in attempting to accomodate the demands of the collective "war effort" industries and to reassign/reconstruct their identities across the "legitimate" spaces of a responsible and responsive private community. This was undertaken in a variety of ways.

In the first place, the ICFC established itself as a major cultural focus of financial intelligence and information. To this

end, the Corporation provided an important advisory service, emphasising the efficacy of existing financial mechanisms and disseminating information about them. As Lawrie maintained: "Many of the enquiries received by the Corporation are based on a misunderstanding of its functions, and in such a case the enquirer is advised that the most suitable place to apply to is a bank, a building society, an insurance company, a hire-purchase company.....In this way a good deal of assistance is given to people whose needs do not lie in the Corporation's field at all but who are simply unaware of where they can obtain the assistance they need" (*The Banker*, Aug. 1946, p. 98).

The ICFC not only advised on the availability of different credit mechanisms but, through its information services, amplified the potential of the credit system as a "structure". That is to say, it signified a wider financial community of economic integration - the bank, the insurance company, the building society, the hire-purchase company, etc. - as capable of assimilating and differentially absorbing the new demands for postwar finance. This discursive reassignment of financial demands across the credit structure was crucial. And, in this way, the ICFC enhanced the discourse of self-regulation through the mythical embodiment of a private community of integrated specialist institutions.

However, the ICFC was not simply concerned with the reassignment of business demands. It was also fundamentally involved with the reconstruction and modification of business identity as such. Indeed, the ICFC began to actively develop a new community of interests and made extensive use of its Liaison Department towards this end. This Department consisted of a team of officials who travelled throughout the UK and offered advice and

technical expertise on wide-ranging financial and industrial matters and specifically monitored the performance of individual clients of the Corporation. In particular, the Department became a key organ in dealing with the "war effort" businesses and the whole process of contractual denationalisation and entry into the private sector: "Many people who came to the ICFC realise that during the war they have been nurtured on progress payments, they have had no sales problems and for countless other reasons they have had no experience of running a business of the size which, more or less by chance, they have attained. Such people are often eager to receive advice from the ICFC's Liaison Department, and in the long run this may prove one of the most valuable services rendered to industry by the Corporation." (ICFC Company Report, 1946, p.12)

The central point here is that, through its Liaison Department the ICFC became directly involved in not only redirecting demands but in disciplining businesses - particularly those of the martial economy - and, in fact, with modifying business identity and articulating different ("more realistic") expectations towards financing and the credit structure. Thus while the ICFC "relocated" the financial demands of business, it did so, crucially, within the terms of a more general reconstruction of the civil economy as a community regulated privately and not by government. And, in this respect, the ICFC became integral to the differentiation between "private" and "public" regulation.

At the same time, the ICFC also created the spaces for more direct interventions and innovations in credit practice. One important example of this was the development of the "ICFC sandwich" which involved unique financial coordination with the banks. This credit innovation was frequently brought into play for

a company which was not eligible for an unsecured loan from the ICFC (as in the majority of cases) but was, nevertheless, able to put up its fixed and floating assets as security. But, even if an ICFC loan was provided on this basis - for, say, plant or machinery - the company in question would then, almost certainly, require additional working capital to finance increased turnover. The problem then arose that the banks would be very unwilling to lend working capital to the company if all its assets were in the charge of the ICFC.

Under these circumstances, one of two things could be done. The Corporation could make its contribution to a company entirely in the form of share capital with all (or most) of its subscription in participating preference shares - but this was very rare. Alternatively, and the more likely option, the corporation could make its contribution partly on the mortgage of the plant and partly in preference shares (the "sandwich"). This would then leave the floating assets of a company free as security for the bank(s) in negotiating extra working capital, and would also strengthen its bargaining position because of an injection of fresh capital.

This financial package hence became known as the ICFC sandwich precisely because it entailed investment stratification and financial coordination between the ICFC and the banks. Moreover, with the Corporation acting as a security holder, this meant that the banks were more inclined to provide longer-term working capital.

In this way, the ICFC disrupted the traditional client/bank relationship and began to coordinate a new kind of credit culture through its mechanisms of collectively endorsing the credit potential of groups of businesses. Once the ICFC decided upon its

sandwich option - an option which was generally available to sizeable and well established companies (ie. those with a plant worth mortgaging) - then this effectively acted as an authoritative directive to banks to provide working capital.

The ICFC, therefore, began to expand financial possibilities and opportunities in the construction of new banking interests in business investment and the collaborative management of credit. This expansion, moreover, took place within a new horizon of rational management and underlined the political character of credit re-construction. That is to say, by engaging the banks as an integrated structure of credit, the ICFC crucially began to articulate a new cohesiveness to private regulation in the general representation of a postwar social-economic community.

The ICFC did not properly start its operations until September 1945, during which time it drafted a brochure which elaborated certain policy and procedure details of their work. As set out in their brochure, the function of the ICFC was to provide capital for businesses in the UK, by loans, or subscription of loan or share capital, particularly for cases where existing banking or Stock Exchange facilities were not available. There were no stipulations about the size or type of companies eligible, but the business of the Corporation would be primarily concerned with the provision of additional finance for established undertakings. However, its also stated that it would not exclude consideration of proposals from "new organisations whose backing is sound and whose prospects are good." (ICFC brochure, 1945)

The Corporation advised that all proposals for assistance should state the amount and purposes for which new capital was sought, and should give information about the capital and earnings position of the business; including accounts for the past three

years and, if possible, two pre-war years. As far as new undertakings were concerned, the Corporation would want to know how much money was to be provided by the promoters. And in all cases applicants were required to give the names of their bankers and to authorise them to discuss the proposals with the Corporation.

What is of interest here is not so much what was included in the policy but what was left unsaid. For although, in many ways, this represented quite a cautious approach, there was virtually nothing of any real substance concerning objectives and direct practice. The ICFC did not establish any fixed categories of business except that it would be generally geared towards the needs of established companies. In this respect, as we have argued, the ICFC did not constitute a "small-man" financial organisation<sup>3</sup> but fundamentally a new reference point for representing/rearticulating the main interests and identities of business in terms of the integrated postwar community. The Corporation's rather open-ended approach to business categorisations and working criteria, therefore, may be contextualised within the much broader project of differentially absorbing economic identities in the postwar period.

The ambiguity of the ICFC's identity was reproduced at a "constitutional" level in what was essentially a tokenistic (non) policy with considerable emphasis on discretion. While, on the one hand, this seemed to reflect a residual aloofness on behalf of the banks, and a strong desire for consultation on operational matters, on the other, it preserved a central flexibility with which to negotiate and construct new interests between both industry and finance.

It was widely considered that the larger of the two postwar finance corporations (the Finance Corporation for Industry)

constituted a more tangible enterprise, and that it stood a much better chance of success in fulfilling real objectives. It was further proposed that, despite conversion demands for financial accomodation, the ratio of advance to deposits would remain very low and that the banks would, therefore, be far more flexible in their interpretation of the proper scope and practices regarding industrial finance. Thus it was argued that, although the ICFC was a creation of the banks, very little "good" business would, in fact, pass beyond the banking sector to the Corporation.

These initial impressions and forecasts, however, were completely overturned with the publication of the first accounts of each Corporation in 1946. Indeed, the *Economist* even went so far as to say: "Judged by volume of business in the opening phase, the "small" finance corporation seems to have changed places with the big."

While the FCI made a disappointingly slow start in respect of its substantial resources - a total of £1,335,000 in business, of which only £250,000 had been drawn upon at March 31st - the ICFC surpassed all expectations with the announcement of extensive commitments to industry. In the first twelve months of its life to the end of September 1946, the ICFC had examined 840 applications with "definite outline". Of these, 137 did not survive the first vetting, and, of the remainder, 133 cases were sanctioned involving more than £5 million of finance. At the date of the balance sheet, however, £1 million of the facilities were still subject to acceptance and contract, and of the remaining £4,048,000 definitively granted, only £1,239,000 had actually been taken up in cash (*Economist*, Nov. 9th, 1946; *The Banker*, Dec. 1946, pp. 120-121). Nevertheless, this opening phase gave considerable momentum to the ICFC, especially when set against the large amount of investigative

work carried out by the Corporation, and its policy of not seeking business; a policy precisely designed to relieve pressure from the Corporation's vetting procedures, and to prevent its mechanisms from becoming clogged during this largely experimental period. These factors, along with the Chariman's cautious prophecy that the "Volume of new business may increase over the next year or two and, over the longer period, should settle down at substantial annual figures", tended to dispel ideas that the ICFC was simply a "morning glory" (Piercy, ICFC Annual Report, 1945-46).

The ICFC's role in meeting the major demands for postwar finance had a far-reaching impact on credit policy and the liquidity of the banks (especially in terms of relieving the pressure of demand on banks). This, in turn, secured a healthy ratio of banking deposits to advances in which, according to the *Economist*, the banks became more inclined to "shade their traditional lending principles - even, it is believed, to the extent of taking actual participations in particular cases" (June 29th, 1946, p. 1064). This was further confirmed by Lord Piercy in his address to the National Union of Manufacturers in which he emphasised the increasing interest of banks in "lock-up transactions" (June, 1946).

Now it is evident that this movement away from "traditional lending principles was not simply a function of a favourable deposits/advances ratio - a similar ratio in the nineteenth century would not have had the same "effect" - but fundamentally reflected a much deeper shift in the credit-investment imagination as a whole. New financial interests were articulated - made "thinkable" - in which the banks became more inclined to invest in the postwar ("bricks and mortar") construction of an integrated community. The very identity of banks, and the scope and nature of their



activities, therefore, were modified in relation to an alternative representation of the social-economic.

It is within the terms of this alternative representation, moreover, that we can understand the construction and articulation of the ICFC itself - as an identity put together through hegemonic struggle. As we have seen, the *raison d'être* of the ICFC was organised, albeit impressionistically, around the idea of filling a particular gap and releasing capital for the smaller industrial and commercial businesses. From these initial precepts, however, we see an increasing divergence. Far from providing small-scale finance, or "venture capital", the ICFC became more and more involved with larger-scale and well established businesses.

Of the £5 million of initial advances sanctioned by ICFC only fifteen percent was absorbed by finance for amounts less than £20,000, and only five per cent for amounts between £5,000 and £10,000. This sharply contrasted with fifty-eight per cent for amounts of £50,000 or more. Taken in aggregate, these figures reveal a conspicuous bias towards the larger end of business by the Corporation.

As we have argued, this bias may be seen as part of an important process of relocating the major demands of converting business in order to displace and neutralise the "leaders" of a potential "war-effort" industrial alliance - an alliance which might demand cheaper terms for credit and/or more state intervention. For, as the *Economist* pointed out: "The advances made (by the ICFC) are almost wholly for the purpose of re-financing concerns previously expanded on the basis of Government credit of one form or another, rather than for the purpose of fresh development". (Nov.9th, 1946,p.760)

Thus, the trajectory of the ICFC was not aimed at the

growth of companies *per se*, but at the transference, or conversion, of already large and established firms - aggrandised through the martial procurement of government - to a civil economy. In this way, the ICFC provided a crucial framework of financial assimilation and competition for the larger enterprises. It was through this framework of competition, moreover, that the ICFC significantly helped to "wean" businesses from government protection and to toughen it to face a "market" approach to credit facilities - eg. rigorous vetting procedures, greater demands on company management regarding security and industrial/commercial proposals and strategies, etc. In short, the Corporation exerted itself to articulate businesses - particularly those undergoing conversion - as fully "private" businesses.

The ICFC, in fact, was crucial to the development of an alternative credit-investment culture through which new banking opportunities were articulated. In this way, the interventions of ICFC not only relieved the pressure of financial demands on the banks, they also modified banking interests in relation to unprecedented direct investment in the business community generally. Without the fear of being overwhelmed by the larger demands for postwar finance, the banks became far more inclined towards providing capital for industry. Thus, within the terms of a new representation of communitarian responsibility/belonging, a certain *modus operandi* was established in which the ICFC took account of the immediate demands from the larger businesses, while the banks began to develop alternative investment and credit practices in order to meet the new financial expectations of this postwar "community".

It was in this context that, in his address to the National Union of Manufacturers, Lord Piercy also maintained that the ICFC

fulfilled a particular role which, although "complementary", meant that it dealt with business demands which "certainly could not have been placed with the banks direct" (*Economist*, June 29th, 1946, p. 1064). This went some way to relieving the tension surrounding the language of gaps and, in particular, the tension between the ICFC and the banks.

In the first two years of its life the ICFC suffered a loss of £84,000. By 1948, however, the Corporation sustained its first operating profit of £219,834 which, coupled with the recovery of tax payments, enabled the provision of £135,000 against bad debts and investments and effectively extinguished the debt accumulated from 1946-47 (*Economist*, Nov. 20th, 1948, p. 847). This prompted the Chairman, Lord Piercy, to declare that this "new financial instrument" had now accomplished its first objective: "the achievement of viability" (*The Times*, Nov. 23rd, 1948).

Despite the achievement of this viability, the ICFC's continued orientation towards the larger end of enterprise became even more apparent. This was reflected in the fact that while the total value of new business had diminished, and applications to the Corporation had fallen by fifty per cent of the 1946-47 rate, the total finance actually advanced by the ICFC significantly increased. Confirmed investments and advances rose from £10.5 million to £13,648,000 between 1947-48, compared with a total of just over £4 million two years previously. And, despite £650,000 of repayments, the net capital actually taken up virtually doubled over this same period from £3,716,000 to £10,771,000, in contrast with less than £1.25 million at the end of the Corporation's first year (*Economist*, Nov. 20th, 1948, p. 847). To meet these rising demands further capital was called up by the ICFC from its proprietary banks - doubling the total amount paid at £6 million and increasing

loan capital.

Most revealing of all, however, was the actual distribution of these new funds. By 1948 some four fifths of the total transactions, in value, were for amounts of £50,000 or more (forty four per cent by number), while transactions between £5,000 and £10,000 accounted for only 11.5 per cent of the cases and a mere 1.5 per cent of the money (ICFC Company Report, Nov. 1948). This corporate bias became so inscribed in the institutional practice of the ICFC that Lord Piercy described the Corporation's concern with the smaller business sectors as almost a receding objective: "When opportunity offers, our facilities will be brought to the notice of small and medium sized manufacturers" (*Economist*, Nov. 20th, 1948, p. 847).

The ICFC classified its advances under thirty three headings which described wide-ranging investments throughout the manufacturing industry. Metallurgy and electrical engineering (the main industries undergoing conversion), however, dominated the opening business of the Corporation accounting for a third of total advances.

Of particular significance was the type of finance provided. As we have argued, the ICFC became crucially involved in the development of an alternative credit culture - eg. "component financing" and financial collaboration with the banks. Initially this was pioneered through its "sandwich" option - ie. a way of strengthening a borrower's position such that the banks would be more willing to put up additional working capital. In this way, the ICFC would make its advances either in the form of a mortgage or, as became more common, in the form of share-taking (two-fifths of the Corporation's original advances was provided in this form rising to a third of total investments by the early 1950s). Thus,

in the case of the steel company Richard Crittal Ltd., for example, a financial package was put together in 1949 in which the ICFC took out £300,000 of ordinary shares (in partnership with Securities Agency Ltd.) and the National Provincial Bank provided a further £100,000 of working capital.

This integrated financial culture expanded throughout the postwar period and importantly modified credit subjectivity and expectations. To this effect, an increasing number of applications for loans were made to the ICFC for the express purpose of securing further working capital from the banks. As the *Economist* remarked: "Most of the Corporation's loans have a longer life than 15 years, and the majority of requests now made to it are to augment working capital rather than for the purchase of new equipment. The Corporation has apparently become a partner to the joint-stock banks in this respect" (Dec.3rd,1949,p.1258).

Indeed, by the beginning of the 1950s Lord Piercy reported that the proportion of the corporation's current loans facilitating the provision of working capital was around seventy five per cent (ICFC Company Meeting, May 1951).

Now the emphasis on the provision of working capital - not only through the ICFC but, more generally, throughout the private financial sector - was crucial in terms of the type of investment-credit culture which developed in Britain. Thus, while the provision of working forms of capital clearly accommodated the central postwar demands for postwar industrial finance, at the same time, it also contributed to an essential "commercialisation" of investment and of credit subjectivity generally. To this effect, investment through working capital loans was undertaken by the banks on the basis of strict commercial criteria - strength of security, assets and financial resources, retail viability, market

control, size of business, etc. The general character of this investment, therefore, was one of commercial opportunity and not for the purposes of infrastructural development and research. It was not investment in industry, as such, but rather investment in industrial markets. And, in this sense, it was very much part of the general ethos (formalised in Keynes) of economic development/rationalisation through the management of markets and demand. Commercial forms of (working capital) investment, therefore, while catering to the central demands of business, effectively pre-empted more direct and longer-term involvement in the fortunes of industry. Indeed, with its "agnostic" emphasis on the market assessment of ventures, the City continued to be reproduced as an international centre of commercial services and (crucially) mobile capital<sup>4</sup>.

In Japan and Germany, by contrast, we do not see such strong commercial restrictions on investment-credit culture - nor do we see such strong efforts to politically define the "private" (as a self-regulating universe) in opposition to public authority. On the contrary, investment-credit culture was far more "commanded" in respect to a pronounced national construction of the social-economic and there was far greater integration and long-term planning between the state, finance and industry (Scott, 1979, pp. 91-92; Hirst and Zeitlin, 1991, p. 14) - indeed, from this point of view, postwar Japan and Germany might be regarded as more classically organised.

More generally, we may note how the Keynesian theme of "socialising investment" was constructed differently according to context and the hegemonic games of representation and mythical suture at play<sup>5</sup>. In this regard we would emphasise that Keynesianism was not a literal implantation of Keynes's general

theory but a political construction in which certain readings were developed and others repressed through articulatory relations with other discourses and identities. Thus, in Britain, Keynesianism was crucially put together with the discourse of private regulation, the emphasis on commercial-investment culture and major hegemonic attempts to secure a clear division between the private and public sectors. In the context of this characteristic construction we may also identify a far greater degree of financial autonomy and mobility (historically based) in respect to the nation-state than in most other examples of organised capitalism. To this effect, the representative organisations of financial capital (including the Bank and its subsidiary organisations like the SMT, the BID, the ICFC and the FCI) have been very resistant to government regulation. Moreover, we would say that financial capital organisations, against a background of the relative political weakness of organisations like the Federation of British Industry (see Marsh and Grant, 1977), have been able to seize the initiative in representing the private domain (as a whole) and to displace/neutralise more radical demands for direct (as opposed to strictly commercial) forms of investment.

The ICFC was clearly part of this political representation of the private domain in which, in general, the City could be seen to be responsibly responding to the needs of of the national industrial economy - particularly during conversion.

By the early 1950s the ICFC had achieved considerable success in accomodating conversion demands and was referred to as "an established part of the London Capital Market" (*Banker*, June 1950, p.130). This fact, however, did not stimulate a new facility towards venture or small-business capital. The larger forms of business (which were also in a better position to take advantage of

component-financing) continued to dominate with nearly two-thirds of the gross value of ICFC loans for 1950-1951 in amounts above £100,000 (*Economist*, May 12th, 1951, p.1119). Indeed, during its period of greatest financial stability, the Corporation's practices and vetting procedures became increasingly conservative and stringent. Moreover, even when opportunities arose for expanding its terms of business, the ICFC did not take them. Thus during the "credit squeeze" of 1952 - and although not subject to the same monetary restrictions as those imposed on the joint-stock banks - the chairman of the ICFC gave an undertaking that "in the present emergency it (the ICFC) has felt bound to follow with a particular strictness the letter and the spirit of the Chancellor's communication to the Capital Issues Committee of November last" (*Banker*, June 1952, p.301). In fact, the ICFC never hesitated to increase its lending rates in line with the banks and, at no point, developed a programme of providing cheaper forms of credit.

In this context we should emphasise two main points. The first concerns a reiteration of our earlier argument: that the interventions of the ICFC were not simply about the provision of "credit", but about the political reconstruction of investment-credit culture, as such, and the reassignment of the central postwar demands within that culture. The second is that by the early 1950s, the problems associated with conversion and private/public demarcation were becoming relatively stabilised within the discourse of the "mixed economy". Within the terms of this mixed economy, the business of the ICFC began to fall off to such an extent that by 1954, the Corporation's business was at little more than a third of its original rate (ICFC Annual Report, 1954-55, p.16).

As we have seen, the vast majority of the Corporation's



business had been expanded under the weight of demand from wartime industries, with less than fifteen per cent provided for purely postwar ventures in the first ten years of the Corporation's life. Moreover, the advances of the ICFC were made almost exclusively on the basis of conversion requirements and industrial re-equipment. Now, however, with the end of the conversion phase, together with new developments in banking services (in part, stimulated by the ICFC), credit restriction and a general slump in the economy, the Corporation was confronted with a certain identity crisis - a crisis of representing its purpose.

The early months of credit restriction, into spring 1952, appeared initially to have little effect on the ICFC. Indeed, the banks, under pressure of diminished liquidity ratios, had been passing on more business than usual over this period and the volume of the Corporation's new investments remained steady at around £5.3 million (ICFC, Annual Report, 1952-1953). Moreover, the Corporation managed to side-step some of the effects of restricted access to capital by financing a larger proportion of its business from repayments, realisations and retained profits, so that the year's call on the banks for loan capital was appreciably reduced to £3,034,000 as compared with £4,240,000 the previous year - bringing the total to £15.5 million against the authorised amount of £30 million (ICFC, Annual Report, 1952-1953).

The following year, however, saw a rapid decline in the business of the ICFC. By now the effects of monetary restraint had permeated the structures of finance and industry, and while Piercy preferred that rates be kept "on the low side of the market" he nevertheless expected the Corporation's "burden of high interest capital to become onerous for business" (*Banker*, June 1952, p.301). In terms of new investment, 1952-1953 represented something of a

nadir for the ICFC. Aggregate demand fell by nearly two-thirds, net rates of approval dropped from sixteen per cent to eleven per cent, while contractual commitments decreased from £2.9 million to £1,211,000 and overall advances rose by only £2.6 million to £26.3 million - the lowest ever recorded expansion in the Corporation's history.

In addition to these effects on the business of the ICFC, credit restriction also meant that the Corporation was obliged to repay an extra £200,000 in interest charges on existing loans from the banks. Moreover, this was set in a context of a recession in consumer goods - in which the Corporation had a considerable stake (12 per cent in textiles, 4.5 per cent in clothing and footwear, and 7 per cent in wholesale and retail distribution) - and, according to Piercy, a general decrease in the profitability of new business (ICFC Annual Report, 1952-1953, p.3).

Despite these setbacks, the ICFC managed to increase its net profit from £388,032 to £417,931 and even to pay its first dividend of four per cent (increasing to five per cent the following year) to its shareholding banks - further reflecting the strength of the ICFC's investments in corporate business, which remained weighted at seventy five per cent for amounts above £50,000. Now while these investments secured healthy inflows of capital for the Corporation, the very construction of a postwar mixed economy - in which the ICFC had been instrumental - had now overtaken and largely displaced its original interventions.

However, while the broad dimensions of the mixed economy became relatively stable there was not a complete elimination of antagonisms. The private/public separation, for example, remained a politically contested frontier and never became a purely spatial division.

In this context, the ICFC did not die out but developed a range of subsidiary organisations which contested the private/public frontier and expanded the themes of private regulation in other areas of the economy. Thus, at the end of conversion, Lord Piercy stated: "The great demand for finance re-equipment that existed when the ICFC was set up has now been largely filled - in part, no doubt, as a result of the Corporation's own example...This has made the ICFC concentrate especially on the banking of sound companies that are developing new projects and techniques. The main task of the corporation may now be to bridge the gap in...more specialised fields" (*Banker*, June 1954, p.314).

What is interesting here is the active mobilisation of the language of gaps, by Piercy himself, as the positive condition for the ICFC's continued existence<sup>6</sup>. And, in this regard, we should also note the metaphorical expansion of the notion of "the gap": first as a MacMillan gap (a failing in the credit structure to accomodate the needs of small and medium-sized business); then as a tax-induced "growth gap" (thereby establishing the broad framework of the ICFC's interventions in regard to the differential absorption of major conversion demands); and, finally, in terms of "specialised gaps".

The first major intervention of the ICFC in regard to filling specialised gaps concerned the whole area of company preservation/control in relation to estate duties demanded by government. Here again the ICFC became crucially involved in the political determination of the private/public frontier.

At the end of the conversion period, and at the lowest point in the Corporation's business, the ICFC launched its first independent venture with the creation of the Estate Duties

Investment Trust Company Ltd. (often referred to as "Edith"). This Trust was set up in March 1953, following a proposal by Lord Piercy the previous December, and was designed to take shareholding interests in private companies where the continuity of management and even ownership was threatened by the requirements of estate and death duty payments to the Inland Revenue's Estate Duty Office. The Trust was managed by the ICFC (with Lord Piercy as its Chairman) and, once established, was resourced by an initial capital of £1 million in fully paid £1 shares. These shares were taken up by seven leading insurance companies, the ICFC and a number of investment trusts.

In its first year, the Trust received 135 applications and sanctioned investments in 22 cases. It called up £500,000 and invested £386,837 in unquoted securities and £42,942 in quoted stocks. This rapid expansion continued so that by the following May the Trust had called up three quarters of its capital and increased its investment portfolio to £558,925, with further commitments totalling £233,172. In addition, the Trust placed another £302,000 of its customers' shares with its own shareholders, which meant that in all it had transacted about £1 million of business (ICFC, Annual Report 1953-54).

The vast majority of investments took the form (initially) of non-voting preferred ordinary shares. These shares assured a reasonable yield on investment with the possibility of conversion into straightforward equities in the event of a company obtaining a stock exchange quotation.

The investments covered a diversity of industries (with an initial emphasis on textile and engineering concerns) and tended to range between £9,000 and £65,000. Where investment requirements were above this range, and were considered good prospects, they

were usually referred to the Trust's own shareholders who, more often than not, would then take up the business. In this way, the Trust acted as a major focus for an enlarged field of business between finance and industry.

While the Trust sought to accomodate businesses facing estate duty problems within the private sector (against possible dispossession by the state), at the same time, the Trust (through the connections and organisational networks of the ICFC) became central to expanding the opportunities for corporate financial investment.

The very conception of the ICFC's Trust - to take account of private interests threatened by government bureaucracy - identified, first and foremost, new opportunities for investment (and investment reciprocity). However, the type of investment opportunity identified was crucially corporate opportunity. Thus, where a business was faced with estate duty problems, the option provided by the Trust was that of increased investment through share-holding: a type of investment which tended to replace industrial control with corporate financial control.

This process of extending corporate financial control was reflected in the fact that while the Trust - and, crucially, its shareholders - would invest holdings of anything up to fifty per cent of an applicant's equity it would generally not accept anything less than ten per cent - ie. nothing less than a clearly influential (if not controlling) holding. In fact, the investment holdings were usually around twenty per cent (ICFC, Annual Report 1954-55).

In terms of the businesses which the company and its shareholders invested in, it was clear that these were already of a substantial size - ie. large enough to issue shares. In addition,

the vast majority of investments taken up were in companies arranging to meet future estate duty liabilities and not where the duty had already been assessed: that is, in companies who were clearly able to forecast a stable position in the market. Moreover, as a result of these investment practices, the clients of the company tended to be reorganised into larger and larger industrial groupings - eg. the engineering group, Trind Ltd., and the textile group, Halli-Model (Holdings) Ltd. In this way, the Trust functioned as a major conduit - providing commercial services rather than direct investment - between its clients and shareholders and became instrumental in promoting more and more corporate opportunity for institutional investment.

While the Trust continued to be very successful, the mainstream of the ICFC's own business was now feeling the effects of credit restraint. In fact, by the mid/late 1950s the ICFC was having to finance the majority of new business through repayments and realisations on its previous investments. However, as demands for investment continued to increase the insufficiency of funds became more and more of a problem: "As far as the Corporation was concerned, the value of investment demand was maintained at a high level, but the Corporation was short of funds to deal with all the applicants which might justifiably have been accepted. The shareholding banks felt that they would be putting themselves in a difficult position if they cut down advances to their customers but continued to lend the Corporation as much as before" (ICFC Annual Report, 1957-58).

Because of these problems, plans were set in motion to disengage the ICFC from the member banks and, in 1959, the Corporation was established as a public company. This meant that instead of relying solely on the banks for its outside finance, the

ICFC could now raise capital directly from the market. For this purpose, the banks fully paid up their original share capital and the ICFC issued a new debenture of £10 million.

