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Explaining the asynchronies in the introduction of prison  
privatisation in England and Wales:  
A structural Marxist approach

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Doctor of Philosophy  
University of Edinburgh  
2012



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## Acknowledgements

A retrospection at the work of the last four years, which is only partially recorder in this Thesis, would reveal a lot. It's not only the level of analysis achieved, had the final version of this research been compared to the initial documents. It's foremost the annoying awareness of the theoretical gaps that need to be addressed in the future. For what has been achieved as well as for the awareness of what needs to be done, it's exactly that retrospection that brings in mind all those who contributed to my course up to now even without being aware of their help.

Among the *sine qua non* of this doctoral research has been the generous funding from the Scottish Centre of Crime and Criminal Justice Research. It was not just a means of sustaining myself throughout this research; most importantly it was a necessary factor that led my decision to embark in this enterprise. The other factor has been the support from my supervisors Professors Richard Sparks and Neil Walker. Especially the first supervised my academic course since the dissertation of the MSc degree in Criminology and Criminal Justice in the same university. Both Professors contributed greatly in what came to be this Thesis either by protecting me from unseen intellectual shortcomings or by strengthening my unorthodox convictions when being challenged.

The academic experience, however, is not limited in the interaction with academics. Great contributions in this intellectual development I've received from all my colleagues in the University of Edinburgh Law School during our long fruitful philosophical discussions. Special thanks, however, are owed to Nicholas Gervassis, Panagia Voyatzis, Paolo Sandro and Haris Psaras for their constructive criticism in this Thesis. Most importantly, though, I am thankful for their psychological support during the painful hours of doubt and introspection. The support from my family has been invaluable too. Few things would have been materialised without the tireless help from my mother and my brothers. The completion of this Thesis is owed to Margarita, the woman that kept me sane during the final stressful stages of this research by reminding me that research is like poetry. No matter how important it is, it only describes life. It's not life itself.

The final words of gratitude go to Georgios Papanicolaou. His help, advice, support, cooperation and in the critical moments even “pressure” have always been there since the very start of my studies in Edinburgh University; a constant reminder that “philosophers have only interpreted the world, in various ways; the point is to change it”. Nothing would have been achieved without my comrade. There are simply not enough words to express my deep gratitude.

Athens, 23.02.2012





## Declaration

I declare that this Thesis was composed by myself, that the work contained herein is my own except where explicitly stated in the text, and that this work has not been submitted for any other degree or professional qualification.

Athens, 23.02.2012  
Ioannis Papageorgiou



## Abstract

The expansion of prison privatisation presents distinctive traits. One of them is its peculiar temporal expansion in a comparative point of view. This research focuses on the intrastate temporal expansion and more specifically in the case of England and Wales. What is researched is the reason behind the delay in the emergence of prison privatisation, in other words the asynchrony between the introduction of general and prison privatisation policies. This Thesis rejects explanatory frameworks based on historical analogies, pragmatic concerns or economic arguments and puts the explanation in a discourse of political interaction. In this framework, previous approaches related to the concept of globalisation, commodification of citizenry and political culture do not provide either suitable analytical tools in explaining the asynchrony in question. This research, instead, aims to bring forward the class struggle as catalytic agent in criminal justice system developments using a Structural Marxist concept of the State and its transformations. In the Capitalist Mode of Production the State acquires a unifying role among the contradicting classes by promoting the supposed general interest of the society, in order to allow the continuation of class domination and labour exploitation. This is feasible through the constantly unfolding hegemonic strategy which organizes the cohesion of the power bloc and disorganizes the dominated classes. Hegemonic strategy substantiates in the State Apparatuses which is not just a tool for policy making but rather a point where contradicting class powers condense; policy formation as such reflects the vector of class power in the apparatuses. Hegemonic strategy is set in motion by the State Personnel which is relatively independent knot in the transmission of domination between the power bloc and the dominated classes. State transformations are indications of this strategy since they inscribe in the structure of the State the vector of the class struggle. Hegemonic strategy took interesting contours after the mid-'60s. The capital over-accumulation crisis on the one hand and on the other Authoritarian Statism promoted extensive State transformations as in the case of privatisations. Massive reactions, however, caused by the labour movement, required their containment and consequently a smoothly operating criminal justice system. The entrenchment of prison officers, therefore, from the wider changes in the labour status became crucial and a state transformation in itself, although by absence. This explains the delay of prison privatisation which appears indeed at the end of a long socially unstable period.



To my Father.  
For everything offered by his  
presence and his absence.  
(1945-1996)



## Introduction

The 25<sup>th</sup> of July 1991 marked a deep transformation in the criminal justice system of the United Kingdom. The Criminal Justice Act 1991 allowed for the privatisation of the prison system and thereby broke a long tradition of “self-evident” State dominance. It's exactly this development that requires the use of quotation marks. The prison system was falling exclusively in the governmental purview only as an ideal type, while reality proved - by exactly this development - to be much more complicated. The quotation marks are also needed for another reason. One could question whether the State primacy in imprisonment had ceased to be self-understandable long ago, since it was twelve years since the introduction of general privatisation and in a period in which the wave of those policies never ceased that prison out-sourcing emerged.

This Thesis investigates this development. The asynchrony between the introduction of general and prison privatisation policies poses some fundamental questions over the way that the criminal justice system is developing. Explaining the time gap between the two time points would allow exactly the detection of influencing factors and the way they interact within the system in question. Such an enterprise, however, exceeds a strictly institutionalized logic. If the emergence of prison privatisation is seen under the prism of a wider social perspective, the importance of the criminal justice system in the social developments could be revealed. On the other hand the same factors that shape the evolution of the prison system would potentially be effective in different sectors of social life allowing for similar explications in their particular development.

The methodology employed in this Thesis, as will be seen, prevents any comparative perspective between different jurisdictions. It requires, instead, a specific conjuncture both in its spatial and its temporal notion. The examination of the asynchrony of prison privatisation will be restricted, therefore, to the developments in England and Wales that took place in the last quarter of the 20<sup>th</sup> century. Although the causation scope is limited, under the caveat of the particular conditions operating in other conjunctures, the stance taken in this research provides



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the analytical tools to extend the conclusions in different Social Formations. More specifically this Thesis brings forward the class struggle as catalytic agent in the developments of the criminal justice system using a Structural Marxist account of the State and its transformations.

The role of the State in the Capitalist Mode of Production is a unifying one. It functions as a cohesive factor among the contradicting classes. This happens because it promotes a supposed general interest of the Social Formation. In reality, however, it facilitates the continuation of class domination and labour exploitation. This peculiar combination of functions is feasible through the constantly unfolding hegemonic strategy which itself organizes the cohesion of the power bloc and disorganizes the dominated classes. Hegemonic strategy is realized in Apparatuses of the State. The latter are not just a tool for policy making in the hands of the power bloc but rather a point where contradicting class powers condense. That practically means that policy as such reflects the vector of class power in the apparatuses; while the overall policy of the State reflects the totality of the class struggle. Within the State Apparatuses the hegemonic strategy is realized by the State Personnel. The latter constitutes a social category and therefore an independent knot in the transmission of domination between the power bloc and the dominated classes. If the State condenses the class struggle, State transformations constitute exactly indexes of the vector of this struggle. Through the mediation of the hegemonic strategy the contradiction between classes inscribes changes in the structure of the State.

Hegemonic strategy in Britain took interesting shape during the second half of the 20<sup>th</sup> century. The capital over-accumulation crisis that emerged in the mid-1960s provided the opportunity for extensive State transformations. The latter were shaped more permanently in Authoritarian Statism, the form of State that corresponds to the political counterpart of the development of Capitalist Mode of Production in that period. Privatisations constitute part of the State transformations in question. The economic crisis was closely followed by the threat of a political one. Massive reactions against privatisations from the labour as well as other social movements, required their containment for the smooth reproduction of the capitalist relations of production. Consequently, a smoothly operating criminal justice system was also required as a “last line of defence” in that reproduction. The entrenchment

of prison officers from the wider changes became crucial. This explains the delay of prison privatisation which appears indeed at the end of a long socially unstable period.