The flotation of the ICFC secured the Corporation firmly within the private sector and completely overturned its "semi-official" role of the early postwar period. More especially, while the banks continued to be its main shareholders, the capital independence of the Corporation meant that it could now more fully engage with the new and widening constituencies of institutional investors.

This engagement was reflected in the development of a number of new initiatives throughout the 1960s - in which the language of gaps in enabling these new initiatives was further in evidence. In 1960, the Radcliffe Report, for example, identified the problem of raising finance for technical development projects in industry and recommended "the setting up of a Government sponsored organisation to fill this gap in the financial system". Once again, however, it was the private rather than the public sector which responded to this recommendation. Thus, in 1962, the ICFC created a new company, Technical Development Capital Ltd, to fill this specialised gap.

This company was set up with an initial capital of £2 million subscribed (in amounts ranging from £25,000 to £200,000) by more than thirty City institutions, including: the ICFC, three merchant banks (Hambros, Grenfell and Warburgs, Morgan), and several insurance companies. The company operated from the ICFC's head office and enjoyed access to the administrative services of its branches.

Throughout the 1960s Technical Development Capital Ltd. (TDC) developed a number of interests in the "sunrise" industries

of electronics, machine development and, in particular, computers. Typically, however, these interests were with the larger companies whose projects had already reached the practical stage of development. Moreover, the assistance provided normally took the form of a share in the equity of the companies, and when a sponsored project reached a state of profitability the holdings tended to be sold (usually to TDC's own shareholders) - thereby promoting institutional investment.

Like the earlier initiative of the Trust, therefore, the significance of TDC lay not so much in the investment patterns of its own (limited) funds but in the fact that it acted as a focus for an enlarged field of business between industry and institutional investors. In this way, the ICFC continued to take account of demands for investment and credit but, fundamentally, in a manner which expanded corporatisation and an institutional investment culture.

In industry, the ICFC also fostered corporatisation more directly. After its public flotation, the Corporation increased its upper limit of a single advance from £200,000 to £250,000 to £300,000 and finally, in 1971, it abolished upper limits altogether - thereby benefitting the demands of large business. More especially, in January 1967, the ICFC floated a new company, Industrial Mergers Ltd, for the express purpose of promoting the corporatisation of industry. This company not only enabled ICFC to charge a fee of a half to three per cent on all transactions (Annual Report, 1966-67) but, importantly, it created further opportunities for institutional investment with the selling of shares which invariably followed a merger. In industry, the ICFC organised its interests into major corporate groups: engineering - Trind Ltd. (with twelve wholly owned subsidiaries and five partly



owned subsidiaries in South Africa, Canada and Australia), George H.Alexander Ltd. (with five wholly owned subsidiaries), Wilson Pipe Fittings Ltd. (with two wholly owned subsidiaries); textiles - Halle-Models (Holdings) Ltd. (with nine wholly owned subsidiaries); electronics and automation - Technical Development Capital Ltd. (with four subsidiaries); computers - ICFC Computer Group Ltd. (with six subsidiaries); and information and cybernetics - CRC Information Systems Ltd. (with five wholly owned subsidiaries). These interests, moreover, were underpinned by an impressive organisational infrastructure with nineteen branches throughout the major cities in Britain; including off-shore company-branches in the Channel Islands (ICFC Guernsey Ltd. and ICFC Jersey Ltd.).

Indeed, by the mid 1960s, the ICFC shrugged off any pretensions to be providing "small-man" capital and openly stated: "It has always been the policy of ICFC to encourage the amalgamation of firms whenever this is clearly beneficial to both parties. This policy will be continued" (ICFC Annual Report, 1965-66, p.15)<sup>7</sup>.

More especially, however, the ICFC became part of the development of highly mobile forms of corporate capital which became more and more orientated towards international capital markets. In Scotland, for example, the ICFC created a new issuing house in 1964, Scottish Industrial Finance Ltd, which in turn enabled stockbrokers to gain control of the share-dealing companies Glasgow Industrial Finance Ltd. and Edinburgh Industrial Finance Ltd. This issuing house proved very successful and in only its first year conducted £4.5 million of business. However, the point is that this type of regional development was being increasingly addressed in terms of corporate opportunity for investment rather than direct industrial regeneration.

In the same year, ICFC also assumed management of the Ship Mortgage Finance Company Ltd. with a view to the provision of mortgage and leasing facilities and, importantly, the development of share capital services for institutional investment. Thus, through the development of its commercial services, the ICFC was expanding its capacity to accomodate demands for finance further but in ways which locked it into corporate forms of investment capital.

However, it was in the area of commercial, information and, crucially, investment services that the real expansion of ICFC and its policy direction revealed itself. The ICFC now consolidated three investment companies, four property investment/development companies, three share dealing companies, two pension/trustee companies - all of which created widening opportunities for institutional investment (along with the Estate Duties Management Trust Ltd, which obtained its own stock exchange quotation in 1971, and the Ship Mortgage Finance Company Ltd.) - as well as a whole range of interests in merger promotion (Industrial Mergers Ltd.), international business consultancy (International Economic Development Group Ltd.), management consultancy (ICFC-Numos Ltd.) and Data Management (Advisers) Ltd., advertising and public relations (ICFC Communications Ltd.), and leasing (ICFC Leasing Ltd.). By the end of the 1960s, in fact, the ICFC had more or less absolved itself of direct interests in domestic industry and developed instead a whole range of commercial and financial services largely catering to the international mobility of corporate capital: pensions, trusts, corporate finance, consultancy, portfolio management, shipbroking, insurance broking and share dealing (later including the well known Frizzel Group Ltd. as an associated company) and, in particular, a whole network

of organisations promoting international investment.

With the rise of these new forms of mobile corporate finance - of which the ICFC also became a part - we see increasing tendencies for those types of capital to attempt to disengage from the postwar formulations of national social-economic integrity and to demand the freedom to invest in the emerging cosmopolitan markets of an international economy. In this widening context, the British nation-state found the regulation of these types of capital more and more difficult to regulate and socially control (see Coates, 1980). This was revealed, *inter alia*, in the complete failure of certain Labour proposals in the mid 1970s to incorporate the organisation of the ICFC into the public sector for the purposes of industrial planning and social management. The intention here was to use the ICFC - which in 1974 was re-named Finance for Industry (incorporating the Finance Corporation for Industry) - as a lever to open a new corporatist front within the private sector in order to promote industrial democracy, economic planning and, crucially, to harness capital interests more closely to the policy objectives of the national state. These proposals were comprehensively outlined by Stuart Holland (who had been instrumental to the creation of the National Enterprise Board) in his book, *The Socialist Challenge* (1975)<sup>8</sup>. However, these proposals were not only misinformed as to the type of organisation the ICFC/FFI now was but were also summarily dismissed by the organisation itself when it affirmed that it would not become involved in "impossible or social responsibility situations" (*The Banker*, 1974, p. 1479).

The new forms of capital and international capital markets (of which the ICFC also became a part) not only disrupted the traditional calculations and practices of the nation-state but

also, in the case of Britain, precipitated a long-term crisis of national identity; a crisis through which the new right achieved a profound political ascendancy (see below). In global terms we begin to see a widening set of dislocations from the 1960s which increasingly temporalised the symbolic orders of the epoch of organised capitalism. However, before discussing the crisis of organised capitalism and its representations in Britain, we will first examine the role of the ICFC's twin organisation, the Finance Corporation for Industry, and its political interventions in respect to the contestation of the private/public frontier in the iron and steel industry.

## CHAPTER FIVE

### The Finance Corporation for Industry and the Struggle for Steel

Twinned with the ICFC, the Finance Corporation for Industry (FCI) was part of an integrated programme for accomodating the demands for industrial finance in the postwar period. Unlike the ICFC, however, the doctrinal commitment of the FCI was towards meeting the needs of heavy industry. To this end, the FCI was furnished with considerable resources (much greater than those of the ICFC) and was widely regarded as the more "serious" venture in respect to industrial finance.

As with the ICFC, however, the identity of the FCI was initially ambiguous and was transformed within the terms of a hegemonic struggle. This struggle concerned the iron and steel industry; an industry upon which the entire debate of public ownership and control centred in the 1940s and 1950s (see R.M. Punnet, 1980; G.W. Ross, 1965). In what follows we shall argue, (i) that the identity of the FCI was articulated as a hegemonic site of resistance to the state incorporation of the iron and steel industry, (ii) that the FCI kept private interests in iron and steel alive by providing a framework of financial feasibility, and (iii) that, in alliance with the powerful interests of the British Iron and Steel Federation, the FCI was crucial in eventually wresting control and ownership of the iron and steel industry away from the public sector and re-rooting it within the corporate private realm.

In this manner, the FCI became involved in a long-term political struggle to disrupt the attempts to represent the steel industry as a nationalised industry - ie. to disrupt the articulation between "the needs of the steel industry" and "public responsibility" - and to reabsorb the industry within the "we" of the corporate private sector. To this effect, we see how the new dislocations and antagonisms generated in the era of conscious management precipitated new identities/sites of resistance in an ongoing struggle to determine the "objective" frontiers of organised capitalism in Britain. In this context, the FCI not only acted as a political force constituted against state intervention, but also as a force for constructing (and making possible) financial interests in the "bricks and mortar" world of iron and steel - interests which in conventional wisdom were anathema to the financial world. In this sense, we shall also refer to the FCI as a symbolic outpost in the historical determination of the private/public frontier.

In January 1945, details became available of The Finance Corporation for Industry (FCI) and its objectives, along with the Industrial and Commercial Finance Corporation, to fill special categories in the postwar demand for industrial capital. While little was expected of the latter, the former Corporation was regarded by the *Economist* as a "more ambitious and potentially a more significant idea" (Jan.20th,1945,p.83). However, it was not until four months later that agreement was reached over the appointment of a board for the FCI, which seemed to indicate something of the scepticism - particularly in the City - as to its

role.

With a strong Labour government in power, and with its doctrinal commitment to "cheap money" for industrial reconstruction, and "jobs for all", the FCI was given a blessing in which the Chancellor of the Exchequer defined its purpose as: "The provision of temporary or longer period finance for industrial businesses of the country with a view to their quick rehabilitation and development in the national interest, thereby assisting in the maintenance and increase of employment." (*Economist*, Jan.27th, 1945,p.120)

In these terms, the FCI was regarded as an organisation which would help to complete the integration of social-economic post-war community through collectivist responsibility for both industrial regeneration and employment in the "national interest". This was further reflected in the composition of the FCI's board. Out of the original nine directors in the Corporation, no fewer than seven had held full time government appointments during the war. And, according to the *Economist*, the fact that the Corporation's directors had been selected primarily on an official basis meant that: "they should be well fitted to build the bridge between government and industry, between public policy and private needs" (May 26th,1945,p.705).

The board was appointed in May 1945, and while it did not include an economist, it did represent an interdisciplinary group of experts, with a wide range of industrial, technical and business skills, in the tradition of many American and continental banks and, indeed, the previous Securities Management Trust and the Bankers' Industrial Development Company. Lord Hyndley, the first chairman, brought with him an extensive knowledge of the coal industry, administration and a "peculiar aptitude for inspiring

effective teamwork" (*Economist*, May 26th, 1945, p.705). Moreover, the Board itself was particularly eclectic, comprising: Sir John Morrison, who also had considerable knowledge of coal finances, had been Director General of Finance at the Ministry of Supply since 1942, was an active member of the War Damage Commission and was well known for his part in unravelling the Royal Mail group tangle; Sir Robert Sinclair of the Imperial Tobacco Company, and Lieutenant-General Sir Ronald Weeks of Pilkington Brothers, both of whom had extensive industrial experience and had held key posts in the organisation of war supplies and production planning (Sir Robert as, successively, Director General of Army Equipment and Deputy-Chief of the Imperial General Staff); Sir Jeremy Raisman, who was well known for his successful handling of India's wartime finances; Mr. Thomas Frazer, who was not only prominent in the insurance world but, significantly, was a member of the Capital Issues Committee; Professor C.D.Ellis, a physicist; Mr. Ivan Spens, who had special experience of company finance; and Lord Westwood, the spokesman for labour aspects (*Economist*, May 26th, 1945, p.705). The board was also assisted by an Industrial Advisory Panel consisting of sixteen members representing a range of specialisms - including four trade unionists and Henry Clay (a Professor of social economics at Manchester University and a former member of the Securities Management Trust).

Once established, the FCI was jointly owned by a large group of insurance companies, trust companies and the Bank of England, in the proportion of forty, thirty and thirty per cent respectively. This meant that the Corporation was formally independent of the authorities, and was seen to fulfill the precept laid down by the MacMillan Committee, in 1930, that an industrial finance corporation ought to be entirely separate from the banking



system. However, in practice, the influence of the Bank, as the largest single shareholder, and the loan arranging banks, was considerable.

The subscribed capital of the Corporation was £25 million, although it was not intended to call up more than two per cent of this in the first instance. The object of retaining a large reserve of uncalled capital was to enable the Corporation to work at fine rates and to afford first class cover for the borrowings from the banks, through whom its business was mainly financed. The bulk of the Corporation's resources, however, derived from its ability to exercise borrowing powers of up to £100 million, which, in the main, was provided by deposits from the clearing and Scottish banks.

In addition, there were two special features in the financial organisation of the FCI. The first of these concerned an "escalator clause", which was inscribed in the vast majority of the contracts into which the Corporation entered. This clause had the effect of minimising any increase in interest on bank loans borrowed by the Corporation for its own investments. The second feature, also inscribed in most of the Corporation's contracts, referred to a "conversion option" which enabled the FCI to convert initial loans to a venture into equity capital at some later, and more lucrative stage in its development. Thus, the conversion option often acted as a way of translating risk capital into more profitable and controlling capital and which, at the same time, created opportunities for the FCI to divest its interests through selling its equity (invariably to corporate investors)

Although the FCI possessed much larger resources than did its acknowledged ancestor, the Bankers Industrial Development Company, its stated objectives were set within much narrower

limits. For while the BID was allied to the interwar rationalisation movement, it was understood that FCI would "take no initiative in reorganising industry" (*Economist*, Jan.27th, 1945, p.120), but would conduct its business with specific concerns. Moreover, the Corporation would not even consider a particular venture unless it had exhausted all the normal channels of finance. In other words, it was to act as what was termed a "lender of the last resort". Under the terms of its charter, the purpose of the FCI was to: "Finance new industries or the expansion of old industries which are in the interest of the national economy and for which the necessary finances cannot be found through the ordinary channels." (*Economist*, July 30th, 1945, p.428)

While emphasis on employment had been largely side-stepped, it was generally reckoned that the FCI would provide a crucial bridge-head in postwar reconstruction and that its main areas of concern would be with heavy industry, requiring large amounts of capital. In this respect, the first accounts were a disappointment. In the year ending March 31st 1946, the FCI had lent a total of just £254,000, and although it was committed to a further £1,080,000 in participations, even the combined amount was insignificant by contrast with the large resources at the Corporation's command.

Its slow start seemed, in part, due to the difficulties of initial organisation encountered in an experimental phase. However, in the opinion of the board, it was mainly attributable to the effects of slow progress in postwar conversion and, more importantly, the Government's nationalisation programmes in deterring investment schemes - thus highlighting a built-in political tension in the activities of the FCI. Indeed, while the Corporation had been expected to do most of its work in the basic

industries, its business had so far come almost wholly from other sources, including: diesel engines, permanent prefabricated houses, gas turbines, shipping, electrical components and chemicals.

The first major single venture of the FCI came in September 1946 in the chemicals industry, and involved the provision of capital to Petrocarbon Ltd. - a concern closely associated with Manchester Oil Refineries - for the construction of a large plant to exploit the "Caterole" process (originally developed by Dr. Weizmann). This was a collaborative venture with Messrs. Robert Benson and Company Ltd. The Corporation subscribed the whole of the £900,000 in four per cent "A" notes, while the two banking houses subscribed £900,000 in four per cent "B" notes. Petrocarbon Ltd. had been formed only the year before, and it was proposed that its subsidiary, Petrochemicals Ltd., should undertake the Caterole project with a view to establishing a wider network of chemical programmes.

The financial involvement of the FCI in the company was not of an equity character, although the "A" notes which it subscribed were due for repayment by September 1954, and until then substantially the whole of the profits had to be put in reserve. The "B" notes, ranking after the "A" notes and due for redemption two years later, carried the right to exchange into ordinary shares at par, after the "A" notes had been repaid (*Economist*, Oct. 5th, 1946, p. 555).

Insofar as the FCI operated beyond the ordinary channels of finance, it also occupied a shadowy terrain of shifting demarcation between public and private sectors. This generated considerable ambiguity. For while the FCI was ostensibly located within the private sector, its charter enabled the Corporation to use its considerable financial resources in the provision of large-scale

capital in a way which transcended the normal jurisdiction of banks and their regulation (regarding capital provision) by the Capital Issues Committee<sup>1</sup>. To what extent, then, would the FCI act as a strictly commercial enterprise and to what extent would it be an instrument of government policy? As the *Economist* affirmed: "It is emphatically not the province of the new Corporation - a private body, privately financed, despite its official inspiration and despite the obviously official selection of the board - to go beyond the limits of what is commercially prudent. At that point the Government itself must step in and provide further facilities. The ultimate danger, from the City viewpoint, is that this vital distinction will be blurred." (May 26th, 1945, p. 706)

Moreover, the fact that the definition of the "interests of the national economy" was integral to the interventions of the FCI provoked further controversy. This was particularly the case in the steel industry where the FCI became increasingly involved with the government in determining the legitimate reach of the state and how and where the national interest might best be served. In this regard, the steel industry constituted a central site of political struggle over private/public belonging and regulation, and, as such, was emblematic of a broader hegemonic game in the construction of a post-war social-economic community.

In terms of the FCI's own projected investments in the steel industry, the *Economist* emphasised the wider and more controversial issue concerning civil autonomy and government authority: "Not until the line has been drawn plainly between the public and the private sectors in the steel industry, or until the working party reports for other industries have been considered and acted upon will it be possible to judge whether the Corporation is likely to do much of the substantial business which might result

from these groups." (June 15th, 1946, p. 978)

Against this background, with strong proposals for the nationalisation of the iron and steel industry, a new chairman, the Right Honourable Viscount Bruce of Melbourne, was appointed in 1947. This was an unusual appointment and quite clearly "political". Bruce had been Prime Minister of Australia for seven years during the interwar period, had a reputation as a tough-minded negotiator and was deeply opposed to all forms of public control which he regarded as an "incredibly folly" (*Economist*, July 30th, 1949, p. 262). Bruce was committed to a free-market philosophy and to the idea of cutting government expenditure (particularly in welfare and social services) in order to improve economic competition. Indeed, at an early point in his chairmanship, and at a time when the Labour Party had been swept to power with a popular mandate for public regulation, Bruce took full advantage of his new position to publicise his view that an all-party government "should declare to the people" that "our social development has gone beyond what our economy can sustain; that resolute action should immediately be taken to curtail Government expenditure in this field; and that out of the savings thus effected, relief by way of reduced taxation should be afforded to industry, so as to enable it to maintain its competitive power in the difficult buyers' market that now obtains, and to individuals in order to provide the required incentive to even greater efforts" (Chairman's Statement, FCI AGM, 1949).

As a political figure the authority which Bruce held over economic matters was considerable (and even approached that of Governor Norman). In regard to the international economy, for example, Bruce was concerned to develop a new project which would develop the markets of the Commonwealth in such a way as to strengthen the sterling area (against "foreign capital") and to

overcome the protectionism of the expanding markets of the United States. Bruce couched his proposals for this project in these terms: "The initial question today is how world trade can be overcome. The answer is by creating new real wealth and creating it in such a way that impediments to the free flow of world trade can be overcome. There can be no doubt that one of the most effective ways of creating that new wealth is by the development of the latent resources, particularly of the backward countries and, above all, of the countries of the British Empire" (Chairman's Statement, FCI AGM, Sept.13th,1952).

What Bruce had in mind was a centralised and coordinated programme of developing and incorporating the Commonwealth markets with a view to stimulating the competitiveness of Britain in the world economy. In particular, Bruce envisaged a central role for financial capital: "In this gigantic but inspiring task of Commonwealth development the City has an immense part to play and that it should in particular give a lead to the forthcoming Commonwealth Conference" (*Economist*, Sept.13th,1952,p.665)

In order to develop the Commonwealth markets, Bruce proposed the creation of a Commonwealth Finance Corporation which - in coordination with state provision of the necessary infrastructures - would provide capital and credit facilities for the development of private interests in the Commonwealth. Thus, if plans were made for extracting raw material in a Commonwealth country, then: "In these plans the respective parts of the Government and private industry would be defined. For example, governments or their agencies would have to assume responsibility for transport, harbour improvements, power, housing and social amenities. Private industry would have to assume responsibility for factories, machinery, equipment and actual production. The

expenditure involved in the proposals would be estimated and the assistance of the Commonwealth Finance Corporation would be available to enable private industry to carry out the task." (Chairman's Statement, FCI AGM, Sept. 1953).

As a result of these proposals, a new corporation, the Commonwealth Development Finance Company Ltd. (CDFC), was set up in 1953 with an investment capital of some £30 million - thereby revealing the considerable ability of Bruce, as an ex-Prime Minister of a Commonwealth country and as the head of an important organisation like FCI, to influence and develop government policy. Although not on the grand scale envisaged by Bruce, the CDFC did develop some substantial interests in the sterling area, some of which were developed in association with the Atlantic Development Group for Latin America for projects in British Honduras and other Commonwealth countries in Central America and the Caribbean<sup>2</sup>. At the same time, the CDFC also contributed to an expansion of an intermediary culture concerned, principally, with defending the lines of demarcation between the private and the public - in this case on an international scale.

However, it was in the iron and steel industry where Bruce made his most significant interventions. Bruce was radically opposed to the Government's programme of nationalising this industry (enshrined in the 1949 Iron and Steel Act) and - in his capacity as the head of what was, after all, a "semi-official" corporation - mobilised public controversy in his statement that "it seems incredible that intelligent men, in pursuit of doctrinal ideas, should have taken action to nationalise the iron and steel industry" (Chairman's Statement, FCI AGM, 13th July, 1950).

On this basis, Bruce began to engage the considerable resources of the FCI in a long-term hegemonic struggle to not only

resist nationalisation but, crucially, to maintain and generate private interests in the iron and steel industry and, subsequently, to shift entire sections of this industry out of public control and back into the private sector. In this regard, the iron and steel industry became a radically contested terrain in the era of organised capitalism in Britain in which the political determination of the private/public frontier was central.

In the first place, Bruce and the FCI entered into an important anti-nationalisation alliance with the British Iron and Steel Federation (BISF) - a major organisation of private firms and companies which continued to act as something of a cartel (see Tolliday, 1987, p. 328) - and which had been previously described by the *Economist* as "an ossification of inefficiency, and an endowment of selfishness" (July 18th, 1936).

In 1947 the BISF (along with the Iron and Steel Board) approved an overall plan for the expansion and modernisation of the iron and steel industry involving an estimated £168 million. One of the larger projects contemplated involved the development of a strip mill plan in South Wales, in order to boost annual output of strip steel by an extra million tons. Hitherto, private capital had been unable to finance this scale of industrial expansion, and had been further disinclined because of the uncertainties of nationalisation hanging over the industry. What was proposed now, however, was that a new company, in coordination with two of the major steel groups in South Wales - Richard Thomas and Guest Keen Baldwins - should be created in order to acquire existing plant and assets and, from there, to finance the construction of new plants. The project came together in the form of the Steel Company of Wales Ltd. and was set up with an initial capital of £60 million. The bulk of this capital was provided in the form of a £35 million loan



to the Steel Company by the FCI who centrally coordinated the remaining finance through the banks and the largest group of issuing houses ever brought together in a single venture (Chairman's Statement, FCI AGM, Aug. 30th, 1947).

While it had been stated that the FCI would take no initiative itself in reorganising industry, it was clear that the considerable resources of the Corporation were being used for precisely this purpose. Indeed, unlike the BID, and SMT, whose rationalisation activities were almost exclusively advisory, the FCI began to actively participate in the development of initiatives in the reorganisation of the iron and steel industry, and in a way which consistently developed the theme of private regulation over that of public control. Moreover, with this participation came a growing responsibility for the private interests involved directly in steel and those interests dependent upon its production - as in the expanding motor car trade. Here, the role of the FCI, which had been originally understood in terms of temporary help of the last resort (usually by way of lien-type fixed interest loans) began to be given wider terms of reference. Indeed, as the FCI became increasingly active in the financial and organisational coordination (with the BISF and City institutions) of a modernisation programme for iron and steel - especially in regard to the flagship of this programme, the Steel Company of Wales - it also created an important space both for negotiating with Government over a range of decisions concerning production, investment, employment, planning (etc). In this way, the FCI became more and more involved with representing private interests within the government decision-making process. A central aspect of this representation concerned the political delimiting of those areas considered "commercially viable" for private interests in the

iron and steel industry and those areas which should be regulated by the public sector.

To this effect, we see a clear modification of the FCI's identity (certainly in terms of its original conception) in the context of its hegemonic struggle with the regulatory state. And, in this regard, the FCI took on a more general significance as a symbolic outpost along the politically contested private/public frontier.

The steel industry continued to dominate the financial horizon of the FCI. By 1948, the total commitments of the Corporation had increased to £41,275,750. Moreover, the drafting of the Iron and Steel Bill in the early part of the following year witnessed a further expansion in the Corporation's activities. The Bill created severe problems for the steel industry in raising new capital which, against the prospect of nationalisation, could not readily be found in the private sector. In particular, the steel group Guest, Keen and Nettlefolds required £15.5 million for a development project to increase production by some 50 per cent. Most of the money was to be channelled into one of its subsidiaries, John Lysaght's Scunthorpe Works Ltd., which was also scheduled for nationalisation. On March 30th 1949, the chairman of the parent company made it known that the FCI had agreed to provide £11 million to finance extensions to the works. The money was to be provided in installments and secured by trust deeds as a first charge on the whole assets of John Lysaght's. Otherwise the FCI would have the option of converting the loans into debenture and/or preference shares. (*Economist*: Apr. 2nd, 1949, p. 629; June 4th, 1949, p. 1054; July 2nd, 1949, p. 38)

By March 1949, the FCI had entered into agreements totalling some £51 million with steel companies, the majority of

which were scheduled to be taken over by the proposed Iron and Steel Corporation of Great Britain. These were increased to £53 million just prior to nationalisation - although the FCI was consequently relieved of much of its obligation in respect to the balance in increased loans by the Government's Iron and Steel Holding and Realisation Agency (ISHRA). Under the shadow of the Bill, the activities of the FCI brought into sharper perspective the issue of a gap in respect to the requisite forms of investment in the iron and steel industry: "In this twilight stage of steel nationalisation, the FCI has been able to fill a particularly difficult gap. Private capital has obviously not been prepared to venture very far with the Iron and Steel Bill overhanging the industry." (*Economist*, July 2nd, 1949, p.38)

The FCI's political project was essentially to use its extensive resources in order to keep private interests alive in the iron and steel industry, to invest in the modernisation programme of the BISF and to establish support for the feasibility of the private (and profitable) regulation of the industry. Now while the nationalisation of much of iron and steel in 1949 certainly disrupted this project, it did not bring it to an end. On the contrary, the FCI continued to resist the principle of public control and after 1951, with the electoral defeat of the Atlee government by the Conservatives (led by Churchill), the bulk of the iron and steel industry took up the option - with considerable help and encouragement from the FCI - to return to the private sector.

Political resistance to nationalisation, however, actually began with the drafting, and subsequent implementation, of the Iron and Steel Bill itself. In the first place, both the FCI and the BISF, who were closely consulted by Government, were concerned to generate a consensus about the large scale restructuring of the

iron and steel industry and to attract funds - whether of private or public - towards this objective. In consequence, the Bill authorised the release of extensive public funds for this purpose.

More importantly, however, the FCI was concerned to impose certain costs on state nationalisation and to politically exploit those costs in such a way as to make public control look inappropriate and alien. These costs were inscribed in Clause 14 of the Iron and Steel Bill which, according to Bruce, was inserted only "after considerable negotiations with the Government" (Chairman's Statement, FCI AGM, July 21st, 1949). Clause 14 of the new bill decreed that where the FCI had advanced loans to iron and steel companies which had become nationalised then ample provision would be made for their repayments (including interest charged at commercial rates) out of the public purse.

In addition, the Clause also made crucial provision for the compensation of what was called the FCI's "conversion rights". Conversion rights referred to that financial practice whereby the FCI could exercise an option to convert initial investment in a company (usually a low fixed interest loan) into equity - thereby enabling the corporation to either extend or realise its interests through share-holding. Under the terms of Clause 14, then, the Government was compelled to negotiate with the FCI an agreed level of compensation for estimated losses arising from the potential conversion of initial investment into equity holdings. In this way, the Government became increasingly involved in negotiations with the FCI concerning forecasts over the market viability of particular enterprises, their projected profits and equity potential. According to Bruce, the issue of compensation was "the subject of long and difficult negotiations" (*Economist*, Sept. 26th, 1953). In the case of the Steel Company of

Wales Ltd., for example, it was not until 1953 that agreement was finally reached over the amount of compensation - a weighty £2.25 million - for the loss of conversion rights.

The central point here is that this created a space of representation for (potential) private interests which, crucially, disrupted the ethos of post-war state intervention. As Hobsbawm points out, state intervention was essentially negative and *ad hoc* in character being largely concerned with those areas of the economy which could not be profitably managed by the private sector but which were important for the functioning of that sector (1968, pp.246-47). Now, however, if the Government was involved in compensating the FCI (and, of course, its shareholders) for the loss of projected profits, then this raised a huge question as to the validity of its interventions and nationalisation programme. While public funding of the modernisation of the iron and steel industry was acceptable, public control over the industry's markets and potential profitability became more and more unacceptable. To this effect, the private/public demarcation became a centrally contested frontier.

The political character of FCI's involvement in the steel industry was underlined by the fact that it refused to recall its loans through the ISHRA or in any other way to divest its interests. In fact, the FCI continued to advance capital to approved schemes in the industry. This was carried out in the firm conviction that there would be "a new demand for finance from a newly constituted, privately owned steel industry" (Bruce, cited in *Economist*, Sept.4th,1954,p.758).

By retaining its interest in steel the FCI was able to play a key role in the industry's decision-making process. Moreover, when the Conservatives came to power in 1951 and revoked the

earlier legislation concerning the nationalisation of the iron and steel industry, the FCI provided a major structure of finance for a lengthy programme of denationalisation. The Corporation's activities, in fact, were crucial in two major ways.

In the first place, the FCI, through its own corporate presence, crucially influenced the "soundness" of investments from the private sector as the first public offers of steel shares were put on the market in 1953. This considerably helped the early absorption of denationalisation issues within the private capital market. And, in this regard, the FCI acted as a focus for an enlarged field of business between the industry and finance.

Secondly, the FCI now became a central "lender of the first resort" - in complete contrast to its earlier declarations. Despite the boost given to iron and steel funds by the public issues, a new five year development programme for the steel industry was estimated to require something in excess of £20 million a year from financial resources outside the industry itself. Moreover, the Treasury, which could make loans for the development programmes of companies still owned wholly or in part by the Realisation Agency, was unlikely to do anything more than make day-to-day advances to keep these programmes operational. This found the FCI in a more direct role in financing denationalisation. Once the equity issues of the leading seven steel companies had been floated off, the FCI became an obvious choice as lender of the first resort to the major companies - whose plans accounted for the greater part of the industry's development programme.

To this effect, the FCI made a substantial new commitment of £15 million to one of the large denationalised steel groups - which represented a virtual doubling in the size of the

Corporation's total new commitments outstanding at March 31st 1955 (*Economist*, July 2nd, 1955; July 30th, 1955, p. 428). Later the FCI undertook to find £22.5 million for development by the South Durham Steel and Iron Company Ltd. Under the terms of the loan agreement with the South Durham Company, the FCI exercised its conversion option to take up two million ordinary shares at £1 each and sell them at their peak value, after MacMillan was returned to office in 1959, at £3.05 each. Referred to as a "coup" by the *Economist*, this realisation on investments represented an increase in surplus from £120,000 the year before to £3.2 million in 1960 and enabled the Corporation to pay out only its second dividend in fifteen years to shareholders at 6 per cent - a fact which underlines the political rather than the commercial objectives in setting up and sustaining the FCI.

The interventions of the FCI, and the transformation of its identity (particularly in respect of its earlier more modest objectives), must be seen in terms of a political struggle over the determination over the private/public frontier in the iron and steel industry. In particular, the FCI became involved in the political disruption of the theme of public control by articulating the "commercial viability" of this industry. This commercial viability did not come about by itself but, as we have tried to demonstrate, was the result of a discursive process of constructing the space for the representation of private interests. Under the aegis of the Bank, the FCI was authorised to use its extensive resources to keep private interests alive and, more widely, to engender a collectivist responsibility and responsiveness within financial institutions towards the corporate needs of the industry. This was particularly evident in the setting up of the Steel Company of Wales Ltd., where the FCI provided both financial and

organisational resources for the coordination of investment by banks and issuing houses in a major project of iron and steel reconstruction. Moreover, by acting as a corporate broker the FCI provided a focus for an enlarged field of business between finance and the industry. More directly, as a lender of "first resort" it provided a working financial structure for an extensive programme of denationalisation. And, insofar as "the whole public ownership debate in the nineteen-fifties centred on the steel industry issue" (Punnet, 1980,p.365) then the FCI constituted an important symbolic outpost in the political determination of the private/public frontier.

What became increasingly apparent, in fact, was that the FCI, through its connections with the BISF and the major iron and steel groups, wanted to resist state regulation through an emphasis on private and, importantly, corporate regulation. Although the interests of FCI were overwhelmingly in iron and steel, the non-steel investments of the Corporation also revealed the same corporate bias.

During the early 1950s, the FCI developed considerable interests in chemicals, oil and aircraft finance. In the first of these areas, FCI invested £8.5 million in Petrochemicals towards the development of a £10 million chemical plant in Greater Manchester, however, once this project had developed from the constructional to the operational stage - after a further £1 million investment from FCI - the Board of FCI then opted for a take-over by the multi-national Shell Co. in 1955, in which the Corporation received back approximately half the sum of its original investments <sup>3</sup>. Again, in the same year, the FCI further transferred its interests to the corporate sector in the case of a salt and chlorine venture, Murgatroyds, in which the Corporation's



entire equity was taken up by Distillers and Fisons.

The creation of a new company, Air Finance, took the FCI into entirely new areas, as part of a collective venture in helping British aircraft and aero-engines to expand into world markets through the provision of organised credit facilities. With the cooperation, financial and otherwise, of a number of leading firms in the aircraft industry, the company was launched in 1953 under the leadership of three of the banking houses - Lazards, Morgan Grenfell and Erlangers - and the FCI. Apart from providing nearly two thirds of the initial cash, each of the banking houses took up 50,000 £1 "B" shares (together with the FCI). In addition, the FCI agreed to provide further loan facilities up to £10million (*Economist*: Feb.6th,1953,p.416; Sept.26th,1953,p.894). This Company was eventually absorbed by the banking houses - with, significantly, no compensation provided for the FCI - and became directly involved in the creation of a huge merger between the Hawker Siddley and de Havilland aircraft groups in 1959.

By the end of the 1950s, the FCI had completely exhausted its £125 million funds - the vast majority of which had been invested in the denationalisation of the iron and steel companies and their developmental programmes. The Corporation now became principally concerned with divesting its interests wherever it could and redistributing its inflows - a process which the *Economist* described as "first turning off the tap and then consolidating" (July 5th,1958,p.62). Indeed, by 1963 the new chairman (replacing the retired Bruce), Lord Sinclair, declared that the "Corporation has no new projects under negotiation" (FCI AGM, July 13th, 1963). Subsequently, throughout the 1960s, the FCI faded into obscurity and was later described as "senile" by The Banker (1968,p.1479) - eventually it was absorbed (as a very minor

subsidiary) by the ICFC, whose own financial programme had developed into corporate and portfolio forms of investment, in the early 1970s (see above).

From our perspective, the rapid decline of the FCI further underlines its political character. Once the FCI, along with the BISF and the steel groups, had achieved their central task of returning the iron and steel industry to a revitalised corporate sector - and thereby established a major settlement between public control and private regulation in the post-war reconstruction of the social-economic community - there no longer existed the political will to replenish the FCI's resources. More generally, the transformations which took place in the 1960s - eg. the internationalisation of capital/investment, the expansion of the City, the rise of Eurobanking, etc. - precipitated a fundamental shift in financial interests away from the national-industrial economy (see below).

The FCI was unique in the history of financing in Britain. Unlike its predecessors, the BID and the SMT, the FCI possessed extensive resources (£125 million of working capital) and enjoyed the support of a large group of insurance and trust companies as its shareholders. The novelty, and indeed threat, of the FCI, in regard to City institutions lay in the fact that its resources and organisation enabled it to operate beyond the normal criteria and mechanisms of commercial finance - eg. its ability to provide "cheap money" through fixed loans and its escalator clause. However, as we have seen, the FCI did not function primarily as a "commercial" enterprise, nor did it impinge on traditional banking services. On the contrary, the FCI took on a particular identity within the context of a hegemonic struggle to resist nationalisation in the

iron and steel industry - a key area of the economy - by the Labour Government in the late 1940s. This involved the FCI in a long term political project. In particular, the FCI was concerned to maintain and generate private interests in an industry under the shadow of public control. Thus, from 1947 onwards, the FCI continued to secure advances from a large group of issuing houses, in unique collaboration, for the extensive Steel Company of Wales project.

This created an important community of interests within which the FCI was able to negotiate the long-term commercial viability of the industry with government. Indeed, through the Corporation's successful insertion of Clause 14 in the Iron and Steel Bill, the Government was compelled to negotiate estimated commercial losses in the equity market - thereby radically undermining the principles of state intervention. At the same time, however, the FCI was not simply a vehicle for the promotion of (objectively given) private interests. This was underlined by the fact that the FCI paid a dividend to its shareholders (of six per cent) on only two occasions - once in 1955 and again in 1960 (as a result of the realisation of the FCI's investments, through its conversion option, to the South Durham Steel and Iron Co. Ltd.).

In general, what the interventions of the FCI illustrate is that the establishment of organised capitalism in Britain did not lead to an elimination of antagonisms but, on the contrary, to new forms of hegemonic struggle in which the very determination of the public/private frontier was heavily contested - thus revealing an ongoing history of the political construction of organised capitalism. In the following chapter we will examine how the representations of organised capitalism in Britain were

increasingly drawn into crisis as the regulatory power of the national state became increasingly compromised by an internationalising capitalism. In particular, we will focus on those antagonisms and dislocations which not only temporalised the frontiers of the social-economic community - thereby giving rise to new themes and identities - but which also involved a radical putting into question of the identity of the nation and "we British".

## CHAPTER SIX

### The Crisis of Organised Capitalism: Political Recomposition in Britain

The debate over disorganised capitalism begins with a number of empirical observations. Lash and Urry, for example, elaborate a set of fourteen points characterising organised capitalism and contrast these with fourteen alternative points which, in their view, signal the end of organised capitalism (see Appendix 2). In the main, however, the authors (in particular, Urry 1988) present this transition in terms of three simultaneous processes. First, globalisation - in which the organisational locus of capitalist expansion/decision-making no longer takes place through key nation states and their political management of specific economic areas, but is now dominated by the transformation of those areas into a world market and the operations of transnational corporations whose guiding principles are mobility and flexibility. Second, decentralisation - in which there is a move away from the mass forms of production, industrial (city) centres and the standardisation of social aspirations within vast universal markets towards the creation of markets within markets and the diversification of production sustaining new patterns of consumption and lifestyles. And, finally, disintegration - in which political and social life is becoming less and less homogeneous (as based upon social class) and more and more fragmented and pluralistic in conjunction with an expansion of new economic formations (including a multilateral service sector)

throughout civil society. Moreover, those processes are accompanied by an emerging international division of labour in which occupations in the "first world" are increasingly linked to the proliferation of services while those in the "third world" tend to be based on the development of manufacturing and extractive industries.

For Claus Offe (1985), on the other hand, the transition to disorganised capitalism is more thematic in orientation. What concerns Offe is the degree to which institutional mechanisms which previously sustained a dynamic balance between social power and political authority have actually broken down and no longer perform this function.

There can be no doubt that the internationalisation of capital, the interpenetration of markets and the global redistributions of resources have increasingly undermined the ability of nation-states (of whatever type) to regulate their economies through the traditional mechanisms organised around the principles of national planning. In this respect, the transition from organised to disorganised capitalism refers to a "universal condition" in which economic decision-taking continues to move from the national to the international arena - an arena which is increasingly characterised by multinationals and supranational organisations.

This movement is dramatically illustrated by the fact that the top five hundred international companies - including ICI, Dow Chemicals Corporation, Ciba Geigy, Mitsubishi, Procter and Gamble, etc. - now control an estimated seventy per cent of world trade, eighty per cent of foreign investment and thirty per cent of world gross product (about \$300 billion a year).

Now while this movement constitutes a universal condition

in capitalist reconstruction it is vital that we avoid inferring from this universal condition a necessary universality - ie. a spatial closure in which the identities of disorganised capitalism are fixed in conformity to a singularity or holistic stage. It is vital, in other words, that we do not infer from the global processes of disorganisation a) a uniform experience/construction of disorganisation in every social formation, and/or b) an absolutist type of shift in the "locus" of power from the national state to the transnational corporations (thus recreating the myth of a "winter palace"). Once again, the question of hegemonic practice - ie. the attempts at mythical recomposition where a symbolic structure has failed - becomes paramount.

Disorganisation marks a universal shift in which the remaking of social-economic reality increasingly has to take account of the logic of global capitalist development and the emerging sites of international decision-taking. However, this is not a smooth process of one holistic stage, fully transparent to itself, displacing another. On the contrary, disorganisation develops as a widening set of partial and uneven disruptions in which the entire symbolic ordering of organised capitalism begins to crack and disintegrate.

In the very first instance, then, disorganisation refers to a generalised crisis of organised capitalism: that is, a multilateral set of dislocations for those structures of representation which previously made sense of reality within the terms of an integrated and regulatory nation-state. The myth of organised capitalism, therefore, has been thrown into a state of confusion; a condition of temporality in which the very spatial representation of the social-economic becomes exposed to alternative discourses and political recompositions.

Now the central point here is that - given that there is no common measure between a dislocated structure and its recomposition - these political recompositions are not decidable in advance (as if they were interior to something which already represented the dislocations as a "transition") but fully depend upon hegemonic struggle in concrete circumstances. This is crucial insofar as it allows us to historicise the development of disorganised capitalism - in the same way that we have attempted to historicise the emergence of organised capitalism - as an eminently political process of symbolic failure and hegemonic reconstruction rather than spatial evolution.

In this regard, our emphasis is rather different to Lash and Urry. The logics of disorganisation - ie. the capitalist system as increasingly governed by international sites of decision-taking - does not bring about a definitive "end" to organised capitalism but a series of radical dislocations. To this effect, an end cannot represent itself in objective or transparent terms but has first to be represented. Moreover - given that an act of representation is always an act of reconstruction - the characteristic representations of this "end" will have determinate consequences for the re-dimensioning of social-economic space itself. Thus we saw how, in the case of the "end" of liberal capitalism, the myth of the regulatory power of the state - which replaced that of the invisible hand - was constituted through an organicisation of social space, while in interwar Germany this myth is constituted through fascist discourse with entirely different consequences for social-economic space.

In the same way, the particular representations of the "end" of organised capitalism in different regions/conjunctures have had characteristic effects on the reordering of social-



economic space in those regions/conjunctures. And here we would once again emphasise the specificity of the British experience as against, say, the experiences of Europe. In very broad terms, what we see in Europe after 1957 and the creation of the EEC is a positive representation of the waning power of the national state in which supra-national relations are developed in order to establish an alternative political and economic matrix for adjusting to the international forms of capitalist expansion. In Britain, by contrast, we see a rather different set of developments. From the late fifties - and throughout the sixties and seventies - there are major attempts to mobilise a nationalist-export manufacturing project and to rationalise the social-economic community through corporatist forms of national representation.

Now the respective "national" and "supra-national" solutions sought to the dislocatory effects of disorganising capitalism in Britain and Europe do not constitute an absolute division. Rather the differences are of tendency and degree - and which, of course, do not remain fixed over time (viz. Britain's belated, and persistently strained, entry into the EEC) - in which certain discursive logics and themes are developed and which have specific consequences for the constructions of social-economic space. In other words, the emphasis is on the characteristic relations of articulation involved in the games of hegemonically reconstructing the "national" in contrast to the "supra-national".

Let us take the example of corporatist forms of national representation. The argument here is manifestly not that corporatism developed in Britain and not in Europe - that is simply false. What we are arguing is that corporatist relations in Britain were articulated in a characteristically different manner to those which broadly developed in the countries of Western Europe. In

regard to the latter, one important point is that the corporatist relations which have emerged have tended to reflect much closer forms of integration between industry and finance. The significance of this, we would argue, is that the representation of finance has tended to make these corporatist systems far more open to the "need" to adjust to the increasing mobility of capital in the era of disorganisation. As a result of this, national forms of manufacturing capital have tended to fare much better in Europe through these processes of adjustment.

In addition, as Lash and Urry point out, the other two key participants of organised capitalism, labour and the state, have generally speaking continued to operate as major actors under disorganisation (1987, pp. 282-83). The state, for example (particularly in France), has been central to providing a new framework of legislation for the development of "flexibility" and "quality circles". Similarly, trade unions - especially in Sweden and West Germany - have become increasingly involved in not only negotiating new work practices (based on flexibility) but also in broadening classifications of work and, thereby, multiplying the spaces of worker representation.

What we see in Western Europe, then, is not so much an abandoning of corporatism as a thoroughgoing transformation of its system from one which was based on the top-down incorporation of national peak organisations to one which is increasingly based upon a multilateral widening of the spaces of representation - a kind of disorganised corporatism.

Now this widening has introduced a radical ambiguity. The hegemonic reconstruction of social-economic space - the embodiment of a "European" identity - has not only assimilated the disorganising logics of capitalist expansion but has also

heightened the moment of the conscious control and social management of those logics. Thus, the new social-economic imagination has been accompanied by an increasing supra-national participation of national and regional communities, new forms of international regulation concerning health, consumption, the environment (etc) and an expansion of social rights through the articulation of new spaces of legal and political representation<sup>1</sup>.

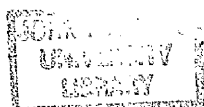
In fact, we see in the heightening of the moment of conscious control a growing historical tendency in which the very relationship between the "economy" and the "democratic community" is becoming far more ambiguous and politicised than ever before. In this way, the contemporary disintegrations/reconstructions in Eastern Europe, the emergence of highly diverse forms of Third World struggle and the rise of "ungovernable" forms of social resistance in Western formations are revealing a generalised process in which there is an increasing failure to embody the democratic community in terms of a universalist economic closure - ie. the collectivisation of the means of production, the developmental promises of capitalist expansion into the "periphery" and/or the attempt to accomodate social demands within diversifying commodity markets.

A central effect of this failure is that economic decisions (throughout the twentieth century) have become more and more "de-naturalised" in conjunction with a general putting into question of economic logics. That is to say, economic decisions increasingly have to take account of (and, as such, are modified by) a diversity of democratic demands - environmental, regional/national/ethnic self-determination, feminism, social autonomy, etc - which were previously not part of the decision-making process. Thus the very construction of the economic space (in which the disorganising

logics can operate) now has to begin from more and more sites of political reconstitution. Rather than the "economy" determining the political agenda, therefore, we are tending to see an opposite tendency: the expansion of the political realm of "conscious control" and a subordination of the economic to that realm.

Now the ambiguity of this expansion of the political realm - as a historical process - lies precisely in the increased potential for the hegemonic reconstruction of the social-economic terrain and, in consequence, for the modification of the logics/identities which operate there. Thus, the threat posed by the European Community to the conjuncture of the "new right" in Britain, for example, does not reside in disorganisation, as such, but in the hegemonic reconstructions of disorganising logics - which limits and modifies their functioning as a constitutive outside - and the radical ambiguities they introduce in terms of the heightening of conscious control, the extension of social management and the increased politicisation of collective social-economic decision-making.

In contrast to the general European experience, in Britain the ongoing adjustments to the logics of disorganisation have, in recent times, been constituted through what Stuart Hall has called an "authoritarian populism": that is, the political mobilisation of a widening antagonism which divides the social space between a reconstructed "people" (ie. the defenders of free market individualism and traditional Tory values) and all its "adversaries" (see below) This, moreover, has been accompanied by a severe limiting of the policy-making community - eg. the political "expulsions" of the trade unions, parliament, local government and the various intermediate institutions associated with the "establishment" - in favour of strong direct government (A.Gamble,



1979).

To this effect, the expansion of the political realm has been largely hegemonised by the new right. What this political formation has managed to do is to represent the multiplicity of democratic demands as a problem of "ungovernability" for the *ancien regime* and to rearticulate those demands in terms of the "natural" spaces for accomodating individual aspiration and social plurality provided by a (state reinforced) private sector.

What we have seen in Britain, in fact, is a hegemonic transformation of the social-economic imagination in which the very themes of conscious control and social management, at the public level, have been radically excised - epitomised in M. Thatcher's famous assertion that "there is no such thing as "society", there is only individuals and their families".

The reconstructions of social-economic reality, and the characteristic articulations of the central logics of disorganisation in Britain and (broadly) Europe, therefore, have been fundamentally different. This underscores the fact that there is no necessity which flows from the "economy" conceived as a metaphysical point of origin capable of objective representation. On the contrary, as we have argued, the particular (re)construction of social-economic reality in a conjuncture will fully depend upon the outcome of hegemonic struggle between competing social forces.

This allows us to return to our earlier point. Disorganisation constitutes, first and foremost, a crisis for organised capitalism in which the previous systems of representation have gradually lost credibility. It constitutes, in other words, a condition of temporality - a failure of representation - in which a heterodoxy of discourses compete for hegemonic ascendancy in a new and undecidable political game.

For the rest of this chapter we shall be examining the crisis of organised capitalism in Britain and the various attempts at political recomposition which took place as a result of this crisis. In short, our intention is to historicise the specific construction of disorganisation in the British context.

### Britain and Crisis

If there is a symbolic moment for the advent of "disorganisation" it is surely the Suez Crisis of 1951-56. Suez shook the very foundations of Britain's sense of itself and of its standing in the world - dramatically symbolising the decline of Britain as a super-power and of its ability to regulate social-economic relations, both nationally and "territorially", on its own terms.

The seizure of the canal by UK forces in 1951 not only acted as a major drain on Britain's resources but, far more importantly, provoked international condemnation and a continuing run on the pound which threatened the very stability of the sterling area itself. The sense of humiliation finally reached its zenith in 1956 when the US Treasury made it a condition of their financial help - to prevent a total collapse of sterling - that Britain should withdraw from Egypt.

The crisis engendered by this rude awakening to a new global order should not be underestimated. For Britain was not only a nation-state, it was the seat of an Empire/Commonwealth and was steeped very much in the language of an imperial past (a language which continues to exist beyond any imperial "reality" - see S.Hall, 1988). Now, however, the United Kingdom would have to re-think and reorientate itself within an emerging structure of

interdependent international capitalism over which it could exert, at most, partial influence. And, in this context, the ensuing retirement of Anthony Eden from office (due to ill health) may be seen to have reflected a much deeper sundering in the political imagination of national identity.

As we have argued, organisation in Britain developed in the context of an organicisation of social space - ie. the principle of an integrated national social-economic community in which differential belonging could be extended through such categories as citizen, consumer, welfare recipient, the Commonwealth, etc. This community, moreover, was regulated by a series of quasi-official mechanisms (on the basis of the theme of conscious control) which promoted collectivist responsibility (particularly between industry and finance) and possessed a paradoxical centre - a balance of forces between public responsibility and private regulation in the national context.

Now, however, the increasing penetration of international forms of capitalism began to dislocate those identities which had been put together within the terms of a national organicist community and to temporalise the very spaces of belonging to that community. To put this another way, the threat posed by the internationalising logics of capitalism could not be neutralised or absorbed within the symbolic structure of British organisation - the structure possessed no "natural" spaces of representation for "foreign" capital and there was a growing sense of fundamental shifts in the global economy in which the old reference points were no longer appropriate and the old formulas would no longer work. The significance of the Suez episode, therefore, may be understood in Kuhnian terms as a point of collective nervous breakdown in which a heterodoxy of "revolutionary"/alternative discourses came

into play in order to impose a new order on the ruins of a failed imaginary.

Against the disappearing certainties of a stable sterling area, the key issue became one of representing the "crisis" and of providing a framework in which to generate solutions: in short, the establishment of a problematic. Now, the central point here is that this problematic was not put together out of the blue. The failing of the symbolic structure of organised capitalism did not lead to a condition of *tabula rasa*. As Laclau reminds us, while temporalisation involves a widening of the possible, there is always a set of partial and alternative representations ready to lay naturalistic claims to that possible (1990,p.43). The establishment of a new representation/ problematic, therefore, will always, to some extent, reflect a historical balance of forces and the availability of certain discourses and myths in any given conjuncture.

This is precisely what we see in the characteristically different responses to the crisis of organised capitalism. In 1957 (just one year after Suez), while France, West Germany, Italy, Belgium, Holland and Luxembourg committed themselves to the supranationalist Treaty of Rome - in what Derrida might call an "act of signature" in the creation of a new European Community - in Britain something quite different occurs.

What we see in Britain is the development of a series of defensive manoeuvres concerning the sterling area and, in particular, the rigorous mobilisation of the nationalist economy in which more and more emphasis was placed on the need to export.

Now this response is manifestly not the result of any infrastructural logic, but is through and through a political construction which, as we have said, in part reflects the given



balance of forces and the available myths. The defence of sterling, for example, reflected not only a continuing commitment to (and influence over) the Commonwealth community but also the "common-sense" of maintaining a stable environment for British financial and investment capital. The mobilisation of an exporting culture, on the other hand, reflected obligations to national manufacturing capital and, importantly, the considerable strength of the labour and trade union movements which remained deeply wedded to the politics of producerism and industrial collectives. These calculations, moreover, were profoundly influenced by the pervasive myth of Britain as a dominant manufacturing nation with an imperial heritage, language and sense of duty.

There existed, then, a definite historical context - defining certain limits to the conjunctural widening of the possible - in which the games of political recomposition were played after Suez. To put this another way, the re-spatialisation of the temporal crisis of organised capitalism could only take place in terms of the actual alternatives which could be practicably imagined - and the ensuing political struggle between these alternatives - at the time.

In fact, the post-Suez conjuncture became increasingly characterised by a series of interventions which attempted to radically re-make the sense of Britishness through an extensive rearticulation of nationhood with the themes of manufacturing and exporting. This, however, involved a fundamental shift in the political imagination - a discursive reconfiguration of norms, values and expectations - and, indeed, a reordering of social reality. From the point of view of regulation theory, the hegemonic attempts to constitute a national-manufacturing-exporting community meant a new "regime of accumulation".

Thus, if Britain were to rule the (increasingly choppy) waves of an internationalising capitalist economy it would have to shape-up and become far more "self-disciplined". To this end, we begin to see an increasing distancing from, and active criticisms of, the ideals of the integrated social-economic community. Indeed, the very logic of differential belonging began to be short-circuited through a process of equivalential disruption. That is to say, the social-economic space, instead of embodying the universalistic community, now began to internally divide along an equivalential frontier between the configuration of nation-manufacturing-exporting and the expulsion of all that which threatened that configuration. In particular, the process of equivalential disruption increasingly divided economic enterprise into legitimate and non-legitimate areas.

The new regime of accumulation brought with it alternative forms of social-economic authority which were principally administered and enforced through corporatist mechanisms. Thus, from the early 1960s we see the development of various institutions - eg. the National Economic Development Council and a multiplicity of branches - which attempted to incorporate the representative organisations of manufacturing capital, trade unions and government in the formulation and implementation of economic policy. To this effect, the development of a corporatist culture was intended to both naturalise ("sediment") and discipline the construction of a national-manufacturing-exporting community through a limited set of spaces of representation with a view to holistically combining the policy-makers with civil society as a whole.

However, the attempts to naturalise a corporatist culture within the myth of a national-manufacturing-exporting community and to interpellate a social agency of belonging to that community

became increasingly difficult. Indeed, against the background of an emerging international capitalist system, the very construction of this myth (and its regime of accumulation) was inexorably drawn into crisis.

"Britain", in fact, became the victim of its mythical representation - its national-imperial legacy and its industrial atavism. In addition, despite more and more frantic attempts (throughout the 1960s and 1970s) to embody the community through an authoritarian extension of the corporatist regime, we see a gradual disintegration of the (limited and formal) spaces of corporatist representation: a "crisis of governability".

In the context of an internationalising capitalism, one of the most important aspects of this was the failure to discipline/constitute "capital" in terms of national-manufacturing objectives. Indeed, in the light of the industrial break-up of Britain and the post-fordisation of production and consumption, these objectives have infinitely receded. Even more importantly, the relative exclusion of financial and service-based capital from corporatist representation in Britain precipitated an increasing identification of these forms of capital with international markets and de-regulation - one central effect of this has been a steady decline, since the 1960s and 1970s, of the paternalistic role and social authority of the Bank of England itself.

The other main spaces of representation - for government and trade unions - have also encountered similar problems of declining social authority. Regarding trades unionism, we may note how the attempt to incorporate the TUC within a legal matrix which would "rationalise" industrial relations resulted, over this same period, in the fragmentation and radicalisation of the labour movement - eg. factionalism, "wild-cat" strikes, the shop-stewards'

movement, etc (see R.Hyman,1972). At the same time, the orthodox commitment of the TUC to industrial collectives of producerist politics meant that it was unable to engage with the expansion in white-collar and service-based unionisation or to create new spaces of representation for the new categories of work associated with the development of "flexible" forms of work practice.

The failure of collectivist universalism is, perhaps, even more pronounced at the level of the national state. In this regard, both S.Hall (1979) and R.Jessop (1980) have noted how the incapacity of the social-democratic state to accomodate the proliferation of democratic demands - eg. welfare, housing, inner city, education, anti-bureaucratic demands, the rise of the new social movements, etc. - has resulted in a steady drift towards a "law and order society" and an increasing obsession with internal security.

The brittleness of the British corporatist structure, therefore, may be understood in terms of its articulation within those hegemonic attempts to constitute the social-economic community through the central themes of nationhood, manufacturing/exporting and collectivist discipline. Instead of the successful embodiment of this type of community through a discrete set of spaces of representation, what we see is a contrary process whereby each of these spaces became more and more temporalised and eventually over-run by a "surplus" of democratic demands and social identities - culminating in a radical failure of myth, community and social agency.

In contrast to a "European -style" transformation and a widening of the social management of capitals and the economy, in Britain the very rigidity of the nationalist-manufacturing-corporatist community made it increasingly vulnerable to the

hegemonic advances of the new right and their construction of an alternative (traditionalist/neo-liberalist) regime of accumulation/social imagination - a construction which became successful because of its principal ability to impose a discourse of coherence on the "surplus" through a reconstruction of "the people" and a re-drawing of the political frontier of belonging through populist antagonism. It is in this context, we shall argue, that we can best understand the emergence of Thatcherism - and, thereby, transcend the impasse reached by Hall/Jessop *et al* (see below).

From our perspective, the importance of historicising the crisis of organised capitalism, and of analysing the specificity of its representations, cannot be over-emphasised. To this effect, we shall examine in detail the nature of the political mobilisations which took place after Suez and the ambiguous effects of the regime of accumulation which accompanied these mobilisations.

### Exports and Political Mobilisation

After the crisis of Suez, and the consequent retirement of Eden, there was a widespread sense of both deep changes in the world order and of the need for Britain to reorientate itself accordingly. In the short term, the new Prime Minister, Harold MacMillan, was principally concerned to defend the sterling area (with all that this area represented) - something which crucially, and ironically, depended upon repairing Anglo/US relations. In the longer term, however, MacMillan appointed a new committee - chaired by Lord Radcliffe - to comprehensively review the workings of the monetary system and, more broadly, to look at the functioning of (and provide a forum for) Britain's major economic actors in the

post-Suez world.

The Report of the Radcliffe Committee was published in 1959 - with three volumes of exhaustive written and oral evidence published a year later. This Report not only comprised a "stock-take" of the economy but provided a central framework for the development of an alternative problematic; a problematic capable of representing, and generating solutions to, the "crisis" of Britain. Indeed, although the Report stated that the great bulk of its work had been "devoted wholly to exposition" (Conclusion, Para.978) it, crucially, began to frame a new set of norms, values and expectations and, in fact, a new paradigm of social-economic imagination.

Clearly this was not an automatic process of transmitting the objectives of the Report - the Report, by itself, was only a document. Thus, what became important was not only the Report but the way in which it was articulated with other themes and social practices - ie. how it was read, what was carried out in its name, the hegemonic interventions required and the ambiguity of these interventions.

While the Report was concerned to show that the MacMillan gap(s) had been resolved, it nevertheless identified a new gap, of a different order, in the area of long-term export financing: "It seems indeed that there is a "gap" in the capital market, in that it is difficult to find buyers on any scale for private (export) debt between about eight and about twelve years' maturity" (p.312,para.894).

The perceived urgency of this problem was such that the Report went even further in suggesting that, if existing mechanisms were inadequate, a new, and independent, organisation should be created in order to fill the gap in export finance: "If existing

financial institutions failed to meet the demand, it might be necessary that there should be an Export Finance Corporation, which could either be a Government agency financed from the Exchequer or a "semi-public" corporation, like the Commonwealth Development Corporation or the ICFC, set up with Government encouragement but drawing its funds from institutional investors by the issue of suitable securities" (p.313,para.897).

The significance of these proposals, and the way they were subsequently taken up, derives from the context. That is to say, against the background of Suez, a failing sterling area, the creation of the European Economic Community and the internationalising of markets, the Report sought to prioritise a major commitment to the "need" to export and to provide appropriate finance for that purpose. Thus, in order to meet the challenge of international markets, the Report urged the mobilisation of a national economy.

In this regard, the Report began to impose a certain problematic of coherence, rooted in a particular tradition, which would make it possible to represent, and generate "solutions" to, the transformations of this period. Inscribed within this problematic, moreover, was a definite move away from the principles of an integrated community and towards the idea of a nationalist social-economic community. It involved, in other words, a fundamental reordering of social-economic space as such (see below).

What began to emerge from the Report, therefore, was a new imagination in which an alternative regime of accumulation - constituted around the theme of nationalist mobilisation - could be developed in response to the disorganising logics of an internationalising capitalism.

The increasing political demands for a vibrant national exporting programme, and for better exporting facilities, were widely reflected in the various institutions which gave evidence to the Radcliffe Committee. The Locomotive and Allied Manufacturers' Association, for example, spoke of the "vital necessity of HM Government evolving a specific and dynamic policy for exports realistic to current trading conditions, having particular regard to the UK's dependence on the maintenance and expansion of exports, if the country's standard of living is to be preserved" (Evidence to the Radcliffe Committee, vol.2, p.31). To this end, the Association - along with such influential organisations as the Engineering Industries Association (p.112), the British Engineer's Association (p.113), the Association of British Chambers of Commerce (p.86) and even the Accepting Houses Committee (p.9) - strongly supported the creation of either an independent Export Finance Corporation or a new Export-Import Bank along the lines of the American Export-Import Bank of Washington.

Moreover, there was a growing feeling that the national state should take a direct lead in generating an exporting economy. Thus, Sir Francis Glyn, Chairman of the Bank of London and South America Ltd., stated that "the time has come when HM Government should take a more active part in trade promotion than has previously been the case", and remonstrated that, in a climate of economic degeneration, the "Government's apparent existing doctrinaire aversion to a policy of export promotion and encouragement would seem to be paradoxical in the extreme" (p.33). The overall mood for resolve and active intervention, however, was perhaps best summed up by the Federation of British Industry - the central representative organisation of British industry - when it asserted: "The conclusion seems to us inescapable that a larger



share of our existing national resources should be placed behind the export drive" (p.127).

Against the background of widespread discontent with the perceived inadequacy of existing export facilities - something which came to symbolise the economic degeneration of Britain - the Bank became directly involved with the whole issue of exports and with representing the discontent in an "acceptable" way. At the same time, however, this involvement meant a modification of the very identity of the Bank itself. Indeed, in order to politically engage with the articulation and mobilisation of an "exporting-nation" economy the Bank underwent an extensive programme of "modernisation" - new intelligence departments and services, recruitment of economists/specialists, professionalisation of career structures (etc) and the launching of a new journal, *The Quarterly Bulletin of the Bank of England* (which for the first time, following the recommendations of the Radcliffe committee, sought to provide statistical information and directive commentary addressing (and constituting) various "constituencies") - which altered both its functioning and symbolic position within the social-economic order (see below).

To begin with, the Bank was concerned to reject the idea of creating an independent organisation which would provide/regulate export credit - in this regard, the Bank could be seen in its traditional role of protecting private institutions of credit provision from public intervention. Instead, the Bank proposed the organisational and financial reconstruction of an old government insurance agency: the Export Credits Guarantee Department (ECGD).

The ECGD was originally set up in 1928 as a consequence of the recommendations of the McMahon Committee. The main functions of the Department - which were set out by the 1930 Niemeyer

Committee and subsequently inscribed in the main Exports Guarantee Act of 1949 - were to administer the "Credit Insurance Scheme". This scheme was intended to provide a system of government insurance to UK exporters in order that they could more easily obtain credit in the private sector (usually from banks). In other words, the government would effectively act as a guarantor to selected exporting enterprises with an obligation to re-fund those private institutions advancing credit to the enterprises in question. The scheme broadly covered two categories of insurance: 1) insolvency and/or defaults on payments, and 2) political risks - eg. war, revolution, change of regime, etc. The ECGD, therefore, was an early example of how the national state became integral to the regulation of certain markets (in this case, the international market of "Free Trade") in the era of organised capitalism.

In 1934, the ECGD became a founder member of the so-called "Berne Union" - an international association of credit insurers (Union d'Assureurs des Credits Internationaux) - with representative organisations from France, Italy and Spain. Later the number of members rose to eighteen, with sixteen countries represented and one associate member (The Export-Import Bank of Washington DC).

The central objective of the Berne Union was "to work for the rational development of credit insurance in the international field" (Evidence to Radcliffe Committee, vol.1, para.93). To this effect, the Union was crucial to the process of imposing "rational" outcomes on capital communities whose exporting position was identified strongly with their respective national states. In particular, the Union was concerned to avoid any kind of credit race and/or government subsidisations which would "distort" the export market. Now while the Union, by itself, did not have any

real policing powers, it was nevertheless able to promote the values of cooperation through its annual meetings in which members exchanged information on the terms of payment they would normally cover for various goods and countries. The Union, therefore, was able to generate a *modus operandi* in which each of the members could be differentially represented as part of a rational framework<sup>2</sup>.

Following the publication of the Radcliffe Report, and in the context of growing demands for a positive export programme, the Bank initiated a thoroughgoing reconstruction of the ECGD. A central aspect of this reconstruction involved the political severing of the Department from the Berne Union. In our terms, it involved an equivalential disruption of the Union framework of identities in which the previous members were now considered a collective threat to the national position of British exporters.

There was a widespread feeling that British export finance was inadequate and out-dated, especially since the "other" national exporters (particularly France, West Germany, Japan, USA and even the USSR) were no longer "playing the game". In this regard, the Locomotive and Allied Manufacturer's Association complained of the "inability of the City and ECGD to provide British capital equipment exporters with medium and long-term credit finance facilities comparable to those enjoyed by their principal competitors" (Evidence to Radcliffe Committee, vol.2, p.132). From the point of view of British exporters, then, the Berne objective of "maintaining equity" in export insurance coverage had failed, and while the "other" exporting nations were taking advantage of this failure "we" were still tied to the original objective; still playing the game. However, this was not at all the case. The amount of insurance coverage taken up by European and North

American exporters did not, by and large, exceed British coverage and, in many cases, was much less. The resonance of the export-credit insurance issue rather derived from the fact that it was used to symbolise/explain the declining stability of the sterling area on which British exporters had largely relied.

The first action of the Bank was to secure £1000 million for the immediate boosting of the ECGD's funds. This, combined with a reduction in premiums and a more flexible approach to policy coverage, meant that a much wider constituency of (potential) exporters was now eligible for "banker's guarantees". These guarantees were issued by the ECGD in order to cover the insurance of export credit advanced to a particular enterprise - thus, where an enterprise had not been paid for its exports, the Department would undertake to repay any credit advanced to the enterprise under the terms of the guarantee (thereby minimising the risk of initial lending to the exporter). Although the guarantees, by themselves, could not ensure credit for exporters from financial institutions they were widely accepted as collateral by the banks and frequently meant that the exporter could obtain discount facilities and finer rates on loans. Indirectly, then, the guarantees were crucial as a way of raising finance for exporters.

Following discussions with the Committee of London Clearing Bankers and the banking organisations of Scotland and Northern Ireland, the Bank of England became directly involved in the export programme. There were three main aspects to this. First, in the event of non-payment for export goods, the Bank agreed to manage (and, thereby, speed up) the process of repayment to the financial institution(s) who had advanced credit to the exporter (provided the exporter possessed a banker's guarantee). Second, all UK banks were now required to inform the central bank of the number and

nature of export transactions they were involved in at regular quarterly intervals - in this way, the Bank was in a position to process the information and to make certain adjustments to the export programme. Third, and most important, the Bank made it policy to re-define the generality of all export advances as "liquid assets"<sup>3</sup>. This redefinition made it possible for financial institutions to escape the "credit squeeze", provide lower rates of interest and, crucially, expand the opportunities for investment - including opportunities for corporate and, ironically, foreign investment.

Throughout the 1960s the incentives provided for exporting enterprises were enormously expanded. Indeed, it seemed that hardly a week could go by without some improvement being made to export finance and credit insurance, including: extending the period of ECGD insurance coverage beyond the standard five years; major cuts in premiums; more flexible interpretations of categories of insurance coverage; streamlining of bureaucratic procedures; an increase in the percentage of ECGD insurance cover from 85-90 per cent to 95 per cent of export risk; a steady increase in the ECGD's funds to £3000 million; the creation of a two-year special guarantees by ECGD at a fixed rate of interest of 5.5 per cent (this service alone was taken up at a rate of £350 million a year in the late 1960s); special facilities for shipbuilders and small exporters; an extension and improvement of Bank's re-payment scheme (shortening the period required before re-payment); facilities provided by clearing banks to provide, in selected cases, finance at a fixed rate of interest of 5.5 per cent for export credit of more than two year's duration (whereby the ECGD would provide an unconditional guarantee to cover 100 per cent of the credit advanced); tax rebates on exports, etc.

These improvements in export finance saw Britain's exporting business almost double from £3600 million to approximately £7000 million per annum by the end of the 1960s. Moreover, the share of exports covered by ECGD insurance increased from 12.5 per cent to over a third - at least three times the level of coverage provided by Britain's nearest rivals in France and West Germany (*Economist*, 1969, p.1223).

The export drive, however, involved both the stick and the carrot. In particular, there were major attempts to curb the provision of finance for both domestic investment/credit and for import projects. To this effect, the Governor of the Bank wrote to all the heads of the main financial institutions (including the chairman of the CLCB) that "it was now the aim of official policy that the rate of growth of bank advances should decline...(that) the fullest possible credit facilities (be made) available for exports and for strengthening productive investment", and that in these circumstances it "would be necessary to curtail the facilities made available for purposes of less national importance" (cited in *Quarterly Bulletin*, Dec.1964, p.263). One effect of this policy was the steady increase in the cost of domestic credit.

In addition to this, the government set in place various import restrictions and trade obstacles. In particular, with a view to further "creating the conditions in which a transfer from home demand to the improvement of the balance of payments could take place", the government launched its penalising Import Deposit Scheme in 1968. This scheme required importers to deposit with HM Customs fifty per cent of the value of all imports concerned. The deposits were to be made at the time of arrival and would be repaid 180 days later.

The scheme covered a considerable amount of import business

- at least £2,800 million per annum. Moreover, the Bank directed financial institutions not to advance credit for the purpose of meeting the costs of these deposits: "it will be necessary for them (the banks) to be very restrictive about lending to finance import deposits except where it can be shown that the imports in question make an essential contribution to exports or other activities which have been recognised as having the highest priority for bank lending purposes" (*Quarterly Bulletin*, Dec. 1968, p. 358). Moreover, in the context of credit restraint, the Bank went even further in directing the banks to effect substantial re-payment of borrowing which did not fall into the nationally prioritised categories of exporting and/or productive investment (p. 359).

The construction of a nationalist exporting community was clearly not the result of any infrastructural logic. On the contrary, this construction depended upon a series of hegemonic interventions which involved an active political critique and dismantling of the previous themes and institutional practices of a mixed and integrated social-economic community - it involved a widening of the discourses of non-belonging. Thus, what began to emerge was an alternative regime of accumulation and discipline which increasingly divided the social-economic space into legitimate (ie. export-manufacturing) and non-legitimate (ie. non-exporting) areas - a division around which crucial new antagonisms developed. In Laclau's terms (1977), then, we see evidence of an incipient "populism" in which the previous forms of social-economic integration are more and more disrupted along an equivalential frontier of inclusion/ exclusion - ie. the "people" (as a nationalist exporting community) and its adversaries<sup>4</sup>

The construction of a new regime of accumulation, in fact, required new kinds of political mobilisation - in our terms, it

required the hegemonisation of a "constitutive outside" in order to meet "infrastructural" objectives - which would underpin and carry through this regime. To this effect, what we see from the 1960s is a general putting into question of the traditional mixed economy and a series of attempts to find popular forms of language/imagination/ self-identification which would mythically constitute the people (as a holistic entity) in terms of a nationalist-exporting community.

During the 1957-64 conservative government, MacMillan attempted to generate an exporting culture with the (not very inspiring) slogan "exports are fun". In addition, an Export Council for Europe was created in 1960 to encourage exporting by providing a forum of debate and information exchange between the appropriate civil service departments and business people. The Council, however, lacked any real resources and operated largely in an advisory capacity.

In order to remedy this, a further organisation, the British National Export Council, was set up in July 1964 under the auspices of Mr. Edward Heath (the then President of the Board of Trade). This organisation - which was chaired by Sir William McFadzean and comprised three sub-divisions targetting exports to the United States, Canada and Latin America - possessed a wider ambit. Its principal functions included: the creation/sponsoring of export clubs and groups (especially in local chambers of commerce); the development of an organisational framework whereby larger exporters could promote the sales of smaller (non-competing) exporters; the streamlining and development of export market research; and the improvement of the market organisation and distribution of export products. At the same time, the Council also administered a scheme to encourage "trade missions" (eg.



product promotion, market intelligence, etc.) abroad. Under this scheme the council was authorised to pay half the costs of approved trade missions - usually through a trade association or chamber of commerce.

During this period, the mobilisation of an exporting culture also began to find expression in wider popular currents. In 1961, for example, a new book on exporting was published in the renowned "Teach Yourself" collection (D.F.Taylor, English Universities Press). Elsewhere, the *Economist* commissioned a series of reports - beginning in 1963 and continuing for approximately two years - to assist the export drive. The series was collectively titled "Spies for Prosperity" - articulating a resonant language of martial resistance - and represented a global undertaking in which the journal "asked its correspondents around the world to spy for it, and to report on how British business men are doing out there" (May 11th, 1963, p.523). In this way, a widespread political culture began to be put together around the idea that Britain had to be tougher and more disciplined - especially in regard to exporting vigour - in order to regain its international economic superiority and its sense of itself (ie. a central articulation of the two).

What was at stake here, in fact, was the reinvention of a new national community (a new "we British") - beyond the organicist metaphors of Keynesianism - with the development of an alternative economic imagination. And in this regard the new economic objectives and agendas were increasingly linked to a critique of national psychology.

The interdependency here was again identified by the *Economist*. In a very controversial article, entitled "Reviving Poffenheimer" (1960, pp.245-46), it argued: "A main reason for our

recent disappointments (in exporting) lies in the borderland between economics and national psychology: British manufacturers, representing in this the ethos of the British people, have not put so determined an effort into selling their goods abroad as European manufacturers have done". More especially, the article pointed to a deep-rooted elitism in the establishment which meant that it looked down upon entrepreneurial and commercial practice<sup>5</sup>. As it argued: "Britain's lack of salesmanship is a direct reflection of high-minded resentment of it at home, which two important groups in British political life - the aristocratic right of the Conservative party and the intellectual soft centre of the Labour party - have both been guilty of inculcating." (1960,p.246).

By contrast, there was an underlying sense that "foreigners" (without the trammels of heritage, social status, etc) were achieving more and more economic success - particularly those who were defeated in the last War. This new xenophobia in the international economy was also revealingly expressed by the English novelist, Graham Greene, in his description of a foreign trader's dinner in Havana: "The Germans formed a group apart, rather suitably against the west wall; they carried the superiority of the deutschmark on their features like duelling scars: national honour which had survived Belsen depended now on a rate of exchange."

Against this background, the *Economist* identified a far more dynamic parvenuism in economic identity embodied in the eponymous "Mr. Poffenheimer". Poffenheimer was a fictitious character - foreign, pushy and (implicitly) probably Jewish - and was described as "a go getter, an orthodox and established worshipper of the Almighty Dollar, the sort of chap that better-class Britons devoutly hoped that they would not be obliged to invite to dinner; he was a man who was conventionally reviled (and

secretly envied) by old-fashioned Europeans, because he trod on their toes, invaded their markets, and wounded their susceptibilities all round the world." (1960,p.246).

Now in order to compete with the Poffenheimers of the world, it was imperative, the *Economist* argued, that the British (in some measure) should become more Poffenheimer-like than Mr. Poffenheimer: "The need there is to mobilise the dynamic of an economic nationalism that nowadays seems to the British rather comic, making our traders wear the strength of sterling like duelling scars on their faces. The objective must be to recapture the dynamic of a brash and brassy salesmanship that always seems to the British to be rather crude, making television jingles about British products ring in every market in the world. The policy must be to produce a new race of Poffenheimers - giving to them only the honours, the royal handshakes, the social kudos which a snobbish society can bestow." (1960,p.246).

This, of course, was something of a paradox: in order to protect the kernel of Britishness (economic superiority, way of life, etc) we had to become more like Poffenheimers - a double agency. And in this regard, it represents something of a reversal of Zizek's formulation of the infiltrating "body-snatching" other (1989,p.89). That is to say, "we British" now had to infiltrate the identity of Poffenheimers in order to affirm difference.

The central point is that the critique of the economy became increasingly linked to a critique of social identity and imagination. More especially, it represented a fundamental temporalisation of the previous boundaries of the social-economic community. If Britons were to become more like Mr. Poffenheimer, then this precisely begged the question of who "we British" are/should be, and of where the frontiers of the social should lay.

In short, this article - and more widely the sentiments it articulated - constituted part of a new hegemonic game of reinventing an alternative Britain in the context of a disintegrating (and increasingly unrepresentable) "old Britain".

It is against this general background that the Wilson government attempted to hegemonically seize the imagination of a post-Suez order and to articulate a new vision of social reality - indeed we would argue that the departures involved in this new vision allow us to speak of a conjuncture of "Wilsonism". This involved a transformation of the political landscape in which Labour was able to negotiate a successful appeal to "the people" and to marginalise the conservatives as part of the *ancien regime* - ie. a populist form of political mobilisation.

To this effect, Wilson not only assumed the political language and imagery of "the modern" but mounted scathing attacks on the anachronism and ineptness of high toryism in the context of that modern. Thus, when Lord Home succeeded MacMillan in 1963, Wilson scoffed: "After half a century of democratic advance, of social revolution, of rising expectations, the whole process has ground to a halt with a fourteenth earl....how can this scion of an effete establishment lead the scientific revolution and mobilisation of the skill and talents of all our people in the struggle to restore Britain's position in the world?" (cited in S.Benton, 1989). Here we find all the elements of Wilson's populism in a rhetorical flourish which establishes a set of equivalences between the people, nationhood, social revolution, democracy, new expectations and the potential of scientific progress. At the same time, Wilson also articulated an aggressive class-based language of anti-elitism and non-belonging in regard to the "artistocratic cabal" of the conservative regime. As a style of populist

intervention which broke with the mood of social consensus, there is a striking similarity with the later mobilisations of the new right.

Wilsonism, however, was very different to Thatcherism. In particular, Wilsonism was concerned to present Labour as the natural party of a new state which could deliver the promises of a modern age. Moreover, the project of Wilson involved a reconstitution of the people through an emphasis on national exporting, manufacturing and a new technoligism. This was epitomised in Wilson's famous assertion, on coming to power, that he would re-forge Britain in the "white heat of a new technological revolution".

Wilsonism, in fact, represented an attempt to put together a new kind of nationhood through the construction of an alliance between the Labour movement, the manufacturing sector and domestic capital, and to underpin this construction with the themes of a productive modernity and, crucially, national planning. In complete contrast to Thatcherism, therefore, Wilsonism constituted a state-led populist-collectivism. Moreover, we will argue that Wilsonism was emblematic of a series of deep tensions and paradoxical responses to the disorganising logics of an internationalising capitalism.

A central difference between Wilson and MacMillan concerned the particular political inflection placed on the need to export. As the *Economist* reported at the time: "Mr.MacMillan told British manufacturers that exporting is fun. Mr.Wilson tells them it is a national duty" (Jan.30th,1965,p.449). Indeed, under Wilson the export drive took on such an urgency that A. Rubner referred to him as the "export evangelist" (1987,p.18).

On coming to power in 1964, the labour government

immediately set about augmenting and developing export mechanisms. A new organisation, the Commonwealth Exports Council - which extended the export-targetted areas to Australia, New Zealand, Africa, Asia and the Carribean - was set up in 1965, in coordination with the British National Export Council under the dual chairmanship of Sir William McFadzean. At the same time, the facilities of the ECGD were significantly expanded so that by 1966 the Economist could affirm: "the British exporter is better served by his government than his opposite number almost anywhere abroad, and that the ECGD service is outstanding" (May 28th,p.992).

In Parliament, cross-party MPs formed their own "export club" in 1966 which, among other things, helped to propose such schemes for the tax-exemption of any expenditure incurred in courting potential buyers of British exports. At the international level, the Wilson government administered a new programme in 1965 for providing diplomats with special training in exports sales and promotions. Moreover, the commercial staff deployed in embassies and high commissions around the world was increased by some twenty per cent.

In addition, there developed a far more aggressive commercial-nationalist approach to the Commonwealth and developing countries. This disrupted the traditional themes of *noblesse oblige* and transformed the official policy of the Ministry of Overseas Development on aid. In the 1965 White Paper, the original approach of the Ministry's aid programme was clearly expressed: "The basis of the aid programme is...a moral one". By 1967, however, the Ministry began to be put under increasing pressure by the CBI, members of parliament (especially the export club) and the general atmosphere of export fervour. In consequence, a parliamentary committee was set up to investigate the Ministry's

foreign aid programme and stated in its report that "in the early days of the Ministry there might have been a tendency to pay insufficient attention to British commercial and trading interests...but this was no longer the case". Now the government would recognise that the "aid programme could and should be used to promote British exports" (cited in A.Rubner,1987,p144).

The political mobilisation of an exporting culture was further developed through the creation of a new system of national honours in 1963: The Queen's Awards for Export Achievements. These awards were for five years and were granted on the basis of a list of companies drawn up by the Prime Minister's office (subject to formal approval by the Queen). During the period of the award, the particular company was allowed to fly the award flag above its premises, to display the award emblem on letter headings, in advertising, on the packaging of goods and on articles worn by employees - lapel badges, neck ties, cuff-links, brooches, etc. In this way, the Queen's Award, while not involving direct remuneration, constituted a framework in which companies competed for an award which combined both national prestige and a high market profile.

As well as personally initiating the Queen's Awards, Wilson was also concerned to identify himself with Britain's "cultural exports" - viz. the presentation of CBEs to the Beatles - and also with the research and development of new technology (the openings of exhibitions, industrial plants, the promotion of new British cars, etc.). In this respect, the political construction of Wilson was very much in terms of the moderniser, as well as national figurehead, of a New Britain. Moreover, the sense of this New Britain was further underscored by a series of liberalising reforms (especially during Roy Jenkins' period at the Home Office) in the

spheres of divorce, abortion, licensing, censorship and Sunday Observance (among others).

The Wilsonist project of nationalist exporting went hand-in-hand with an extensive programme of modernising the manufacturing sector. For this purpose, two new ministries were created: the Ministry of Technology - again reflecting an almost totemistic belief in the power of technology - and the Department of Economic Affairs (DEA). Both ministries were concerned with the practical development of a "national economy", while the DEA was also charged with producing a National (five year) Plan - to offset the "dead hand" of the Treasury and its traditional preoccupation with sterling fluctuations, short-term measures and accountancy approach - which would set definite targets for growth and national output.

In addition, the Wilson government established an Industrial Reorganisation Corporation in 1966. This Corporation possessed substantial funds for the (ostensible) purpose of restructuring industry, but which were used, in effect, to subsidise corporate mergers - thereby "rationalising" the economy into larger units which could compete internationally.

What is absolutely central to Wilsonism, in fact, is a characteristic articulation of national-exporting themes with those of manufacturing and productive modernity. This was reflected not only in the organisations set up and policies implemented but in, for example, the general bias of the Queen's Awards which recognised only industrial enterprises and their visible exports. Thus, despite limited export achievements and flagging profitability, all the car-makers - Rolls Royce, Jaguar, British Leyland - received awards (repeatedly). Elsewhere, however, enterprises like Marks and Spencer - with their multi-million



internal exports - were not even considered: neither were insurance companies, merchant banks, hotels, service industries or thousands of concerns involved with generating "invisible exports".

It was clear then that only certain types of enterprise fully belonged to the New Britain. What we see, in fact, is a particularistic set of articulations which attempted to reconstitute Britain through the myth of an export-manufacturing-technologist nation. In this way, the Wilson project intended to re-make Britain as both the workshop of the world and the sales-room - plying visible exports/real products - of an international economy.

The construction of the New Britain also crucially involved the extension and centralisation of a corporatist regime of social-economic relations. Corporatism, in fact, became integral to the rationalisation and coordination of state-led collectivist planning - a major feature of Wilsonism. However, it is important to historicise the development of corporatism in Britain.

Early corporatist mechanisms were based heavily on the French planning model and arguably began (in organisational terms) with the creation of the National Economic Development Council (NEDC) in 1962. This organisation - together with the later development of supplementary "little Neddies" - attempted to provide a forum in which the government, employees and the trade unions could generate mutual agreements about productivity targets, growth objectives, etc. The NEDC, however, although providing an important national forum, was essentially voluntaristic and eclectic in its approach to policy.

With the Wilson government, on the other hand, we see a reconstruction of corporatist relations in order to formalise a real policy-making tripartite framework of coordination between the

government and the peak institutions of labour (TUC) and industrial employees (CBI). Moreover, this reconstruction takes place in the context of those hegemonic attempts to put together a New Britain with export-manufacturing vigour. Thus the creation of a Prices and Incomes Board in 1965, for example, centralised corporatist relations with a specific view to imposing and maintaining a permanent incomes policy. Just as the drawing up of growth objectives in the National Plan involved a severe restriction of credit, so the enforcement of an incomes policy - thereby regulating domestic consumption - became crucial, from this perspective, to improving Britain's international position and balance of payments.

At the same time, we see increasing attempts to further centralise and "rationalise" industrial relations and to bind trade unions (through the TUC) to formal agreements and arbitration practices which would resolve industrial disputes - viz. the famous 1969 White Paper, *In Place of Strife*. Indeed, in the context of prioritising the national objectives of an export-manufacturing Britain, we began to see a radical putting into question of the free play of collective bargaining.

The significance of this putting into question was that it introduced a new political frontier in which only certain types of trade union activity were legitimised (ie. within the terms of a national corporatist collectivism) and others were not - once again activating a discourse of non-belonging within the very framework of industrial relations. The irony of this non-belonging was not lost on D.Barnes and E.Reid who argued: "the Labour government (to the Conservatives great surprise) had opened a door more or less closed in practical political discussion since 1927, and the Conservative Party could hardly walk away from it (1980,p.136).

The conjuncture of Wilsonism was very much one of a nation on the move, the development of an alternative regime of accumulation, the mobilisation of "the people" in terms of a modern nationalist-exporting-manufacturing community and an underpinning of that community through an extension of centralist/disciplinarian corporatist relations.

As we have argued, the construction of a New Britain reflected a particular imperial legacy, a certain balance of social forces and an alternative mythical vision of social holism. At the same time, we see a definitive break with the themes of the mixed economy and the integrated community, and an equivalential re-division of social-economic space into legitimate and non-legitimate areas around which new antagonisms emerged.

In the remaining sections of this chapter we shall examine how the central themes of Wilsonism - in many ways emblematic of modern British social democracy - failed to hegemonise the disorganising logics of an internationalising capitalism in Britain and became increasingly temporalised in their attempts to establish a social order

#### "We British" and the "English Disease"

It is a paradox that in the global shift towards disorganised capitalism in the 1960s, Britain takes on its most organised "look". In particular, under the Wilson government, we see a much tighter disciplining and structuring of the nation-state through the extension and centralisation of corporatist relations. This corporatism, as we have argued, developed in the context of a national-exporting project, and involved the coordination of a discrete set of spaces of representation for manufacturing capital (CBI), trade unions (TUC) and the Government. At the same time, we

also see throughout the 1960s an increasing failure to embody the social-economic community of Britain in terms of these spaces of representation. In the remaining sections of this chapter, we shall examine how the temporalisations of these spaces of representation led to the crisis and eventual collapse of Wilsonism - a crisis which is at the root of a long-term decline of modern social democracy in Britain.

As we have seen, a major dimension of the Wilsonist intervention was its political and cultural investments in national manufacturing and the themes of technologism - viz. the heavy industrial bias of the Queen's Awards for Export Achievements. This meant a serious failure to engage with those emerging constituencies of capital which were transforming the economic landscape in the era of disorganised capitalism. In particular Wilsonism failed to find representation for those forms of capital involved in developing service enterprises, generating invisible exports and providing commercial facilities for the international mobility of finance. Indeed, the entire basis for developing an export-manufacturing economy was put into serious question by the Governor of the Bank, who pointed out that exports had only exceeded imports twice since 1822, and stressed the crucial importance of "invisibles" - ie. services performed by the City and income from overseas investments (generating some £650 million in 1965) - which continued to cover the costs of excess imports (speech at the annual dinner of the CBI of 18th May 1966, cited in *Quarterly Bulletin*, June 1966, p.157).

The tensions between the Wilsonist privileging of nationalist-manufacturing capital and emerging forms of capital became even more pronounced after the Suez crisis and the expansion/transformation of the City. As Checkland points out:

"The demand for international banking services grew immensely in the sixties. World trade had expanded also; so too had multinational companies. The rapid growth of the Eurodollar market from the end of 1958 greatly helped the reassertion of London as a leading international money centre. Such developments attracted overseas banks to London, especially from the USA. This was helped by the banking virtues of London, namely adaptability and integrity, but it (also) brought new arrivals to the scene offering a wide range of services" (1975,p.631). The City in fact became increasingly dominated by the practices of Eurodollar banking and institutional forms of investment (pension funds, trusts, insurance companies etc.) throughout the 1960s (see Coakley and Harris,1983,p.206). This precipitated a profound shift in the "political culture" of the City. Indeed Paul Einzig argued that the expansion and reconstitution of City services after Suez involved a steady disengagement from national capital and a certain de-identification with sterling: "They (the City institutions) realised the advantages of developing London into the leading market in Eurodollars. They were presumably aware that its expansion must reduce the use of sterling as an international currency. Nevertheless, they must have felt it to be to the advantage of London's position as an international banking centre that it should attract the lion's share of this new type of business....they came to realise that what mattered was not so much whether international trade was financed in sterling as whether it was financed through London" (1967,pp.8-9).

Indeed, with the rise of Eurobond and Eurodollar banking there developed widening demands from City institutions to liberalise exchange mechanisms - and, thereby, to expose sterling to the fluctuations in the international currency markets

(especially in Europe, America and Japan). To this effect, there was a certain movement away from the traditional associations and defence of sterling as an international reserve currency<sup>6</sup>. This had far-reaching consequences for the new antagonisms and identities which began to develop in and around the City. From our perspective, we would say that new types of "if only" articulations began to be formulated which radically transformed financial subjectivity - ie. "if only exchange controls were liberalised/if only there were not so much red tape for international commercial services/if only there were not so many national restrictions (etc)....then the City could function properly". These articulations, moreover, increasingly came into conflict with the Wilsonist privileging of national-manufacturing capital and its spaces of representation.

Insofar as the traditional role of, and identifications with, sterling began to be modified, so too the Bank itself underwent a major transformation in the context of new global realities<sup>7</sup>. Indeed, the Bank found itself attempting to represent a different type of "City" with less and less social authority over the international forms of financial capital which established themselves there

Indeed, in 1966, the new Governor of the Bank, Leslie O'Brien (later Sir), was all too aware of the effects (both positive and negative) of an internationalising capitalism on his and the Bank's role. As he stated in his speech at the Lord Mayor's Dinner: "It needs to be more fully and widely realised that in almost every respect we live in a shrinking world. Nowhere is this more so than in the field of economic and financial policy." Later, in his address to the International Industrial Conference he was concerned to emphasise that, "our present system is

characterised by unprecedented and ever-growing international cooperation and interdependence....My own task would be impossible if I did not belong to an international family of central bankers acutely alive to the interdependence of all nations and the need to collaborate closely in the international field" (cited in *Quarterly Bulletin*, 1969, p.149).

At the same time, the social authority of the Bank was being undermined by the changing composition of the City. As M.L.Williams points out, the City had been traditionally structured as a series of cohesive dynasties and kinship networks (particularly in merchant banking) through which the Bank could exercise its authority as a kind of feudal master (1984a, 1984b). Now, however, the cohesion of the structure began to break down with the introduction of foreign banks and the inter-penetration of international capitals. These banks possessed no tradition of subordination to the Bank of England and, as Checkland points out, brought with them new norms, values and expectations which disrupted the existing City cultures (1975, pp.657-660). Moreover, with the introduction of new forms of information technology, the "City" itself became increasingly fragmented - further underlining a major shift from (organised) esotericism to (disorganised) exotericism<sup>8</sup>. Indeed, according to the Wilson Report, only one fifth of those employed in financial institutions actually worked in London's old square mile - thus when we speak of the City it is only as a traditional signifier of financial identity in Britain.

In fact, the Bank found itself increasingly surrounded by new forms of highly mobile international capital which were very difficult to discipline in a conventional way. Thus, for example, the Committee of London Clearing Bankers was reorganised as a pressure group - negotiating directly with government and bypassing

the Bank - while the British Bankers Association increasingly undertook to represent British banking interests within the European community in an independent way (see Marsh and Locksley, 1983, p. 29). In addition, the important rise of building societies and their competitive (and indeed aggressive) interventions into the traditional areas of high-street banking have led to forms of political organisation in which these societies have sought direct pressure on central government rather than subsidiary influence through the Bank (see Moran, 1981, pp. 400-401).

In general, the traditional institutional framework for representing national-financial capital, under the formal umbrella of the Bank, became more and more compromised. Indeed, against a background of disorganising capitalism, the postwar attempts to construct a national-financial subjectivity became increasingly temporalised and dislocated by the late 1960s. It is at this point that we see the development of major antagonisms and an exposure of social-economic identities.

The effects of an internationalising capitalism on the recomposition of identities in the City were clear: a diversification of banking, insurance, commodity and gold markets; the expansion of stock-exchange services; international networking through, for example, an increasing collaboration between clearing banks, finance houses and merchant banks with a view to establishing associative relations with their "foreign counterparts" (especially in Europe); the coordination and merging of joint-stock banks, and the establishing of international ties, in order to "match the needs of ever-growing industrial groupings and multinational concerns" (O'Brien, *Quarterly Bulletin*, 1971, p. 146), and, most importantly, a whole range of



identities associated with the expansion of Eurodollar business and highly mobile forms of institutional investment practice.

Within the terms of the nationalist- and manufacturing-orientated Wilsonist project, these identities were largely denied a space of representation - thereby reproducing the strict conditions of antagonism. In this respect, there was an increasing failure of "objectivity" in representation, such that the new disorganised identities found less and less common ground with the "national-economy" - which left large sections of manufacturing capital even more dependent on government for investment. At the same time, the "City" was increasingly regarded as a collective threat to the national objectives of the Government - hence the continuing demands for wholesale nationalisation of the banks during this period (viz. Tony Benn, S. Holland, etc). In important areas, then, the City began to be reconstituted as a common identity in antagonistic struggle against the national-manufacturing themes of Wilsonism.

Within the terms of this general antagonism, moreover, the differential articulation of the identities of the Bank - ie. as a national institution *and* as the central representative of finance - was also radically dislocated. This was reflected in Governor O'Brien's concern to accomodate the new logics and identities of a disorgansing and internationally mobile capitalism and his clear commitment to relaxing credit restriction, to liberalising exchange controls and even to European monetary union.

In this regard, the very space of representation for the Bank also began to be temporalised and dislocated by the Wilsonist discourse. Indeed, in 1968 - at the height of the Wilson Government - O'Brien not only declared the City's loss of faith in the Government but also dared to criticise the sacred cow of full

employment by arguing the case for a "pool of unemployment". This precipitated a major breakdown in relations (a spatial fracturing) between the Government and the Bank and immediately brought forth a parliamentary motion demanding O'Brien's resignation from 76 Labour backbenchers - a motion which was defeated with a round of "for he's a jolly good fellow..." from the Conservative benches (*Economist*, Nov. 16th, 1968, p. 64).

These tensions were further exacerbated in regard to O'Brien's commitment to EEC membership; a commitment which found him completely at odds with the Wilson vision of Britain. The subversive character of O'Brien's conception of community and "we British" was brought into striking relief when he stated in the pages of the *Quarterly Bulletin* that the "abounding opportunities" of EEC membership were well worth the "surrender of some measure of sovereignty" (1968, p. 17). This clearly placed the Government under enormous pressure (undermining the central tenets of its programme) and through the constitutive power of antagonism, established an ideological pole around which to organise financial interests and identity in an oppositional manner.

In terms of the other areas of corporatist representation, the relationship between the government and the trade unions also became increasingly strained towards the end of the 1960s. In particular, attempts by the Wilson government to elicit further "acts of signature" to a corporatist regime based on the National Plans and a permanent regulation of incomes policy became more and more difficult. Indeed, the very social authority of the TUC - and therefore the validity of its agreements with the government - began to be severely undermined by a wave of (often "unauthorised") industrial militancy which over the period 1967-1970 resulted in an exponential increase in working days lost from 2.8 million to 11

million. In fact, by 1969 as a result of the white paper *In Place of Strife* the trade unions threatened to withdraw all support for the Wilson government (see Colin Leys, 1983, p. 24). The increasing conflict between the representation and disciplining of trade union interests began to radically expose Labour's strategy to revitalise British manufacturing through a national-exporting project.

Moreover, as faith in the Labour government's technologism and productive modernity began to wane it became even more difficult to subordinate trade union interests to the Wilsonist project. Thus, while the National Plan had forecast a 25% increase in national output over 1964-1970, and a gross investment of 38% over the same period, they amounted to a rather less impressive 14% and 20% respectively. In fact, while the productivity of France and Germany grew by 50% between 1963-1970, and in Japan by over 100%, in Britain productivity grew by only 30% over the same period. Moreover, despite the enormous resources and political investment placed at the disposal of the export drive - the central plank of Wilsonism - Britain's share in world exports continued to fall: from 20% in 1955 to around (and sometimes less than) 15% in the 1960s; between 1960-76 Britain's share (in respect to the eleven largest OECD countries) fell from 15.3% to 8.3% (see L. Manison, 1978, pp. 705-38).

There was an increasing failure of Wilsonism to embody the New Britain in terms of a corporatist regime of accumulation around national-exports-manufacturing. Indeed, the very proliferation of new social and political demands throughout this period radically temporalised the corporatist spaces of representation - "overloading" the British state and precipitating a "crisis of governability". It is at this point, in its attempts to make the regime of accumulation work that the British social democratic

state begins to take on a far more authoritarian character in regard to matters of social discipline. This was reflected not only in the desperate attempts to control new forms of capital and manage industrial conflict, but in a new emphasis on policing, internal security and what Stuart Hall *et al* call a "law and order society" (1978,pp.218-326) - symbolised by the violent break up of the anti-Vietnam demonstration in Grosvenor Square by the Special Patrol Group (a "third force between army and police" created by the Labour Party in 1965) and the creation of new powers and repressive apparatuses to deal with outbreaks of social and political dissent (eg. pre-emptive surveillancing, the Diplomatic Protection Group, the Atomic Energy Authority Constabulary, the militarisation of police activities etc.).

The political mobilisations of Wilsonism eventually proved unsustainable, and the new antagonisms surrounding an increase in the rate of inflation, the collapse of incomes policy and a massive pay explosion (following the devaluation of the pound in 1967) meant that Labour was finally ousted from government in 1970. It was clear, however, that a return to the themes of mixed economy and an integrated community were no longer possible.

The failure of Wilsonism to embody the social whole deepened the crisis of British identity. The questions of who "we" were and where the social frontiers should lie became even more urgent. Within the terms of Wilsonism, the establishing of an export-manufacturing regime of accumulation had involved the articulation of a national-popular sense of community. Moreover, this articulation had also involved a certain logic of non-belonging - particularly in respect to the traditions of the mixed economy, domestic investment and industrial relations - in order to discipline that community accordingly. With the collapse of this

regime of accumulation, the existing construction of the national community became increasingly temporalised and open to question. In general, the critique of the British economy began to be linked more and more to a cultural critique of national community and the idea of "Britishness".

The sense of interconnectedness between economic performance and cultural issues concerning British identity and national psychology had been placed squarely on the agenda by the *Economist* (see above). During the Wilson government, this interconnectedness was further explored by Paul Einzig in his highly controversial book, *Decline and Fall? Britains Crisis in the Sixties*, written in 1969. In this book, which reflected widespread concerns in the late 1960s, Einzig argued that the root of Britain's economic problems essentially lay in the fact that civic virtue and national pride was being increasingly overtaken by a new wave of selfishness: "The spirit which prevails today may rightly be termed the inverted Dunkirk spirit. Everybody, or almost everybody, is trying to get as much as possible out of the community....Most people now seem to be genuinely unaware of the effect of their attitude on Britain's national greatness."(1969,p.7). More especially, Einzig located Britain's decline in the world economy in a decadent national psychology: "Over and above all, recent years have witnessed a progressive debasement of the British character. A mentality of sponging on the community and on other nations as a matter of course has come to prevail. Selfishness and impatient greed demanding the advent of a millenium immediately have gained ground and "growth hysteria" has become a national disease. At the same time the desire to serve the public interest has declined sharply. Hard-faced trade unionists quite frankly admit that the only thing in which they are

interested is to get the maximum of exclusive advantage for their members, and seldom worry about the effect of their selfishness on the rest of the community." (1969,p.10).

In particular, however, Einzig reserved special criticisms for trade unions and the British worker in general. These criticisms are well indicated under the various headings in the index to the book: "Arrogance of Workers", "Pampering of Workers", "Selfishness of Workers", "Bloody-Mindedness of Workers", "Greed of Workers", "Short-Sightedness of Workers ", as well as "Indiscipline", "Indolence" and "Sponging, scrounging, parasitism". All of these descriptions, moreover, were symptomatic of what, according to Einzig, Europeans regarded as the "English Disease" and which made Britain the "sick man of Europe" (1969,p.83).

Elsewhere Einzig invoked the themes of "spirit" (esp. the "Dunkirk spirit"), "fibre", "backbone", "sacrifice" (dormant in the British character) as a positive antidote to the processes/effects of debasement. Thus, in much the same way as the Poffenheimer article (see above), Einzig articulated his critique of the economy with a much wider critique of national identity - the discipline of the work-force, the norms and values of the community, the general reproduction of social life, etc. In this way, the "economic" began to be symbolised in a variety of areas which had previously been regarded as "other". In particular, the critique of national psychology increasingly (and constitutively) formed part of the economic diagnosis of Britain.

Now a central point here is that the themes and anxieties expressed by Einzig (and others) - although they resonated deep and wide throughout this conjuncture - did not automatically cohere into a definite political project. On the contrary, they represented a denial of the definite: a series of discontents with

the previous order, a temporalising of frontiers and a conjuncture of undecidability in which the political (as a failure of spatial determination) was revealed.

In this regard, we see the opening of new forms of hegemonic struggle in which the very themes of *Einzig* (spirit, fibre, backbone, etc), far from resulting in an expansion of civic virtue, became the "surfaces of inscription" (Laclau, 1990, see pp. 79-80) for other meanings and demands. To this effect, the *Einzigian* themes and anxieties were crucially open to rearticulation from a libertarian (rather than a civic virtue) perspective.

Indeed, the libertarian perspective not only began to be extensively developed by the new right, but achieved considerable cultural resonance through, for example, the making of a very popular film, *The Italian Job*, made in 1969. The film is quintessentially a study in the popular - mobilising the themes of anti-elitism and xenophobia, and celebrating a more robust image of British know-how in the form of the Mini-Cooper (which both displaced the Jaguar as the symbol of the establishment and embodied a new parvenu spirit).

The film, in fact, articulates a new sense of "we British" through the representation of a subversive group of individuals - under the auspices of the *homo populus* Michael Caine character, "Charlie" - who travel to Italy (on the "Free Enterprise I" to the strains of "Rule Britannia") in order to carry out a gold bullion robbery: in true Poffenheimer-like fashion, to beat the Mafia (the foreign-immigrant other) at their own game. In this way, the film articulated (and thereby modified) the *Einzig*-type anxieties and sentiments through a libertarian and individualist perspective - declaring in its theme song, "this is the self-preservation

society".

*The Italian Job* resonated in the popular imagination because it engaged with the hegemonic openings of the 1960s. Moreover, the libertarian themes which it expressed also began to be developed politically by the emerging new right in Britain - particularly in the areas of individual responsibility and market opportunity. Indeed, a year before the release of this film, a certain M. Thatcher was arguing that "the great mistake of the last few years has been for the government to provide or to legislate for everything...What we need now is a far greater degree of personal responsibility and decision, far more independence from government, and a comparative reduction in the role of the government" (lecture given to the Conservative Political Centre, 10th Oct. 1968, reproduced in D.Coates and J.Hillard, 1986)

What we see in the 1960s, then, is the opening of new hegemonic games concerning the nature and identity of "Britain" in which there is a progressive (equivalential) dissolution of those objectivities belonging to the previous social order and an increasing putting into question of where the social frontiers (of belonging and non-belonging) should lie. In particular, there was a deep sense that the economic failings of Britain were part of a wider malaise in the community as a whole. Given the failure of Wilsonism, an alternative sense of community would now have to be represented in order to implement a successful programme of an economic recovery - a new regime of accumulation.

The construction of a new "we British", however, was the terrain of an indeterminate hegemonic struggle and took many twists and turns. Heath, for example, in his incarnation as "Selsdon man", attempted to re-structure the social-economic community and to represent a new reality for Britain - declaring to the 1970



Blackpool Conference that "We were returned to office to change the course of history of this nation - nothing less" (cited in D.Coates and G.Johnston,1983,p.69). There were two central aspects to this.

Under the Heath government, the re-structuring of the social-economic community further involved the mobilisation of themes of non-belonging. In particular, the Government attempted a certain expulsion of the trade unions from the formal political community and its decision-making structures. Building on the precedent of *In Place of Strife*, the Government attempted to introduce a framework for the legal regulation of industrial conflict through its 1971 Industrial Relations Act and, by letting the "law of supply and demand" determine the level of wages, to absolve itself of direct responsibility in such matters. At the same time, the Government gave a commitment not to prop up the "lame ducks of industry" and not to sustain that "sodden morass of subsidised incompetence" in the public sector - thereby disrupting the previous alliance between government and manufacturing industry and opening up the "national economy" to the play of market forces, with a strong emphasis on competition policy.

Second, and most importantly, Heath attempted to represent a new order of "we British" through the pursuit of EEC membership (after the flotation of the pound - a symbolic opening up of the sterling markets to European capital) and the assertion that "We are all Europeans".

However, Heath failed to secure a social base for his project - which in many ways represented a state-led re-orientation to an internationalising capitalism. Widespread industrial militancy - increasing the previous 11 million working days lost through strikes in 1970 to a record 23.9 million days lost in 1972 (C.Leys,1983,p.75) - combined with the fact that the volume of

direct investments abroad tripled between 1970 and 1973, precipitated Heath's famous "U-turn": that is a switch from free market policies to much greater public interventionism (particularly in manufacturing - eg. the rescue of the Upper Clyde ship yards and the nationalising of Rolls Royce) and the incorporation of trade unions through the corporatist mechanisms of the previous decade in order to regulate wages.

The final *coup de grâce* for Heath's government came when a state of emergency was declared - following the "energy crisis": a quadrupling of oil prices (in the wake of the Egypt-Israel war, the miner's strike and a three day working week) - and a Wilson government was once again returned to power.

This government, however, was not anything like as robust as the first Wilson regime. It was in a minority position and had to rely heavily on support from the Liberals. In addition, the Government lacked any real hegemonic project and was generally concerned with *ad hoc* crisis management (see Coates, 1989). This was clearly reflected in its attempt to patch up the social-economic community through the "social contract" - ie. an attempt to secure voluntary support from the trade unions for a new incomes policy. Moreover, the Labour government continued to be strait-jacketed by its former collectivist corporatist approaches to economic representation and by a heavy commitment to a national corporate-manufacturing led economy - which it tried to discipline through the creation of a National Enterprise Board, the drawing up of planning agreements and an expansion of corporatist forms of "industrial democracy" (which S. Holland (1975, pp. 300-301) wanted to develop through Finance For Industry - an organisation which was now almost entirely committed to portfolio and international corporate investment). The attempt to discipline the "meso-

economic" sector within a national framework devolved into something of a *fiasco* (see D.Coates,1980) - particularly in regard to Chrysler UK who, after having received £162 million from the Treasury, completely flouted the terms of their planning agreement with the unions and the Government and sold up to the Peugeot-Citroen company in July 1978.

At the same time, the City and financial capital - which lacked a space of representation in Labour's programme (except for the various demands for nationalising the banks) - became more and more alienated from the national project of investment. Moreover, a worsening balance of payments crisis and a further flight from the pound meant that Britain could not attract enough foreign capital. The solution to borrow heavily from foreign central banks and the IMF further exacerbated tensions. Having replaced Wilson in 1976, Callaghan now had to subordinate all the earlier policy objectives to the deflationary goals of the IMF. In an effort to limit wages, the Government ran into the 1978/79 "winter of discontent" in a head-on collision with the trade unions. The social contract dissolved and there was a radical temporalising of Labour's attempts to embody the social-economic community in terms of a collectivist manufacturing nation. Indeed, there was a general (and terminal) failure to reinvent "we British" in the context of the international logics of capitalist markets - which brought with them internationally mobile constituencies of capital, flexible approaches to production, new categories of work and work practice and an emphasis on highly diverse forms of market and consumption. There was, in other words, a widespread failure to mythically recompose Britain against the dislocatory effects of an internationalising/disorganising capitalism<sup>9</sup>.

The significance of the rise of Thatcherism - which

developed from a growing "new right" in Britain from the 1960s - was that it was able to successfully combine an "economic" and a "cultural" critique of Britain's problems and to articulate a new sense of "we British" in the era of disorganisation. In discursive form, at least, Thatcherism was similar to Wilsonism in its mobilisation of a logic of equivalences. However, the mobilisation here was of a completely different order. As Stuart Hall has pointed out, Thatcherite populism "combines the resonant themes of organic Toryism - nation, family, duty, authority, standards, traditionalism - with the aggressive themes of a revived neo-liberalism - self-interest, competitive individualism, anti-statism" (1983,p.29). While Wilsonism (and the later social democratic projects) attempted to bring about a state-led and collectivist/corporatist construction of an export-manufacturing nation, the interventions of Thatcherism concerned a re-casting of nationhood through an alternative construction of Britain as a contract-winning and wealth-creating community.

The discursive transition of Britain from an export-manufacturing nation to a contract-winning community was central to a new and more successful accommodation of the disorganising logics of an international capitalism. In particular, Thatcherism (unlike Wilsonism) was able to create the spaces of representation for the phenomena of an internationally mobile capital, flexible/post-fordist approaches to production and work, market specialisation and a diversity of consumption patterns through a major emphasis on de-regulation and the "free market". In this way, an alternative regime of (disorganised) accumulation was constituted through a new ethos of "property-owning democracy".

The Thatcherite regime of accumulation, moreover, involved a re-dimensioning of social and economic space through an

"authoritarian populism": that is, an equivalential mobilisation of an antagonism between "the people" (ie. all those who support traditional and free market values) and their "adversaries" (ie. the *ancien regime* of an ossified corporatism, trade unionism, state control/public waste, the "dependency culture", manufacturing priorities, feminists, blacks, "cultural swampers", youth, the "enemy within", "permissives" of every type, etc). Indeed, Thatcherism (as a discursive formation) was able to "re-capture" the various themes of an imperial past, the anti-elitism of a "new race of Poffenheimers", the Einzигian (and Wilsonist) exhortations to British ingenuity and greatness and the critiques of national psychology in order to give expression to this antagonism - in Laclau's terms, to use them as "surfaces of inscription" for the articulation of a new set of popular demands. To this effect, the new right was able to constitute an alternative sense of "we British" and in a way which could make sense of the new realities and imperatives of a global order of capitalism and which could represent/accomodate the logics of disorganisation.

Now there is no necessity here. The global capitalist logics of disorganisation did not "cause" Thatcherism. On the contrary, Thatcherism represented a very particular construction of these logics which was actually atypical of the general European construction of disorganisation. The Thatcherite representation of disorganisation, through a characteristic authoritarian populism, must rather be seen in the context of a hegemonic (and undecidable) struggle with the existing social and political forces belonging to the conjuncture. Through a radical debunking of the previous establishment edifice and a new determination of the frontier of social belonging and non-belonging (radically excluding the previous corporatist communities), the new right was able to widen

its support and to mobilise a new project - around a reconstructed "people" - which could impose an alternative order on the dislocatory/temporalising effects of those disorganising forces which gathered momentum throughout the post-Suez conjuncture.

This perspective, moreover, enables us to transcend the impasse reached in the debate between S. Hall (1985) and R. Jessop *et al* (1984,1985) concerning the conceptualisation of Thatcherism and the scope and validity of the notion of "authoritarian populism". For Jessop *et al*, Hall is far too "ideologist" in his approach to Thatcherism and tends to ignore the "political and institutional context" (1984,p.34), the "structural determinations of hegemony" (1985,p.92) and, in particular, the material conditions/rewards of the economic. Hall, on the other hand, rejects the charge of ideologism and argues instead that he has deliberately foregrounded the analysis of the ideology of the new right because it has been so underdeveloped in socialist thought (1985,p.121). Notwithstanding this foregrounding, Hall also asserts (making a reference to Gramsci) that hegemony is not possible "without the decisive nucleus of economic activity" (1985,p.120). In their reply, however, Jessop *et al* challengingly question "how far Hall actually considers the decisive nucleus of economic activity as a determining element in hegemonic politics" (1985,p.93).

The significant point here is that both parties essentially locate themselves within the *same* problematic (with different levels of emphasis) and end up reproducing the traditional dichotomy: ideology/hegemonic practice and something more real and decisive which underlies it - the economic. From our point of view, however, no such arbitrary distinction can be made. On the contrary, we have been concerned to deconstruct this problematic

and to demonstrate how the economic is always surrounded by a deforming/affirming outside. The permanent presence of this outside (a necessary exposure to otherness) means that the nature and content of the economic cannot be decided in advance - through a dichotomic objectivism - but fully depends on articulatory practice and the hegemonic determination of frontiers in particular historical conjunctures.

We would, therefore, reject Jessop's *et al* assertion that authoritarian populism was not relevant to the economic strategies of the new right (1984,p.58). By contrast we have argued that the myth of Britain as a manufacturing nation - dominated by the collectivism of (failing) Keynesian and corporatist mechanisms - was not effectively broken until the advent of Thatcherism. The Thatcherite project involved a dramatic (and,indeed, traumatic) recasting of Britain as a contract-winning and wealth-creating nation in a way which was able to more successfully represent/accomodate the disorganising logics of an internationalising capitalism. This project, moreover, had to begin from a reconstructed "people" in order to effect a radically alternative social imagination of norms, values and principles which were clearly constitutive of the economic and its frontiers in a new representation of reality as such.

This perspective also enables us to understand the specificity of Britain in contrast to the European tendencies in constructing the logics of disorganisation. Thus Thatcherism was not interior to the dislocatory effects of disorganisation - it was not already inscribed within a necessary evolution of capitalist development. On the contrary, these dislocations (associated with the protracted crisis of organised capitalism) constituted a conjuncture of deepening symbolic failure and, therefore,

undecidability. To use Husserlian terms, the social became more and more dislodged from its "sedimentations" and increasingly exposed to the political and "reactivating" effects of hegemonic struggle.

The interventions of the new right, therefore, must be seen in the context of the particular antagonisms involved and the political struggles to represent the new logics of disorganisation - to (relatively) re-hegemonise time. In this respect we have attempted to show how the spaces of representation in the discourses of British social democracy (particularly Wilsonism) - with a commitment to a national-manufacturing economy and the democratic minimalism of corporatist relations - became more and more temporalised, and that this has been unusual in respect to the more flexible European examples of social democracy.

In antagonistic opposition to the social democratic project - and, as we have seen, antagonism always has a constitutive power - the new right was able to mobilise the themes, identities and interests of a popular capitalism (property-owning democracy, home-ownership, share-ownership, privatisation, etc) which have enabled it to crucially represent the logics of disorganisation through a radical undermining of social democracy/socialism - ie. as a "necessary" combination.

The rise of Thatcherism cannot be regarded as simply a vehicle for pre-given objective interests. Rather its hegemonic interventions must be seen as constitutive of interests (economic, social, cultural, etc) through the specificity of those antagonisms which have proliferated throughout the post-Suez conjuncture.

In "resolving" the crisis of social democracy, moreover, we would emphasise the nature of Thatcherism as mythical space. That is to say, not only did it possess its own specific content but in



providing a new sense of a complete order it has symbolised spatiality as such - filling out the illusion of a fullness - and thereby widening its social base to include "non-conservatives" through an explanation of crisis and a domestication of alternatives ("no U-turn", "there is no alternative", etc). And this mythical space, we would argue, was (at least throughout the 1980s) metaphorically extended to the point where it became something of an imaginary, or horizon, for thinking social/political/economic reality and for domesticating the terms of possibility - especially in regard to the critique of public sector inefficiency/bureaucratic hostility (a critique which Labour are still trying to come to terms with).

A final consideration concerns the themes of conscious control and regulatory power in the era of disorganisation. And it is in this context that we can see how the construction of "Europe" is becoming an increasingly contested terrain. That is to say, there is a broadly emerging antagonism between the Thatcher-Major vision of Europe as an integrated set of capital markets - without any of the social or cultural consequences of the European community (with a view to maintaining Britain as a permanent green site for international capital) - and that of the conscious control of these markets through supranational reforming mechanisms - viz. the Scandinavian countries. To put it simply, it is a question of the myth of the regulatory power of international capital versus that of the "social charter". The post-Maastricht construction(s) of Europe, therefore, will depend upon a long-term hegemonic struggle.

The era of disorganisation clearly does not define a universal stage of social harmonisation - and, much less, an end to history à la Fukuyama (1991). On the contrary, we are tending to

see an enlargement of the field of political struggle in regard to the communitarian determinations of "we Europeans" with "we British", "we French", "we Danes", "we Germans", etc. In fact, with the break up of much of the Eastern bloc - under a disorganising socialism - and the instability provoked by the new antagonisms in Germany, Yugoslavia, Czechoslovakia, Italy and France, the social boundaries of "Europe" are becoming more and more difficult to determine - massively compromising the new unificationism of 1989.

However, the reinvention of more diverse communities under disorganisation need not lead simply to dissolution. While the dangers of separatism - the politics of *ethnos*, etc - certainly exist, there are also possibilities for a more radical and pluralised construction of Europe. And these possibilities will fundamentally depend upon those myths we decide to reinvent ourselves through into the 21st century.

## CHAPTER SEVEN

### Conclusions

The central proposition of this thesis is that Capitalism, as such, does not exist - ie. that it possesses no auto-representative being. What we see, by contrast, are diverse constructions of capitalist relations in which there is always an "outside" which deforms these constructions and, at the same time, makes them workable - establishing their conditions of existence - within particular conjunctures. To this effect we have attempted to identify the central constitutive myths of capitalism (and their particular constructions) in the broad historical movements from liberalism to organisation and finally to disorganisation. In these movements, moreover, we have argued that there is a progressive politicisation of the economic space and a heightening of the themes of conscious control. In particular, the era of disorganisation reveals a considerable ambiguity insofar as, in order to make it workable, it depends upon more and more aspects and decisions which are external to "capitalism" *per se* - ie. environmental, national, social, political, cultural demands (etc) which cannot be subsumed within an all-embracing discourse of economic necessity (a process which, of course, is part of the long-term crises of both liberalism and Marxism).

Those elements which make up what we call the economy, therefore, are radically discontinuous and only come together through the "violence" of articulatory practice; of carving out a field of intelligibility from the bewildering movements of possibility. The space of the economic, like all other social spaces, is a space of historical contingency and, in consequence,

is denied timelessness (or objective closure) through a permanent susceptibility to subversion and the undecidable play of political intervention and human construction.

Our general perspective was derived from three main currents of thought : anti-representationalism, post-structuralism and post-Marxism. In regard to the first, Rorty affirms that truth is not "out there" as an independent representation of objectivity, but is always constructed through the (metaphoric) descriptions of human beings living (as limited historical agents) within particular contexts. To this effect, we can never stand in the cold light of "reason". Truth and reason, on the contrary, will always be a matter of illuminating what we can by our own cultural lights (Rorty,1991,p.25).

Anti-representationalism establishes a Nietzschean de-divination of truth and enables us to move away from the realm of the metaphysical and towards that of the metaphorical: that is, away from the idea that truth is discovered and towards the idea that it is made. Economic truth and identity, therefore, is always prone to what Mary Hesse calls "metaphoric redescriptions" (1980).

The theory of post-structuralism, on the other hand, reveals (i) that all experience and identity is structured through language games/discourses as a sign-sequence (which is the insight of Derrida, 1978, p.280), and (ii) that nothing can be signified beyond signification (see H.Staten, 1985, p.71). Moreover, if nothing can be positively identified outside the terms of signification then there can be no "extra-discursive" to which we might ultimately refer truth and reality - eg. God's thought, an intrinsic natural order, the structure of history or, indeed, the economy. In terms of our analysis, the economic is always interior to the process of articulating differences - ie. a historic

specificity whose being is derived as a discursive construction on the basis of radical relationalism and non-closure. The economic cannot, therefore, exist prior to, or outside of, its articulation with a set of other social/political discourses in concrete conjunctures. This enables a full theory of articulation. And, if the economic does not possess a status independently of, or outside, that which it is supposed to effect then it cannot be determining - even in the last instance.

Post-Marxism makes a number of moves within this perspective - breaking with the metaphysics of presence - which have been directly relevant for our analysis. In particular it develops the logic of deconstruction and demonstrates the constitutive power of negativity and antagonism in the provision of affirming "limits" for objectivity (including economic objectivity) - ie. a "this" which depends upon a negating other, "not that".

In addition, by drawing on the Lacanian analysis of Žižek, this perspective also reveals that, just as "society" is penetrated by a basic negativity (which prevents its closure), so too the symbolic field of the subject is penetrated by the constitutive effects of its own negation - a condition which sets the subject (and the social) on an eternal quest for a final (but inachievable) closure/subjectivation against the trauma of non-being.

On this basis, post-Marxism makes it possible to analyse the production of meanings and identities of the economic (and all aspects of the social) in terms of the movement of frontiers between differential objectivity and the equivalential dissolution of antagonisms. The positioning of these frontiers, moreover, depends upon the outcome of hegemonic struggle. This is because there is no common measure between a dislocated structure - ie. a structure which can no longer domesticate the realm of the possible

- and the process of recomposition. On the contrary, dislocation introduces a radical undecidability which unleashes the political - precipitating new antagonisms and new identities - and reactivates the sedimentations of the social in an effort to establish an alternative spatial order of objectivity capable of repressing the trauma of dislocation and non-being.

Any spatial recomposition, moreover, is to some extent mythical insofar as, in addition to its specific literal content, it is also capable of symbolising spatiality as such. Thus, a particular spatial recomposition will have alternatively widening/waning powers of metaphor with which disparate interests and demands (although not directly addressed) may become identified - eg. the identification of the various middle class interests/demands with the Nazi solutions for Germany in the situation of interwar crisis (ie. a failure of space). Again, the success or failure of mythical space will ultimately depend upon the play of hegemonic forces in a conjuncture.

Drawing on these three currents of thought, our working perspective has been concerned to mobilise certain arguments and conceptual tools capable of theorising the logics of contingency.

In chapters two and three we were concerned to analyse the development of "organisation", as a political construction, in the context of the widespread crisis of *laissez faire*. The liberal representation of capitalism became increasingly dislocated in the first two to three decades of this century and eventually lost its power of metaphor as a horizon of intelligibility - becoming re-literalised as another "object" among other objects of competing discourses. In this regard, new antagonisms and new identities became identified with the myth of the regulatory power of the national state - precipitating new discourses of subjectivation of

the type "if only there were more government control/social welfare/public responsibility (etc)".

A fundamental assertion in these chapters was that organisation develops as a certain type of logic and not as a universal stage - and here our emphasis has been different to Lash and Urry. That is to say, although recognisable in different contexts, the logic of organisation was essentially open to reinterpretation and rearticulation - in Derrida's terms, open to the forces of "iterability". Thus the myth of the regulatory state was constructed, contingently, in very specific ways under the terms of social democracy, fascism and socialism (lending credence to the notion of organised socialism).

In regard to Britain, our argument focused on the fact that organisation was put together through a much wider organicisation of social space which was clearly constitutive of the norms, values, practices and identities of an alternative sense of economic reality; a reality which increasingly relied upon management of the economy through a large public sector and the corrective and creative measures of "interventionism" as opposed to "interference". This new reality, moreover, possessed an ambiguous and precarious "centre" in terms of Bank-Treasury-Government relations - a centre which was put together as a hegemonic construction of the demarcating limits between private regulation and public responsibility (epitomised in the symbolic confrontation between Norman and Keynes).

In this way, we attempted to show that organisation was fully contingent and revealed a history of political determination in regard to the positioning of the private/public frontier, self-regulation and public responsibility, social-economic belonging and, *inter alia*, the identities of and relationships between

industry and finance (in which a history of modification is revealed through the various attempts to resolve the MacMillan gap - a Derridean hymen). In addition, we were concerned to show how the nature of the "private" - eg. credit system, banking practices, industrial expectations, etc. - was modified through the development of semi-official intermediary network which strongly articulated the themes of self-regulation against public intervention and which successfully absorbed and transformed charges of "irresponsibility", "complacency" and even "conspiracy".

The fourth and fifth chapters were concerned to illustrate the contingency of organisation and the ongoing character of its political construction through an emphasis on the interventions of particular intermediary corporations. In particular, these chapters underline the institutional ambiguity of these corporations - ie. the creation/transformation of their identities in the context of hegemonic struggle - and examined their roles as "symbolic outposts" along the private/public frontier. While the ICFC was principally concerned with the differential absorption of the corporate "war effort" industries within the private sector, the FCI (along with the BISF and associate interests), through antagonistic struggle and equivalential dissolution, was involved with wresting control/ownership of the steel industry away from the public sector.

Finally, the thesis addressed the rise of "disorganisation" in Britain. In the same way as before the development of the logics of organisation were examined in the context of a particular crisis - the crisis of organised capitalism - and the protracted decline in the metaphorical powers of the British social democratic state and the construction of the integrated social-economic community. In this regard, it focused on the hegemonic games of



recomposition after the Suez crisis and the attempts of Wilsonism to embody the New Britain as an export-manufacturing-corporatist nation.

To this effect, the thesis identified an increasing temporalising of the Bank-Treasury-Government centre - a failure of objective coexistence - in which the Bank (and the interests it represented) took on an oppositional identity to the Government through its antagonism with Wilsonism. More widely, it attempted to show how the long-term failure to accomodate/represent the logics and identities of an internationalising capitalism led to a proliferation of antagonisms (disrupting social objectivity) which involved a widening political exposure of the social order such that the critique of the economy was increasingly linked to a critique of national identity - ie. who were "we British" in a transforming global reality?

In this context we identified the political ascendancy of the new right as a hegemonic formation which was able to articulate a new vision of reality. This vision not only successfully represented an internationalising capitalism (through a specific authoritarian populism) but constituted a new horizon of intelligibility in domesticating the realm of the possible (and the normative) in social and political life - in Laclau's terms, it symbolised the spatiality of *an* order in the context of the incredible and discredited social democratic solutions. And in this respect we have attempted to transcend the Hall/Jessop (*et al*) impasse concerning the traditionalist "ideological"/"economic" alternative in the characterisation of Thatcherism. From our perspective, Thatcherism put together an entire project of social, economic and ideological reality - a new regime of accumulation with and through a new regime of truth - which cannot be elided in

objectivist terms. Finally we pointed to the contingent articulation of the logics of disorganisation through an authoritarian populism in Britain and its atypicality in respect to much of "Europe".

In the movement from liberal to organised capitalism we see the substitution of one type of totalizing myth for another: an autonomous self-regulating market for the regulatory power of the national state. In the era of disorganisation, however, the further transference of an instance of absolute power to another - ie. a global capitalism as regulated through a new order of multinational corporate decision-making - is very ambiguous. Indeed, any attempts to constitute the myth of disorganised capitalism (in foundationalist terms) as an integrated and rational system of global regulation carries with it all the same problems of trying to eliminate contingency - ie. to conceal the deformations and antagonisms introduced through an outside - which bedevilled both liberal and organised capitalism.

In fact, the dislocations generated by disorganisation makes any mythical act of foundation more and more difficult to institute. As Lash and Urry, taking an expression from Marx and Engels, affirm in the conclusion to their provocative book: "All that is solid about organised capitalism, class, industry, cities, collectivity, nation-state, even the world, melts into air." (1987,p.313).

To put this in other terms, we are witnessing a crisis of universalist signification - a disintegration of the traditional categories of certainty - with no inbuilt point of resolution. In particular, the global and particularistic (post-fordist) forms of capitalist expansion are generating widening antagonisms and new sites of resistance - eg. the demands for environmentally aware

forms of production and consumption, opposition to the arms race/nuclear power (etc), resistances to property development (the various urban struggles), opposition to the international flow of capital and the multiplication of political struggles concerned with discriminatory practices on grounds sex, race, age, sexuality, physical ability (etc) - which radically undermine any totalizing instance of global capitalist regulation. Moreover, with the disintegration of the Eastern bloc and the development of atypical forms of Third World struggle, we also see a hybridisation of economic logics and identities ("consumer", "producer", "market", etc) and a proliferation of ethnic, religious and regional demands in the construction of new political spaces of self-determination throughout Europe and the World which cannot be assimilated within the structures of global capitalism.

The age of disorganisation, therefore, is not leading to a progressive harmonisation of social reality - either in the post-industrial world of Daniel Bell, the classless society of Marx and Engels or the end of history scenario of Fukuyama. On the contrary, we see widening dislocations and antagonisms and a pervasive fragmentation and hybridisation of social and political identities.

These processes heighten the crisis of the universalist signification and precipitate a widening historical condition in which it becomes more and more difficult to base the realm of the possible upon a foundation of common rationality; a condition which grows out of the long-term failure of the project of modernity. What are the implications of this for our approach to politics and democracy?

## Readerly and Writerly Democracy

Liberalism and Marxism, as the two great projects of modernity, founded their theories of democracy on a certain functioning of the economic space. In both projects the democratic subject was derived as an essential (ahistorical) identity whose liberation depended upon a particular economic closure: the possessive individual within the free play of the market or the worker (as a seller of labour power) within the socialisation of the means of production (see Daly, 1991, pp. 93-100, for a discussion of this).

Using a term for R. Barthes we would characterise both liberalism and marxism as "readerly" democracies. That is to say, the narrative of "democracy" (as based upon the metaphysical economic closure) is already given and it is merely a question of its (self-appointed) guardians revealing this narrative to the masses - ie. widening the objective readership. It is clear, however, that both types of readerly democracy have been increasingly drawn into crisis with the result that democratic subjectivity has become ever more elusive.

In Eastern Europe, for example, the signifier of the community, the vanguard of the working class has not proved sufficient to secure the democratic interests of that community considered as a universal class of workers/producers. Indeed, in the era of disorganised socialism, we see an increasing distancing between the social identities of actual individuals who (at some level) produce and the attempt to derive the meaning of these identities on the basis of the mere position occupied at the level of productive relations as part of a universal class. The new types of political resistance of Eastern Europe have involved the assertion of a plurality of social identities - ethnic, religious,

regional, etc. - beyond those of productive position, and has led to the opening of a whole new series of language games in the movement towards reinventing democracy and the dimensions of "community".

Similarly, in the West - particularly under Thatcherism and Reaganism - the attempts to embody the democratic community in the neo-liberalist terms of a universal possessive individualism of consumers and enterprise subjects (the property-owning democracy) has equally failed. Increasingly what we see are new demands (from, *inter alia*, the new social movements) for multiple and particularistic forms of democratic subjectivity far beyond those of a universalist possessive individualism.

These readerly democracies, of course, were doomed from the beginning. As we have seen from our deconstruction of political economy, the economic cannot function as a closure or as a rational foundation (of whatever type) on which to base democracy/history/identity (etc) - the economic never becomes a positive content (the economy) because of its necessary exposure to otherness. And this is not a problem with the particular contents of readerly democracies - those which base themselves on a foundation of race/gender/religion (etc) are doomed in the same way - but with the readerly project as such. To this effect, we would argue that a transition to both a "writerly" and a post-modern approach to democracy is required.

Extending the arguments of Barthes, a writerly democracy would be one in which the democratic subject cannot be derived as a passive consumer of a given text/model of democracy. On the contrary, the democratic "subject" would be an unstable identity (reintroducing the subject/subjectivation tension) which is interactively involved with the ongoing development of "democracy"

as such. In this sense, a writerly democracy would be both modern and post-modern. That is to say, it would involve a certain impulse to the completion of the (incompletable) project of modernity but without recourse to a *telos* or to a given holistic structure with a rationalist foundation. Let us elaborate this point.

If democracy - as an imagination which develops from the Enlightenment - introduces a logic of equality and self-determination, then a writerly democracy involves the interactive constitution of new identities - citizenry, socialism, feminism, ecologism, etc - through an invitation to complete this incompletable logic. A writerly perspective on democracy, therefore, involves a different approach to the problem posed by Habermas.

Habermas asserts that radical democratic emancipation is only possible through a completion of the project of modernity as derived from the rational and universalist ideals of the Enlightenment (1985,1987). But as Hans Blumenberg points out, there exists at the very beginning of the Enlightenment a distinction between the political project of "self-assertion" and the epistemological project of "self-foundation" with no necessary relation between the two (1986).

In this respect, it becomes possible to retrieve and to radicalise the political logic of modernity beyond its epistemic limitations - ie. the limitations of a final ahistorical completion of the "self" (norms, values, identity, etc) within a rational-foundationalist determination. Taking a writerly perspective, then, we can liberate the possibilities of modernity by affirming its most radical character: its incompletability (as an endless game of self-assertion without pre-given limits).

A sense of the post-modern now becomes clear. A post-modern perspective, in these terms, would not constitute a simple abandonment of modernity, nor an abandonment of the attempts to complete it, but a recognition of its fundamental incompleteness. A post-modern impulse, therefore, would consist precisely in the effort to take up the themes and logics of the modern but in an indeterminate number of ways, with an indeterminate number of Rorty's "conversational partners", as an ongoing process of hybridisation. There exists in this impulse then, using Žižek's terms, a certain "enthusiastic resignation": that is, an experience of ultimate impossibility and incompleteness which incites enthusiasm (1990, pp. 259-260).

It is at this point that we should effect a certain deconstruction of our earlier working perspective which united the work of Rorty with post-structuralism and post-Marxism in common opposition to a metaphysics of presence. While the philosophical arguments of Rorty are certainly compelling, his political prescriptions are, from our point of view, unacceptable.

From an anti-foundationalist position, Rorty urges the creation of a "liberal utopia" - a set of social and political arrangements which may be characterised as "postmodern bourgeois liberalism" (Rorty, 1991, p. 199) - which contains the necessary conditions for democratic emancipation. There are many problems with Rorty's notion of a liberal utopia (see Laclau, 1991).

In the first place, as C.B. MacPherson (1962) has shown, the articulation between liberalism and democracy only takes place in the nineteenth century and are thus not necessarily related in any way - indeed, liberalism's origins are rather with the development of capitalism. C. Mouffe, on the other hand, argues that Rorty fails to draw the relevant distinctions between

capitalism, liberalism, democracy, political liberalism and economic liberalism and that, in consequence, he is compelled to offer a blanket (and conservative) defence of the "institutions and practices of the rich North Atlantic democracies" (Mouffe, 1988, p.10; Rorty, 1991, p.198). Indeed, at various points in his work, Rorty reveals a conservatism which is all too reminiscent of Daniel Bell's "end of ideology" thesis. As he states in *Contingency, Irony and Solidarity*: "...I think that contemporary liberal society already contains the institutions for its own improvement - an improvement which can mitigate the dangers Foucault sees. Indeed, my hunch is that Western social and political thought may have had the last *conceptual* revolution it needs." (1989, p.63).

There is in Rorty, then, a sense that liberal societies are self-managing and self-adjusting and that democratic emancipation takes place through the validating expansion of liberal values and the rational harmonisation of the social towards an all-encompassing "we" in a liberal utopia. The political, therefore, becomes a series of successive movements towards the ideal society in which freedom appears as a certain universal consciousness of liberal rationality.

The problem with this perspective is that Rorty does not see the possibility of democratic opposition to the very liberal values he propounds. More generally, he is oblivious to the constitutive power of antagonisms and their potential for articulating new identities which might dissolve or otherwise temporalise the very imaginary of his liberal utopia.

Let us take the classical liberal distinction, to which Rorty subscribes, between a minimalist (and universalist) public realm and a largely self-ordering private (the essential realm of



self-fulfillment, self-realisation, etc). It is clear that, especially since 1968 (a symbolic moment in the expansion of the democratic imagination) and the proliferation of democratic antagonisms, it is precisely this liberal distinction which has been increasingly called into question. Those struggles against, for example, sexual, gender and racial discrimination are struggles for the creation of specific political rights and spaces of representation which would radically disrupt the private/public arrangements of liberalism. Indeed, Rorty would appear never to have heard of the feminist critique "the personal is the political", or of the attempts to establish particularistic (eg. gendered) forms of political representation which would heterogenise the realm of the public.. In this regard, Rorty is as totalising as those he criticises in presenting an axiomatic relationship between liberalism and democracy (just as certain Marxist writers see an axiomatic relationship between socialism and democracy).

This perspective is very different to the post-Marxism of Laclau and Mouffe. Instead of a liberal utopia, these authors propose the development of a "radical and plural democracy" (1985). This latter notion is distinguished from the former in a number of ways.

In the first place, radical and plural democracy is based fully upon a logic of democracy - ie. an unqualified expansion of the subverting themes of equality and self-determination stemming from the political imagination of the Enlightenment - rather than a self-regulating liberalism (or any other unitarian model).

Second, it is fully a writerly approach to democracy. That is to say, it does not prefigure any positive identity of "we liberals", and allows for the radical possibilities of new "we"

identities (eg. "we feminists", "we anti-racists", "we anti-imperialists", etc) coming into democratic conflict with the rich North Atlantic democracies.

Third, the perspective of radical democracy may be regarded as formally "anti-utopian" thought (Laclau,1990,p.232). This is because the very idea of a utopia (liberal or otherwise) connotes a certain model of society in which negativity and antagonism have been eliminated. Thus, for example, the rigid private/public division of liberalism appears not as a natural division, but as an essentially contested frontier subject to the constitutive power of antagonism in an open-ended game of hegemony.

This last distinction is crucial as it touches upon Laclau and Mouffe's central assertion of the impossibility of society. Thus, the social possesses no given centre - from which to progressively rationalise its community - but always begins from a diversity of positions which establishes an ontological possibility of conflict and disruption. More especially, the social can never become "society" because it is penetrated by a basic negativity in which antagonisms always prevent its closure but, at the same time, make possible its affirmation (see above).

This perspective, crucially, allows for a deconstruction of "emancipation" (conceived as rational harmonisation). In this regard, Laclau makes clear that a totally determined society and a totally free society are, in fact, exactly the same (1991,pp.15-16). That is to say, in classical terms, freedom is simply the recognition of a pre-existing rationality - a Spinozoist paradox of being conscious of necessity. By contrast, a genuine freedom (as liberty) actively depends upon the exhibiting of a certain "violence". Thus a fully free decision to take option A depends upon the violent repression/negation of options B and C; a violence

which is clearly constitutive of the liberty of the decision. Again, this represents something very different to Rorty (where violence and antagonism have been eliminated). Indeed, with radical democracy, antagonism may be regarded as the very "ground" which liberates the undecidability of "freedom" as political possibility and decision.

Liberty and self-determination, therefore, become a matter of widening the opportunities for identification and for exhibiting a certain discursive violence against real alternatives - ie. "I am A, B, C....but not X, Y, Z..." And, in this regard, we would also underline an active writerly approach to liberty rather than a passive readerly one.

This approach to liberty and democracy, therefore, creatively engages with the forces of antagonism, violence and negation and abandons the project of prefiguring a positive "we" - either in terms of a liberal utopia, the classless society or Plato's Republic.

This does not mean that "we" identities are impossible. What it does mean - as we have tried to demonstrate in this thesis - is that any "we" identities are constituted from a diversity of positions and are always a matter of (ongoing) hegemonic construction which, in repressing its "other", will recursively constitute and modify the "we" identity. Thus, for example, there is no automatic point of convergence for anti-racist, anti-sexist and anti-capitalist struggles/identities - indeed, each of these struggles/identities may alternatively exhibit aspects of racism, sexism or capitalism within them. From a radical democratic point of view, it is imperative that these struggles are modified - through specific forms of articulation - in such a way that they do not proceed at the expense of each other. To this effect, the

individual struggles should be articulated in such a way that they express the general demands of a democratic solidarity. In other words, the local struggles, and their sense of autonomy, would proceed through solidaristically establishing chains of equivalence around the general demands for equality and self-determination. This type of solidarity, or "we" - which constitutively depends upon its "violent" repression of its "non-we" (ie. capitalists, racists, sexists, etc) and not upon the *force majeure* of reason - would be constantly reassessed and reproduced on the basis of a democratic logic rather than any prefigured identity.

It is on this basis of the hegemonic/antagonistic reconstitution of "we" identities, moreover, that it becomes possible to radicalise the traditional liberal forms of political belonging. Thus Laclau and Mouffe argue that it is crucial to articulate a radical and plural form of citizenship in which there is a multiplication of the political spaces, and the constituencies identified with them, for representing new types of heterogeneous rights and for advancing the project of democratic identification beyond the limitations of liberalism: "a radically democratic society is one in which a plurality of public spaces, constituted around specific issues and demands, and strictly autonomous of each other, installs in their members a civic sense which is a central ingredient of their identity *as* individuals. Despite the plurality of these spaces, or, rather as a consequence of it, a diffuse democratic culture is created, which gives the community its specific identity. Within this community, the liberal institutions - parliament, elections, divisions of powers - are maintained, but these are *one* public space, not *the* public space. Antagonism not only is not excluded from a democratic society, but it is the very condition of its institution" (1991,p.23).

In contrast to Rorty, the virtue of Laclau and Mouffe's perspective is that it is both writerly and is not confined to the limitations of any model. Indeed, it is the recognition of the impossibility of Democracy, as such, which becomes the first principle of the democratic encounter. In this way, the post-Enlightenment democratic imagination is radicalised in all its effects as a subversive and dislocatory logic - a logic which constantly stimulates the de-structuring and recomposition of identities through the unleashing of widening demands for equality and self-determination. To this effect, democracy becomes both a vanishing point and a structuring principle for the forces of violence, negation and antagonism in the writerly creation and affirmation of new identities.

In this thesis we have tried to show that what we call the economic is a contingent construction with an ongoing history. In consequence, and in contrast to the two great projects of modernity, liberalism and Marxism, the economy cannot provide a foundation upon which to build *the* democratic society in Britain or anywhere else. On the contrary, modernity itself liberates a political logic of widening democratic antagonisms whose effects have, in the words of Claude Lefort, led to an increasing "dissolution of the landmarks of certainty" (1986,p.29). In the era of disorganisation, moreover, this dissolution appears all the more pronounced and the constitution of our social and political identities all the more indeterminate.

This indeterminacy brings with it new challenges and opportunities for reinventing our democratic communities in global and particularistic ways. We stand at the brink of a new postmodern encounter with history, politics and democracy in which the realm of the possible is being constantly enlarged.

## Appendix One

### Dislocation and the Antinomies of Hilferding

From the point of view of "dislocation" and the post-Marxist language games we are attempting here, it is interesting to look again at the work of Hilferding and his central concepts of finance capital and organised capitalism. In fact, we will argue that Hilferding's innovations reveal a crisis of dislocation, a mythical (and undecidable) response to that dislocation and, eventually, an entirely new imaginary for the development of Marxist thought. It is for this reason that we consider Hilferding a far better starting point for analysing the conceptual status of "organisation" and its various effects.

Hilferding was confronted with the problem of growing social and economic complexity. Far from capitalist society resolving itself into two great camps, there emerged an opposite tendency towards more and more divisions in capital and class which appeared to evade and disrupt this polarity. In this respect, we would say that the text of Finance Capital represents, in the first place, a moment of dislocation in Marxist thought: that is, a crisis in the spatial representation of capitalism. Hilferding was faced, then, with an increasing inability of the Marxist symbolic structure to represent/integrate the phenomenal complexity of contemporary societies - something we understand as a condition of temporality and undecidability. What is of particular interest here is that the mythical solutions which Hilferding decides upon necessarily involve a widening metaphorisation of his conceptual terms in order to transcend the problems of the traditional problematic. That is to say, in order to cope with the very

complexity identified in Finance Capital, Hilferding's specific mythical solutions increasingly involve the elaboration of a new principle of reading and a new logic of identity and meaning for thinking the social-economic as a whole: in short, the movement of myth to imaginary.

Let us begin with Hilferding's specific mythical response. It is clear that Marxist thought provided the backdrop, or relative structuration, for Hilferding's decisions concerning mythical recomposition of capitalist spatial representation. However, the decisions that he makes on this terrain already reveal a deep-rooted tension within Marxism itself. At various points in their work, Laclau and Mouffe, characterise this tension in terms of a discursive duality. In certain texts of Marx - like the preface to a Critique of Political Economy - the entire ensemble of historical development is presented in terms of an infrastructural and objective movement as given by the contradiction, in each epoch, between the relations and forces of production. In other texts (eg. the *Communist Manifesto*), however, such an ensemble is seen to depend on a rather more open-ended and constitutive process of class struggle.

As a "supplement", the idea of class struggle was necessary for the development of praxis in Marxist theory and, of course, revolutionary action. However, the history of orthodox Marxism is one of systematically relegating the contingent possibilities of class struggle to the infrastructural objectivism of "historical materialism". Thus, insofar as "the theory both requires it and makes it impossible" (Laclau, 1990, p. 181), then the supplementary nature of class struggle may be considered as performing the role of what Derrida would call "hymen".

The crisis of Marxism, on the other hand, may be seen as a

long-term "revenge" of the very contingent nature of the supplement. This is why writers like Antonio Gramsci who have privileged the contingency and specificity of class struggle - particularly with the concepts of hegemony and historical bloc - have been so central for the development of post-Marxism.

The thought of Rudolf Hilferding, however, does not fall in with that of Gramsci. On the contrary, we would say that Hilferding represents one of the highest moments in seeking to structurally absorb the supplement. In fact, Hilferding's decision is to expand the original objectivism of Marxism through a set of conceptual innovations concerning the nature of modern capitalist identity.

Hilferding initially identifies his key concept, finance capital, in terms of the development of new property relations. Indeed, it is the very recognition of the transforming effects of the Kondratieff A-phase which provide the background to his intervention. As he states: "Finance capital develops with the development of the joint-stock company and reaches its peak with the monopolisation of industry" (1910, 1985, p.225). However, the identification of finance capital in terms of a deepening and expansion of property relations serves only to underscore the problem; a problem which leads Hilferding to make more and more metaphorisations towards the construction of an entirely new symbolic representation of capitalist spatiality. The problem is this: if finance capital is simply the result of expanding property relations - a continuation and intensification of the ownership of the means of production - then it would be seen as one more object/phenomenon within the existing class domination of a powerful and unified bourgeoisie. But, for Hilferding, it is precisely this classical representation of economic power and



identity which has failed.

This sets up a major tension in Hilferding's work: a tension of temporality/undecidability which runs between the irresolvability of the existing symbolic structure of Marxism (ie.the two camp scenario) and its mythic absorption within an alternative spatial representation of capitalism. It is a tension which reveals itself as a steady move away from any tangibility and increasingly towards a conception of finance capital as a new logic of identity or principle of reading/representation.

We can see evidence of this movement - from object to horizon - throughout Hilferding's text as he gives more and more definitions for finance capital as: cartellisation and trustification; a specific type of capital ("bank capital",p.225); as a social network ("*personalunion*",p.119,p.225); and as a set of policy directives (p.326); and so on. The point is that the particularity of finance capital is further and further displaced/metaphorised to the level of imaginary, such that it becomes possible to assert all forms of economic identity and power in terms of an essential structuralist integration (see above).

Finance capital, therefore, ceases to be another object on the classical Marxist terrain and presents, instead, a new imaginary for thinking the nature of capitalist identity - something which is shown as a universalist logic of representation common to all modern capitalist societies. In order to do this, however, Hilferding moves away from a purely epiphenomenalist conception of capitalist homogeneity - as a superstructural class expression - and increasingly towards one of teleology. That is to say, while capitalist unification may not be expressed immediately in class terms, it is nevertheless guaranteed in terms of the wider (structural) imperatives of accumulation. In this way, the

plurality of social and economic phenomena - which Hilferding himself identifies - is de-pluralised and becomes merely a deferred unity.

In fact, Hilferding's project is dominated by the attempt to radically exclude the contingent possibilities of an "outside" and of temporality: in short, to absorb time within space, and the supplement (class struggle) within objectivism (logic of accumulation). To this effect, finance capital becomes a new imaginary, a new principle of reading capitalist identity in terms of its progressive absorption within a relational structure of (relatively) fixed spatiality.

Thus, even where Hilferding notes an (initial) antagonism between, say, finance capital and small and medium-sized capital (1910,p.342) he goes on to say that: they "have a common interest with cartellised industries in the protective tarriff" (p.342); that "their way of combatting other cartels is to form a cartel of their own" (p.343); and that, in any case, such businesses became "indirectly dependent on finance capital" (p.345).

Similarly, the landowners now form a "community of interest" with cartellised heavy industry (p.340), while the merchants - who according to Hilferding were commercially opposed to finance capital - are "now only interested in strengthening the syndicate" (p.343). In addition, the middle classes and salaried employees become the "victims" (p.346) and "prisoners" (p.349) of finance capital's imperialist ideology while the petty bourgeoisie becomes the "political praetorian guard of big business" (p.346).

At a certain point, though, Hilferding appears to be chastened by his excesses and asserts: "But this is not a decisive position", and that impoverished and disgruntled employees of capitalist enterprises will be "driven to take up the struggle

against exploitation alongside the proletariat" (p.350). But this amounts to little more than an aside. Hilferding's central project, in fact, is to privilege the moment of structuralist inscription to such a degree that classes and the class struggle may be considered secondary and even incidental. In this vein, Hilferding comments typically: "Finance capital does not want freedom, but domination; it has no regard for the independence of the individual capitalist, but demands his allegiance" (p.334); "(Finance capital's) demand for an expansionist policy revolutionises the whole world view of the bourgeoisie, which ceases to be peace-loving and humanitarian...."(p.335).

Thus, the class category of the bourgeoisie is fully subsumed within the articulatory logic of a wider structuralist identity. In this way, Hilferding is able to "resolve" the temporal crisis of the classical Marxist representation of the social - as a bi-polarity of class - in terms of an objectivist absorption of the supplement which overtakes/extinguishes all present and future contingency. Complexity is redescribed as the deferral of an objective unity. The objectivism here is revealed in the metaphorical expansiveness of the notion of finance capital, which functions as a unifying imperative of structuralist integration - determined by capitalist laws of motion - guaranteeing the cohesion of the capitalist structure. To this effect, finance capital ceases to be a mythical object on the Marxist terrain (with a certain tangibility) and increasingly constitutes an imaginary: a new way of representing/thinking social-economic identity and meaning as a structural totality.

The movement from object to horizon becomes even more evident in the later texts of Hilferding where he characterises the development of finance capital in terms of an overall stage of

"organised capitalism". With this latter notion, Hilferding is compelled by his alternative principle of reading - what we might call objectivist articulation - to reassess the role of the state. Thus, in *Das Historische Problem*, Hilferding directly criticises Marx's conception of the state "which did not attribute to it any independent power", arguing instead that "the political superstructure of society is a power in its own right". This is the point at which the "bourgeoisie" - and, more generally, the supplement - is displaced as the bearer of capitalist identity/power and the logic of organised capitalism unfolds all its effects - as a structural totality commanded by the laws of history - through a new object: the modern state. The state now becomes the channel par excellence of economic power/identity through which the exigencies of organised capitalism are transformed into definite programmes and policies - the most important of which are, of course, imperialist aggression and domination of new markets.

With these conceptual openings, then, Hilferding anticipated a whole generation of later Marxist-structuralist thought around the idea of the "relative autonomy of the state" (eg. Althusser, Balibar). At the same time, however, any "relative autonomy" or "independent power" is made strictly unthinkable in both Hilferding and later Marxism (see Laclau and Mouffe, 1987, pp.112-114, for a discussion of this theme in Marxism). That is to say, the state is disengaged from the immediacy of any class identity only insofar as it may be represented as something commanded by the deeper objectivism of historical laws. The contingent possibilities of state activity/identity are, in fact, entirely eradicated within this new horizon of representation. We witness, therefore, further objectivist absorption to the effect

that history, itself, becomes for Hilferding "that best of all Marxists" - an object of ventriloquy. To put this another way, temporality is made "timeless" within the determinacy of an already existing/known structure of spatial representation.

However, by mobilising a logic of articulation Hilferding stands, like the sorcerer's apprentice, as the unwitting victim of his own conjurations. For, in order to limit the play of articulation, he must (arbitrarily) impose limitations. And these limitations are, of course, articulated within the terms of his text. Let us consider these remarks: "It (finance capital) needs a politically powerful state which does not have to take account of the conflicting interest of other states in its commercial policy. It needs also a strong state which will ensure respect for the interests of finance capital abroad, and uses its political power to extort advantages... a state which can intervene in every corner of the globe and transform the whole world into a sphere of investment for its own finance capital" (1910,p.334).

It is evident that the state, about which Hilferding is speaking, is specifically a nation-state. Now the question which immediately arises is "why should finance capital be restricted to the nation-state?". If finance capital has "no regard for the independence of the individual capitalist", and if it "signifies the unification of capital" on the basis of a logic of articulation then why should that logic be arrested/circumscribed at the national boundary? In short, why should finance capital take on a necessary nationalist character and, thereby, prevent those regional and multinational capitalist identities which are so evident today? There is, in fact, nothing in the notion of finance capital which would account for a closure of identity at this level.

However, the problem for Hilferding is this: in the absence of a theory of class struggle, where will the antagonism - ordained by the dialectic of historical materialism - manifest itself in the eventual dissolution of capitalism? As we have seen, Hilferding is concerned with presenting the ensemble of historical development solely in terms of an interior objectivist-articulatory logic of capital accumulation - antagonism must, therefore, be determined by this interiority.

Now, in order that the antagonism emerges in Hilferding's perspective then the logic of structuralist integration must be interrupted by an equivalential frontier of nationhood. That is to say, the articulatory logic of finance capital which guaranteed the unification and differential absorption of capitalist identities, and the eradication of any antagonisms in the national context, is now thrown into reverse. A national finance capital cannot assimilate a foreign finance capital and the two confront each other as mutually negating/antagonistic identities.

However, the nationalistic quality of this antagonism is clearly not internal to Hilferding's original formulation: that is, it cannot be derived from an infrastructural consideration of the development of finance capital as such. On the contrary, nationalist discourse functions as an "outside" which arrests the integrative logic of finance capital and discursively inscribes antagonism. Finance capital solidifies into a set of national blocs - reassigned across an equivalential frontier of mutual negation - whose unassimilability guarantees the dissolution of its epoch.

It is evident that Hilferding's argument involves a discursive sleight of hand which reintroduces an "outside" as if it were naturally part of the "inside". The trick is required because

of the ultimate failure to marry objectivism with a logic of articulation (the latter must be denied if the former is to prevail). Hilferding's argument, in other words, requires the discursive imposition of an exterior consideration - nationalist antagonism - which cannot be provided by the logic of capital accumulation he has been using.

Thus, the discursive inscription of antagonism depends upon the very disruption of the integrative functioning of finance capital and its exposure to the organising effects of an exterior: nationalist identity. However, it is the very idea of any exteriority penetrating the infrastructural movement of history which Hilferding is denying. He evades this problem by simply collapsing this distinction and by moving from an analytical level to a descriptive account of what he was experiencing in the world.

Finance capital, then, enters into antagonism with itself at the level of national identity and not because of its interior logic. Finance capital ceases to be integrative precisely where it is overdetermined by nationalist discourse. And this politicisation of economic identity represents at once one of the most interesting and critical aspects of Hilferding's thought. Moreover it is something whose essential ambiguity/undecidability allows for a history of organised capitalism and constitutes the basis for a clearer understanding of the movement towards disorganised capitalism.

The ambiguous effects of articulating a contingent outside - in order to inscribe antagonism is, in fact, revealed by Hilferding himself. In a remarkable passage, which discusses the plight of Britain, he writes: "Class antagonisms have disappeared and been transcended in the service of the collectivity. The common action of the nation, united by a common goal of national

greatness, has taken the place of class struggle, so dangerous and fruitless for the possessing classes"(p.336).

Indeed, this would appear to prefigure the Gramscian conception of political subjectivity as something which depends upon the articulation of a complex "collective will", such that ideological position has no necessary class belonging but is constituted through hegemonic practice. Hilferding's statement could hardly be more dramatic for such a reading: class antagonism has actually disappeared within the construction of a generalised nationalist identity (uniting workers and bourgeoisie) beyond any position occupied at the level of the relations of production. Political subjectivity becomes, fundamentally, class-less and constitutively depends on the specificity of its social/national context. To this effect Hilferding may be seen to have reintroduced the play of political decision. That is to say, the construction of political identity is no longer a reflection of objective interests - forged within the economic base - but is the result of historically contingent articulations of cultural-social discourses within particular national formations.

The consequences of this discursive manoeuvre, however, are not realised. For Hilferding it becomes nothing more than a brief excursion into the world of contingency in order to reaffirm his objectivism by further inscribing the inexorability of antagonism at the level of the national boundary. Nevertheless, this excursion - into the nonessence and articulated nature of identity - becomes an absolutely necessary one for Hilferding. And, in this regard, we might say that the introduction of a logic of articulation constitutes both a moment of construction and deconstruction in Hilferding's work. It is the possibilities and potential of the latter which we shall be exploring in this thesis.



Hilferding represents an interesting starting point for a discussion of the notion of organised capitalism, not simply because of conceptual authorship but because his thought reveals the ambiguous effects of dislocation, undecidability and mythical reconstruction/expansivity. In most discussions of organised capitalism, however, these effects are not examined. Indeed there is a general tendency to see organised capitalism as a simple matter of empirical observation rather than ambiguous construction. In this respect, using Husserlian terms, we might say that there has been an extended moment of forgetting and that the notion of organised capitalism has become sedimented in a widespread, and unquestioned representation of it. That is to say, Hilferding's way of representing has become common-sense - divorced from any principle of reading - to such an extent that the notion of organised capitalism has been transformed into a full spatial positivity: a universal stage. The conceptual has overtaken the real and precipitated an idealistic closure of the specificity and history of the various constructions of the social-economic.

To prevent these "mistakes" of idealistic reproduction it becomes crucial to overcome the sedimented amnesia of conceptual construction. It becomes crucial, in other words, to "reactivate" the moment of forgetting and return to Hilferding's construction of the notion of organised capitalism. Thus, what is often overlooked in the literature here is that Hilferding's (later) concept of organised capitalism is clearly derived from the logic of finance capital. Indeed, if space is repetition governed by a structural law of successions then we might say that finance capital functions as the structural law for the spatial representation of organised capitalism. However, by mobilising a logic of articulation, and by attempting to inscribe antagonism through exposure to a contingent

exterior, then the very structural closure which Hilferding wants is made strictly unthinkable.

In order for Hilferding's project to work, capitalist identity must increasingly depend on its nationalist construction. Moreover, the nationalist position of a capital formation will further depend on its (in)ability to exclude and/or subordinate other foreign capitals. However, the determinations of this antagonism have nothing to do with any internal or objectivist formulation - for why should one capitalist feel threatened by another if it is purely a matter of rational capital accumulation? On the contrary, such an antagonism depends upon the cultural-discourses which are contingent/exterior to any infrastructural logic. It depends upon the hegemonic formation of a political frontier which arrests the (economically neutral) logic of finance capital articulation at the level of the (non-economically biased) national boundary.

The ambiguities of Hilferding, which reveal certain deconstructive possibilities, now become clear. In his attempt to metaphysically command the terrain of the economic Hilferding increasingly conjures with the contingency of an exterior - something which is not already present in the original formulation - in order to solidify and divide that terrain into antagonistic blocs of national-economic identity. Moreover, these blocs do not confront each other as full independent positivities but exist in a relation of mutual negation and construction. That is to say, Hilferding's global representation of organised capitalism, as a set of antagonistic identities, increasingly relies upon a "constitutive outside" - the discursive-deconstructive play of the national/foreign - in order to give it shape and determine its development. The logic of differential absorption, introduced by

Hilferding, is equivalentially arrested at the level of the national political frontier. However, this frontier - between national formations- does not constitute a "boundary of essence". On the contrary, the frontier only comes into being as a discursive construction of inclusion and exclusion. Thus, what it is to be a national is fundamentally penetrated/constituted by a conception of the foreign (which, for Hilferding, represents a division of antagonism). And this, implicitly, opens the door to the logic of deconstruction.

The intention of this project, then, is to abandon Hilferding's objectivist aspirations and to go fully through the door of deconstruction affirming, with Derrida, that the condition of possibility for the presence of any identity is its exposure to the limiting and corrupting effects of a non-present other (Derrida,1981,p.109).

By focusing on a logic of deconstruction it becomes possible to ask certain (im)pertinent questions of Hilferding: if a finance capital formation is circumscribed by nationalism then how does the nationalist construction take place? What symbolic/cultural forms do respective national identities take? More importantly, if the articulatory field of finance capital is arrested at the national boundary then can this field be arrested at any other boundary and precipitate antagonisms there (eg.regional, ethnic, religious, social, etc)? This last question, of course anticipates a larger concern with the construction of the economic/non-economic which we have pursued in our discussion of Lash and Urry. In short, the deconstructive movement - revealed in the work of Hilferding - allows us to historicise his representation, principle of reading and conceptual objects of analysis.

## Appendix Two

### Lash and Urry's Models

Lash and Urry take their model of organisation largely from a set of features identified by Kocka (1974):

"(1) The concentration and centralization of industrial, banking and commercial capital - as markets became progressively regulated; in comparison with the preceding epoch of 'liberal capitalism', special growth in producers' goods industries; the increased interconnection of banks and industry; and the proliferation of cartels.

(2) The growth of the (famous) separation of ownership from control, with the bureaucratization of control and the elaboration of complex managerial hierarchies.

(3) The growth of new sectors of managerial/scientific/technological intelligentsia and of a bureaucratically employed middle class.

(4) The growth of collective organizations in the labour market, particularly of regionally and then nationally organized trade unions and of employers' associations, nationally organized professions etc.

(5) The increasing inter-articulation between the state and the large monopolies; and between collective organizations and the

state as the latter increasingly intervenes in social conflicts; development of class-specific welfare-state legislation.

(6) The expansion of empires and the control of markets and production overseas.

(7) Changes in politics and the state, including: the increasing number and size of state bureaucracies, the incorporation of various social categories into the national political arena; the increased representation of diverse interests in and through the state; and the transformation of administration from merely 'keeping order' to the attainment of various goals and national objectives.

(8) Various ideological changes concerning the role of technical rationality and the glorification of science." (Lash and Urry, 1987, p.3).

A further six features identified by Lash and Urry themselves, are added to the above in order to (in their view) complete the characterisation of organised capitalism:

"(9) The concentration of industrial capitalist relations within relatively few industrial sectors and within a small number of centrally significant nation-states.

(10) The development of extractive/manufacturing industry as the dominant sector with a relatively large number of workers employed.

(11) The concentration of different industries within different

regions, so that there are clearly identifiable regional economies based on a handful of centrally significant extractive/manufacturing industries.

(12) The growth of numbers employed in most plants as the economies of scale dictate growth and expansion within each unit of production.

(13) The growth and increased importance of very large industrial cities which dominate particular regions through the provision of centralized services (especially commercial and financial).

(14) A cultural-ideological configuration which can be termed "modernism", one aspect of which is Kocka's point (8) above; the other aspect is counterposed to such rationality and scientism and embraces, *inter alia*, aesthetic modernism and nationalism." (Lash and Urry, 1987, p.4).

Following the same fourteen points the authors then elaborate what they mean by disorganised capitalism:

"(1) The growth of a world market combined with the increasing scale of industrial, banking and commercial enterprises means that national markets have become less regulated by nationally based corporations. From the point of view of national markets there has then been an effective *de-concentration* of capital. This tendency has been complemented by the nearly universal decline of cartels. Such deconcentration has been aided by the general decline of tariffs and the encouragement by states, particularly the USA, to increase the scale of external activity of large corporations. In

many countries there is a growing separation of banks from industry.

(2) The continued expansion of the number of white-collar workers and particularly of a distinctive service class (of managers, professionals, educators, scientists etc.), which is an effect of organized capitalism, becomes an increasingly significant element which then disorganizes modern capitalism. This results both from the development of an educationally based stratification system which fosters individual achievement and mobility and the growth of new "social movements" (students', anti-nuclear, ecological and women's movements etc.) which increasingly draw energy and personnel away from class politics.

(3) Decline in the absolute and relative size of the core working class, that is of manual workers in manufacturing industry, as economies are de-industrialized.

(4) Decline in the importance and effectiveness of national-level collective bargaining procedures in industrial relations and the growth of company and plant-level bargaining. This accompanies an important shift from Taylorist to 'flexible' forms of work organization.

(5) Increasing independence of large monopolies from direct control and regulation by individual nation-states; the breakdown of most neo-corporatist forms of state regulation of wage bargaining, planning etc., and increasing contradiction between the state and capital (cf. fiscal crises etc.); development of universalistic welfare state legislation and subsequent challenges from left and

right to the centralized welfare state.

(6) The spread of capitalism into most Third World countries which has involved increased competition in many of the basic extractive/manufacturing industries (such as steel, coal, oil, heavy industry, automobiles) and the export of the jobs of part of the First World proletariat. This in turn has shifted the industrial/occupational structure of First World economies towards "service" industry and occupations.

(7) The decline of the salience and class character of political parties. There is a very significant decline in the class vote and the more general increase in 'catch-all' parties which reflect the decline in the degree to which national parties simply represent class interests.

(8) An increase in cultural fragmentation and pluralism, resulting both from the commodification of leisure and the development of new political/cultural forms since the 1960s. The decodification of some existing cultural forms. The related reductions in time-space distanciation (cf. the "global village") likewise undermine the construction of unproblematic national subjects.

(9) The considerable expansion in the number of nation-states implicated in capitalist production and the large expansion in the number of sectors organized on the basis of capitalist relations of production.

(10) Decline in the absolute and relative numbers employed in extractive/manufacturing industry and in the significance of those



sectors for the organization of modern capitalist societies. Increased importance of service industry for the structuring of social relations (smaller plants, a more flexible labour process, increased feminization, a higher "mental" component etc.).

(11) The overlapping effect of new forms of the spatial division of labour has weakened the degree to which industries are concentrated within different regions. To a marked extent there are no longer 'regional economies' in which social and political relations are formed or shaped by a handful of significant central extractive/manufacturing industries.

(12) Decline in average plant size because of shifts in industrial structure, substantial labour-saving capital investment, the hiving off of various sub-contracted activities, the export of labour-intensive activities to "world-market factories" in the Third World, and to "rural" sites in the First World etc.

(13) Industrial cities begin to decline in size and in their domination of regions. This is reflected in the industrial and population collapse of so-called "inner cities", the increase in population of smaller towns and more generally of semi-rural areas, the movement away from older industrial areas etc. Cities also become less centrally implicated in the circuits of capital and become progressively reduced to the status of alternative pools of labour-power.

(14) The appearance and mass distribution of a cultural-ideological configuration of "postmodernism"; this affects high culture,

popular culture and the symbols and discourse of everyday life." (Lash and Urry, 1987, pp.5-7).

The chief criticism of Lash and Urry's models is that they present too strong a dualism: that is, the movement from one universal stage to another. Thus, for example, Hirst and Zeitlin point out how Japan and Italy do not "fit" either model (Feb.1991,p.14).

By contrast, we have not abandoned the useful distinctions of Lash and Urry but have opted to examine "organisation" and "disorganisation" as certain types of logics (or articulating principles) which are, nevertheless, constituted in specific ways - eg. the organising logics of social democracy, fascism and socialism and their respective themes of the regulatory state. In this way, we have sought to secure the exceptionalism of Britain and to reveal something of the particular histories in constituting/representing organisation and disorganisation.

## Appendix Three

### The Politics of Credit

According to D. Harvey, the credit system functions largely as an automatic mechanism which "facilitates the equalisation of the rate of profit and arbitrates between the forces making for centralization and decentralization of capital" (1982,p.284). By contrast, we do not see any automatism. On the contrary the credit system is the terrain of a political struggle which is always put together within the terms of a particular imagination. The credit system, therefore, reveals its own political history.

In his famous *The History and Principles of Banking*, J.W. Gilbart, for example, confirmed the doctrine of non-interference and financial separatism in regard to credit and set these against three basic tenets: first, that it is not the business of banks to supply their customers with capital to carry on their trade; second, that it is contrary to all sound principles of banking for a banker to advance money in the form of a permanent loan and "dead securities" (such as collieries, mills and manufactories); and, third, that it is bad policy for a bank to make a very large permanent advance to any one customer (1834, p.113).

This financial orthodoxy, of course, was firmly anchored within the *laissez faire* imagination in which the City had developed through the expansion of international commercial services while industry relied heavily on the market and resource benefits of an Empire and Free Trade. Under the terms of *laissez faire*, therefore, there was little or no sense of "credit" as

positive investment (or positive financial involvement).

This position was further underlined by H.D.Macleod. In his *The Theory\_and Practice of Banking* (1875), Macleod affirmed: "The first business of a banker is not lend money to others, but collect money from others" (1875,p.267). Moreover, this was inscribed in the doctrine that, "Money is positive capital, credit is negative capital" (1875,p.169).

The idea of credit as a positive form of lending and economic intervention is a relatively recent construction which comes about with the shift to organised capitalism and collectivist responsibility in the integrated social economic community - under *laissez faire*, this articulation of credit had no conditions of possibility.

Once the tradition of lending and positive intervention had been established, however, we see the development of credit in respect to a number of shifting political priorities. In particular, we have seen how in the 1960s the credit system in Britain was regulated in such a way so as to privilege manufacturing and exporting enterprises and to radically reduce domestic consumption.

Moreover, in recent times, we have also seen the development of housing associations and credit unions which have developed more progressive and collectivist approaches to credit practice (see Pensions Investment Resource Centre, *Bulletin*, Feb.1988).

Thus credit and the credit system are not simply given as a non-relational and ahistorical mechanism. On the contrary, the principles and orientation of credit practice will fully depend upon discursive construction within a hegemonic struggle.

## NOTES

### Chapter One

#### Grand Illusions: Anti-Representationalism, Post-Structuralism and Post-Marxism

1) The critique of the metaphysics of presence (or the classical Western philosophical/analytical tradition) has been chiefly developed by Nietzsche, Heidegger and, more recently, Derrida. In particular, Derrida demonstrates how objectivity, identity or, more generally, "presence" is never a purity but is always contaminated by otherness which distorts and creates it at the same time - identity presupposes alterity. In considering an object or identity, therefore, we can never find a cosmic signature of creation which would indelibly establish its connection to a final metaphysical order.

Later in the chapter we will analyse this general approach in relation to Derrida's notion of deconstruction (a term which is also closely linked with Heidegger's "destruction of the history of ontology").

2) For a clear exposition of idealism in respect to materialism see E.Laclau and C.Mouffe (1987, pp.86-87). Here the authors show that the division between idealism and materialism runs precisely between the philosophical principles of the reducibility and the irreducibility of the real to the concept. These points are further explored in the chapter.

3) With the idea of an "outside" it is clear that this does not

reintroduce the "extra-discursive". What lies outside a discourse are other discourses. It is the discursive nature of this outside (ie. its alternative articulatory potential) which establishes the essential vulnerability of every identity and discourse.

4) This point may be illustrated if we consider certain categories of the "economic". In regard to the present conjuncture, Daly argues: "...there is considerable ambiguity as to the political identity of such economic categories as the "market" and the "consumer" in both the Soviet bloc and the Western world. There is nothing, for example, which is essentially capitalist about the market. Market mechanisms pre-exist capitalism and are clearly in operation in the socialist formations of today. It is clear, moreover, that a whole range of radical enterprises exist within the sphere of the market, including: credit unions, co-operatives of every type, housing associations, radical journals/literature, alternative technology, alternative forms of entertainment, etc., as a counter-enterprise culture; none of which can be regarded as having an unequivocal status as "capitalist". At the same time, there has been a corresponding shift towards more politically aware forms of lifestyle consumerism - emphasis on local produce, environmentally sound products, anti-apartheid, anti-vivisectionist goods, etc. And these new developments cannot be thought within the classical identification of the economic space as a fixed capitalist totality, or as a homogenous milieu, of the type presented by Hilferding and the later structuralists.

Even such categories as "profit" cannot be accepted as unproblematic in our understanding of the different aspects and movements of complex enterprises. Corporations make a whole range of investment, production and organisational decisions which will

respond to many different kinds of considerations - political stability, labour opposition, social protest, and so on - beyond the simple calculus of profit in the development of wider strategic aims. The economic space, therefore, cannot be understood in terms of the unfolding of a single logic capable of unifying all identity." (Daly, Feb. 1991, p. 88).

In addition, K. Tribe points out that the economic categories of "land" and "labour" do not have any uniquely "economic" meaning, nor is there any necessary mutual connection between them. As he puts it: "The categories of "land" and "labour" are themselves constructed in discourse; they do not precede it" (1978, p. 22)

## Chapter Two

### The Crisis of the Liberal Order:

#### Organisation and Organicisation in Britain.

1) "Iterability" refers to the essential capacity for any sign or identity to be multiple. H. Staten explains this Derridean concept in this way: "The varying phenomenal occurrences of a sign are an empirical fact, but the necessity that the sign-type must always appear in such contingent and different repetitions is essential. The sign-type is constituted in its conceptual essence by its "iterability", its repeatability in principle in a series of tokens that, as distinct spatiotemporal things, to some extent differ from each other. This iterability is no accident; if the type were not iterable it would not be a sign, could not perform the signifying function. On the other hand, if there were not "a certain self-

identity" of the sign that would permit its recognition "across empirical variations of tone, of voice, etc.," the varying sign phenomena could not function as signs either (*Margins*, p.318). The structure of iteration "implies both identity *and* difference," and Derrida places difference on a par with identity as having essential status. Iterability, or the capacity to be multiple, constitutes the identity or essence of the sign as sign and, as Derrida says, "splits the identity of the sign *a priori*" (*Ltd Inc*, p.190); while unity, the capacity to remain in some measure itself, makes iterability possible. Thus Derrida whittles down the purity or self-containedness of ideal identity to what he calls "a minimal remainder" of selfsameness made possible by a "minimum of idealization," (*Ltd Inc*, p.190), a minimum which is essentially subject to having its ideality nibbled away at, in each of its iterations, by the deformations of material incarnation" (Staten, 1985, pp.22-23).

2) The idea of "reactivation" is formulated by Husserl in dialectical relation to that of "sedimentation". Sedimentation refers to that process where certain ideas, themes, principles of enquiry (etc.) become routinised and taken for granted in human thought and endeavour: there is, in other words, a "forgetting of origins". Reactivation, by contrast, is an opposite and disruptive process whereby sedimentations/commonsense assumptions are exposed to alternative forms of interrogation. There is in reactivation, then, a certain revealing of "origins" as contingencies and radical acts of human creation.

The sedimentation/reactivation relationship is similar to those types of relationships explored by Laclau and Mouffe (eg. time/space, dislocation/recomposition, politics/repetition, etc.).



Moreover, the logic of this relationship is central to their understanding of the nature of the social: "It is only when "the given" is not accepted as such, but referred back to the original act leading to its constitution, that the sense of that "given" is reactivated. It is through the desedimentation of all identity that its prospective being is fully revealed. This dialectic, which is at the very heart of Husserlian thought, has been fundamental to our approach to the question of the nature of the social." (Laclau, 1990, p. 212).

3) The term paratactical is used to refer to a situation whereby an intelligible order of differences is prevented by a logic of equivalences. This was the type of situation which confronted Disraeli: in order to overcome the paratactical division of social space (rich/poor, A: not A) - in which "society" could not be objectively represented - Disraeli mobilised a "one-nation" discourse in which the various demands and identities could be absorbed and represented within an intelligible holistic structure.

4) The term "quilting" is used to refer to the Lacanian process whereby "floating signifiers" are structured into a unified field through the construction of certain nodal points. Žižek explains the process in this way: "Ideological space is made of non-bound, non-tied elements, "floating signifiers", whose very identity is "open", overdetermined by their articulation in a chain with other elements - that is, their "literal" signification depends on their metaphorical surplus-signification. Ecologism, for example: its connection with other ideological elements is not determined in advance; one can be a state-orientated ecologist (if one believes that only the intervention of a strong state can save us from

catastrophe), a socialist ecologist (if one locates the source of merciless exploitation of nature in the capitalist system), a conservative ecologist (if one preaches that man must again, become deeply rooted in his native soil), and so on; *feminism* can be socialist, apolitical...; even *racism* could be elitist or populist....The "quilting" performs the totalization by means of which this free floating of ideological elements is halted, fixed - that is to say, by means of which they become parts of the structured network of meaning." (1989,p.87).

### Chapter Three

#### Organisation as a Contested Terrain: The Struggle for a Centre.

1) Esotericisation is here being used to refer to a process of concealing economic decisions within the private realm and of excluding open/public scrutiny.

2) In this regard, Lash and Urry state: "It was not originally Keynesian rationalizers who were the main force behind bringing some organization to the British state, but rather conservative imperialists. In the context of the first surfacing of unemployment as an economic problem and the rising consciousness of German competition, these protectionists began to place their arguments in the context of an empire-based customs union. The consolidation after the First World War of an organized capitalist state was associated in a sort of *de facto* alliance between imperialists and the increasingly nationalist "entrepreneurial rationalizers" " (1987,pp.52-53).

3) In fact, Keynes' representation of the economy as an integrated structure may be traced back to the formative experience of the First World War and an influential paper entitled "The Economic Consequences of Peace" written in 1919 (see Robert Skidelsky, 1983, for a discussion of this).

It should also be pointed out that any notion of a literal implantation of the "Keynesian revolution", even in Britain, is misleading and problematic (see Booth, 1989, p. 177; and Tomlinson, 1991, pp. 112-13). The construction of "Keynesianism" was clearly a political one whose principle of reading needed to be historicised according to context.

4) In contrast to the esoteric, the exoteric refers to an open decision-making process largely conducted by public professionals/civil servants (etc.).

5) In other circumstances - for example, 1980s Thatcherism - we could well imagine a different response to this kind of identity.

6) To this effect, we would reject the argument which presents the development of organised capitalism in Britain in terms of "the City" simply advancing its own interests and securing long-term objectives (eg. Jessop, 1980; Coakley and Harris, 1983; Ingham, 1984). By contrast, we would stress the political character - and hegemonic undecidability - of these organising developments in which new identities with specific interests were discursively constructed.

7) The Bank of England also made further advances in anticipation of a public issue.

8) The subscribers to the BID were: Barclays Bank; Baring Brothers and Co.; A.P.Brandt and H.B.Brandt; E.Clifton Brown, of Brown, Shipley and Co.; District Bank; Erlangers; G.Farrer, of H.S.Leferre and Co.; Robert Fleming and Co.; Glyn, Mills and Co.; Kleinwort sons and Co.; Lazard Brothers and Co.; Lloyds Bank; Martins Bank; Midland Bank; Samuel Montagu and Co.; Morgan Grenfell and co.; M.Samuel and Co.; National Provincial Bank; North of Scotland Bank; Robert Benson and Co.; L.N.de Rothschild and A.G.de Rothschild; Royal Bank of Scotland; J.Henry Schroeder and Co.; Seligman Brothers; S.Japhet and Co.; Stern Brothers; British Linen Bank; British Overseas Bank; British Shareholder's Trust; Central Mining Investment Corporation; Clydesdale Bank; Commercial Bank of Scotland; The Bank of Scotland; Manchester and County Bank; National Bank; National Bank of Scotland; Westminster Bank; Williams Deacon's Bank; Mr N.L.Campbell, of Helbert, Wagg and Co.

9) Indeed, rationalisation through private amalgamation did not necessarily conflict with the universalist state. This new type of state was fully at home with the new monopolies (viz.the official sponsoring of the steel cartel, the British Iron and Steel Foundation. In fact, there appeared a considerable coincidence of interest between an expanded national state and a corporate economy.

10) The first Labour government of 1924 was electorally defeated in the same year.

## Chapter Four

### The Industrial and Commercial Finance Corporation

#### Postwar Conversion and the Private/Public Frontier

1) Antagonisms and the contestation of the private/public frontier were not, of course, limited to the construction of the social-economic community. In welfare, for example, the creation of a publicly regulated national health service met with fierce resistance from the British Medical Association. In the wake of the Beveridge Report the BMA not only supported the establishment of the private health company, British United Provident Association in 1947 - as a counter organisation a year before the founding of the NHS - it also set up a "fighting fund" of £1 million in order to oppose plans for state health and to reform the National Health Act. The resulting National Health system was eventually created after a negotiated settlement concerning the private/public areas of demarcation in regard to doctors' salaries and clinical and consulting practices.

2) It is interesting to note that the Bank was "nationalised" in 1945 and that both its initiatives, the ICFC and the FCI, were evolved with a "semi-official" status. Hobsbawm argues that the nationalisation of the Bank was simply a de jure clarification of what was already de facto (1969, p.246) and, as such, did not effect its governance or organisational principles. However, this is not the whole story. Certainly the Bank did not simply become subordinate to the state - indeed, we would emphasise an opposite tendency in which the Bank took on the mantle of state authority (especially in matters concerning the regulation of civil economy). As we have argued, the Bank became part of a paradoxical centre of

organised capitalism in which conscious regulation was hegemonically resisted through, among other things, the Bank's own interventions, the creation of organisations like the ICFC and the FCI and the articulation of the discourse of collectivist private regulation.

3) Writing in the *Banker* in 1961, J.Bates outlined a number of weaknesses in the approach of the ICFC to industrial finance. In particular, he pointed to the fact that the Corporation had made little impression on the fifty thousand businesses with between ten and five hundred employees and even less impression on the 200,000 businesses with under ten employees. The main obstacles identified here were the Corporation's lack of funds, its organisational procedures and what Bates saw as a debilitating insistence upon traditional standards of credit worthiness - standards which, in the vast majority of cases, only the larger more established companies could meet. On this basis, Bates concluded: "As constituted at present the ICFC cannot contribute much to a solution of the problem of financing the small firm (*The Banker*, 1961, p.473).

4) Moreover, we should also note how the provision (short term) of working capital largely depended upon component-financing - eg. share issue, mortgage security, etc. - and, therefore, required an active consumption of a broader range of financial services. In this way, postwar credit subjectivity became locked in to market criteria and established business/industry as even more commercially dependent on the City. It is in this regard that we have tended to reject Lash and Urry's argument about the Maklerist economy being simply displaced by organised capitalism (conceived

as a universal stage). While organising themes certainly came into play, we would argue that those are articulated in specific ways. In Britain this articulation might be termed an "organised Maklerism" in which a sense of universalist social-economic belonging is characteristically put together through an expansion (and commercialisation) of investment-credit culture and the development of esoteric forms of authority/regulation in the representation of a strong private sector.

5) From this perspective, we would agree with Tomlinson (1991) that the question concerning the evolution of economic policy in Western Europe cannot be "why wasn't there a Keynesian revolution everywhere?", but rather "how were the characteristic forms of economic management constructed?" In this regard, we would be concerned to examine how "Keynesianism", "Monnetism" (France) and "Euchen/Erhardism" (Germany), for example, developed in the contexts of specific political decisions, mythical interventions and the essential iterability of the expanding themes of economic management. To make the point more forcefully, we would be concerned to analyse the rise of economic management (as part of a widening universalist imaginary) in terms of that which necessarily denies its perfect repetition. The idea of establishing a singularity - or a closure capable of displacing all history with an essential reality - which could objectively represent economic management (eg. "Keynesianism") and against which we could measure the legitimacy of other forms, other "revolutions", becomes *non sequitur*.

6) Indeed, in his evidence to the Radcliffe Committee, Piercy stated "...a MacMillan gap is a feature of private enterprise or

mixed economy where capital for gross investment...is raised (and is raisable) mainly by way of an organised market in industrial securities" (Memoranda of Evidence, 1960, vol. 2, p. 117).

7) The government also endorsed and actively encouraged the process of corporatisation. In the late 1960s, for example, the National Research and Development Corporation was considerably enlarged, and a Ministry of Technology created, in order to fund innovatory projects in the (largely) corporate ends of industry. More particularly, through the establishment of the Industrial Reorganisation Corporation in 1966, the government was resourcing the creation of mergers in all fields of industry - in fact, the stimulation of the corporate sector became a major feature of industrial policy throughout the 1970s (Daly, 1982). In other areas, the government was also promoting the collectivist regulation of social-economic interests. Thus, for example, in agricultural property the government continued to advance funds to the Agricultural Mortgage Corporation in order that it might provide loans against mortgages and, more importantly, provide backing for the Corporation's public issues of debentures (again usually taken up by institutional investors). Similarly, in the film industry, the National Film Finance Corporation also enjoyed financial resources and management facilities from government (with a view to returning the Corporation to the private sector at a point of profitability).

8) In a chapter entitled "Democracy of the Proletariat", S. Holland outlined the role of Finance for Industry (the ICFC/FCI merger) in this way: "The new role of the FFI could be democratized both in its central office and in regional offices attached to the Regional



Economic Planning Councils. This could take the form either of permanent trade union representation with a veto power, or, more suitably, a mixed permanent trade union committee on which both national and local representatives of the unions would have membership by right in cases concerning their unions. Regional offices of the reformed FFI would be required to liaise with Regional Economic Planning Councils at the local level and the London Office of the FFI at the national level - Scotland, Wales and Northern Ireland could have their own Economic Planning councils and regional FFI offices operating on similar principles. In other words, like the main English regions, they would have an agency specializing in the restructuring of small and medium-sized enterprise in the microeconomic sector, as well as a local board of the National Enterprise Board specializing in the mesoeconomic companies. Each main region in England, and the Scots, Welsh and Ulster FFI's, would be allocated a basic capital sum on a rolling five year basis. Major ventures involving either joint ventures with or new initiatives by the NEB would be financed by the government through the Board or from the Board's own internal resources.

In general, the local Regional Economic Planning Councils, through their respective FFI's, would be expected to take shareholdings on the public's behalf in those companies which they rescued from bankruptcy. But they would be given discretion to make temporary loans in some cases to enterprises where it was considered by unanimity that the Regional Economic Planning council had no interest in taking a shareholding. Where the workers in the firms concerned expressed a desire to bring the company in difficulties into common ownership under workers' self-management, they should be required to submit detailed proposals to the

Regional Economic Planning Council (which would include union representatives)".

## Chapter Five

### The Finance Corporation for Industry and the Struggle for Steel

1) The Capital Issues Committee was an official regulatory body which, with the Chancellor of the Exchequer, gave directives to the banks regarding the amounts and, in particular, the categories of finance, investment and credit which could be generally provided by the banks and financial institutions. The Committee, therefore, was an important instrument of monetary policy and was particularly active during the postwar period.

The categorisations of credit and finance, not surprisingly, were a deeply contentious issue. In their evidence to the Radcliffe Committee, the Finance Houses Association Ltd., for example, complained: "The CIC has, apparently, treated all applications from Finance Houses to raise fresh capital for operations overseas on the same footing as similar applications for home use, ie. since the beginning of 1955 all such applications have been rejected. The justification for this is not easy to see." (Memoranda of Evidence to the Radcliffe Committee, para.31).

In fact, there was a chorus of protests against the CIC with regard to its "inflexible attitude", "arbitrary decisions", its lack of information and "skewed priorities" from various organisations in evidence to the Radcliffe Committee, including: the Industrial Bankers' Association; the Retail Distributor's Association; the Federation of Wholesale Organisations; the

Multiple Shops Federation; the Building Societies' Association; and the Association of Investment Trusts who stated, "The decisions of the CIC, being based on directives partly public and partly secret, have not always inspired confidence owing to the difficulty of understanding the reasons for them" (Memoranda of Evidence,p.41)

2) By March 1971, under its chairman Sir George Bolton, the CDFC had invested a total of nearly £27 million including: £4.9 million in chemicals and fertilizers; £3.1 million in engineering; £2.2 million in motor vehicles and accessories; £2.1 million in forestry, agriculture and food processing; and £1.9 million in textiles (HMSO,British Financial Institutions,1971,pp.56-57).

In addition, the Commonwealth Development Corporation (CDC) - whose name was changed from the Colonial Development Corporation under the terms of the 1963 Commonwealth Development Act - was concerned with the general maintenance of the "sterling area" and, under the Overseas Resources Development Act of 1969, was given official borrowing powers of £225 million (which was often used as backing for wider forms of investment).

3) According to Lord Bruce, the transaction was made on the basis that: "The alternative...appeared to be that we would have to find several millions of additional capital for further development and expansion. This inevitably would have led to an ever-deepening measure of direct control and increasing responsibility for the technical side of the business" (*Economist*,30th July,1955,p.428).

## Chapter Six

### The Crisis of Organised Capitalism:

#### Political Recomposition in Britain

1) These developments are clearly not interior to a given representation of "disorganised capitalism" - as if they were a mere expression of an inevitable stage of capitalist development (viz. E.Mandel and F.Jameson). On the contrary, these developments represent a fundamental engagement with the logics of disorganisation which, on the one hand, makes them workable but, on the other, radically limits and subverts their operation as a constitutive outside.

2) This *modus operandi*, of course, completely broke down with the onset of World War II.

3) The issue of liquidity was crucial to the Bank's response to the demands for export finance and an independent, and possibly state-sponsored, export corporation. Through its journal, the Bank presented the idea of such a corporation in terms of how it would "raise its working capital so as to provide relief to the banks' liquidity" (*Quarterly Bulletin*, March 1962, p.26). In this way, using its journal as a national forum, the Bank was able to construct the liquidity of the banking sector and the general problem of financing exports as inextricable moments in the "commonsense" of the national-exporting project. In addition, the Bank outlined its own scheme for the "re-financing of medium-term export finance" in 1961. This scheme, among other things, was directly involved with the re-liquidifying of the banking sector through a re-funding provision for banks' export advances and more generally through a re-definition of those advances as "liquid

assets" (see above). More especially the Bank was able to argue that its own refinancing scheme possessed "the merits of being likely to provide immediate relief to the liquidity of the banks, of enabling the Bank to know at any time the full extent of their obligation (in exports advances) and of not undermining the general control of the total supply of credit, while disturbing as little as possible the existing pattern of financing and normal relationships between the banker and customer" (*Quarterly Bulletin*, 1961, vol.1, no.2, p.27). Thus, by indivisibly linking liquidity to the problem of export finance the Bank was able to offset demands for an official export finance corporation and, crucially, to affirm that the responsibility for export financing - and indeed economic enterprise in general - should reside principally with the civil banking sector.

4) Indeed, from the 1960s, the central political struggle in Britain has arguably been over the constitution of "the people" in this typology - something which social democratic forces in Britain have increasingly failed to do.

5) This has been a persistent and widespread view which, *inter alia*, has been expressed in such books as M.J.Wiener's *English Culture and the Decline of the Industrial Spirit* (1981). It is a view, moreover, which has been resonantly taken up by the new right in Britain in their attempt to mobilise an alternative social and economic reality.

6) This does not, of course, mean that there was a wholesale abandoning of, or flight from, sterling. What it does mean is that the traditional role of, and identifications with, sterling began

to be transformed. In 1967, for example - a year after the Bank had been accused of defending sterling at the expense of the national economy - Governor O'Brien anticipated the devaluation of sterling (which took place for only the second time since the War). In addition, the increasing realities of European capital markets meant that there was a growing body of opinion (esp. within the City) that the role of sterling, as an international reserve currency, should be reduced. This was part of the thinking behind Heath's "floating" of the pound in 1971 (as a precursor to Britain's entry to the EEC).

7) As the *Economist* pointed out, the Bank had been dominated by "the Norman tradition of working on *nous* and personal contact rather than putting much dependence on figuring and intellectual principles" (Nov.19th,1960,p.806). This tradition, however, completely broke down in the 1960s. Indeed, central banking became exposed to the same discourses of rationalisation and modernisation which affected the development of the corporatist regime. This process began essentially with the Radcliffe Committee's attempts to represent the new realities of a post-Suez Britain: "we find it difficult to believe that the Bank of England is so differently placed from the central banks of other countries that there should be such a wide disparity in the volume of printed comment for which they make themselves responsible. It seems to us also that this apparent reticence does harm to the standing of the bank as a national institution and fails to enlist the active interest and support of outside experts who have no means of access to the thinking of the Bank and the problems it faces" (*Report*,p.300,para.865).

With the Radcliffe Committee, then, there was a recognition

that the Bank had certain responsibilities like any other central bank - thereby denying its uniqueness - and also that information itself was a major resource (a new form of "capital") in the era of globally interconnected markets. What the Radcliffe Committee effectively challenged was the idea of a preserve of economic knowledge/authority colonised by secret practitioners (with the Governor chief among them).

This precipitated the development of a thoroughgoing modernisation programme in central banking in Britain. This involved what Moran refers to as a major shift from esotericism to a more exoteric culture (1984). In terms of the anatomy of central banking, this meant that the Bank became more professional, specialised and streamlined in its activities. This was particularly reflected in its new policy of recruiting specialists and economists to the Bank and the rapid expansion of research facilities and "functional departmentalisation" - eg. the creation of Central Banking Information Department in 1959 (whose functions were later taken over by an Overseas Department) and a restructured Economic Intelligence Department in 1964.

Most visibly of all, however, the modernisation programme involved - as a direct result of the recommendations of the Radcliffe Report - the launching of the Bank's own *Quarterly Bulletin* in 1960 as a major national journal of economic commentary. This journal was responsible for justifying the decisions of the Bank (and Treasury) and for disseminating its prognoses to far wider audiences than ever before.

The journal not only published extensive statistical material but, importantly, began to introduce a more accessible and popular idiom of economic language in which to convey its discourses. This was achieved primarily through, (i) the journal's

own message-based commentaries and conclusions and (ii) the extensive reporting of the high-profile rhetoric of the Governor's speeches (a source for subsequent reproduction in other media).

However, while on the one hand the Bank was becoming more actively and visibly involved in economic decision taking - thereby abandoning its previous intermediary culture - the re-structuring of its identity had ambiguous consequences for its standing in the new social-economic order. Indeed, the shift from an esoteric to an exoteric regime of authority/information led to a certain demystification and de-charismatisation of the Norman-type Governor whose authority was unquestioned and whose decisions were final. One could say, in fact, that this shift constituted a moment similar to that found in the film *The Wizard of Oz*, when Toto draws back the curtain to reveal a set of machinations and a rather troubled figure trying to maintain a mystical detachment and authority. Or to use the metaphor popularly ascribed to the Bank, the sphinx now had to speak in order to justify itself and, in so doing, lost a good deal of its power and majesty.

8) Here, "esoteric" refers to the closed networks of financial authority and personal contact (characteristic of Norman's Governorship), while "exoteric" refers to the more open channels of influence and communication in which information (especially global financial information) has become professionalised. We would also say that "information" has become the new "capital"/"commercial service" of disorganised capitalism.

9) This failure was the outcome of various political struggles in which the Labour Party (and more generally, British social democracy) has increasingly lost ground.



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