The first chapter of this Thesis will outline the research question. After exploring some contextual issues, the question of the temporal gap between general and prison privatisation will be brought forward. The scope and methodology of research will be restricted to the developments in England and Wales towards the end of the 20<sup>th</sup> century. Before embarking, however, on a more detailed analysis, different analytical frameworks will be tested. The hypothesis of overcrowding and fiscal considerations behind the introduction of prison privatisation at a specific time point will be rejected as mixing the causes and the symptoms of this phenomenon. The hypothesis of economic considerations will also be refuted, indicating that the issue of whether prison privatisation is in any case profitable for the State or not remains dubious. The analytical framework that will be adopted, instead, is that of social interaction with a particular focus on the political level. Previous approaches in this framework came from the globalisation, the welfare categorisation of societies and the political culture discourses. They are rejected due to their difficulty in explaining particular cases of jurisdictions or because of they employ rather abstract and incoherent concepts. Lastly, basic Marxian and Marxist approaches on penalty will be de-constructed with the view of acquiring concepts useful for the following theoretical part of the Thesis. In this framework the works by Marx, Pashukanis, Ferrajoli, Zolo, Rusche, Kircheimer, Melossi and Pavarini will be critically assessed and important conclusions will be ascertained regarding Marxist epistemology, the role of the State and the interpolation of value and commodity with criminal justice.

The second chapter which is the first one in the theoretical part of this Thesis will analyse Structural Marxism as widely as possible. The purpose of this chapter is to present the main feature of Poulantzas' work, namely that the State is not a tool but a relationship between classes. After a brief analysis of class construction in Historical Materialism and the relationship among classes within the Althusserian concept of 'levels', the State is presented as the condensation of their contradictions. The State appears as unifying element in the class struggle while at the same time it promotes the extended reproduction of relations among social forces

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in the Capitalist Mode of Production. This is feasible through the constantly unfolding hegemonic strategy of the dominating classes, the manifestation of which appears in the unstable equilibrium of compromises that drives State policy at the last instance.

As a necessary appendage to the previous chapter the third one regards the realisation of the hegemonic strategy in the State Apparatuses and brings forward the role of a special social force, that of the State Personnel. The double functionality of the State as cohesive factor and as facilitator of the reproduction of the class relations goes through the operation of the ideological, the repressive and the economic State Apparatuses. Moreover, their smooth operation depends on the State Personnel which becomes a special knot in the transmission of dominance. Due to their position in the reproduction of class relations the State Personnel are the first recipients of the dominant ideology and its first transmitters. Therefore, this social force presents special characteristics since it's affected by the class struggle but in a refracted way. Especially important are the Repressive State Apparatuses and their personnel since they constitute the last line of defence in promoting subordination when other apparatuses and specifically the ideological ones have failed.

The set of relations up to this point presented the class contradictions in a dynamic way but certainly one in which the struggle does not threaten the dominance of the power bloc. The fourth chapter refers to the case in which the class struggle is so intensified that it prevents extended class reproduction. In the economic level, the index of the class struggle is the rate of profit. The more it is strengthened the more difficult becomes the extraction of capital out of the production process. Apart from the permanently falling rate of profit, the periodic capital over-accumulation crises exert even more pressure on the profitability. What is especially important, however, is the possibility of transmitting the economic crisis to the political and ideological levels. The State, by employing counteracting influences against the falling rate of profit, becomes the central factor working against the economic crisis; therefore it's the point where the economic and the political levels merge and the crisis is transmitted between levels. These are the conditions in which a structural crisis emerges. The importance of crises, threatened or actual ones, is that they drive the hegemonic strategy towards State transformations that change the external conditions

of the class struggle. This is a process that takes place anyway during the normal course of contradiction between classes. The crisis, however, intensifies those transformations, one of which is the privatisation wave. As a response to the capital over-accumulation crisis after the mid-1960s, a set of State transformations under the general term of Authoritarian Statism appeared. Privatisations are an aspect of exactly those modifications.

Having established the necessary analytical tools, the fifth chapter of the theoretical part brings them together in an explication of the asynchrony of prison privatisation. Against the capital over-accumulation crisis of the 1970s privatisation policies appeared as the necessary outlet that removed unprofitable State capital from the market and at the same time gave the opportunity for private profitable investments to cover societal needs. The capital purging policies, however, were triggering the labour movement's reaction. This includes the case of the State Personnel especially since privatisation was affecting their labour status. The entrenchment of the Repressive Apparatuses personnel, including the prison officers was more important than ever, if the smooth operation of the criminal justice system – the last line of defence – was to be retained. The hegemonic strategy, therefore, had to make a tactical withdrawal in order to appease prison officers until the wave of privatisations had come to an end. When any possible insubordination had ceased, the privatisation of prisons could emerge. This explains the asynchrony between the introduction of general and prison privatisation policies. At the end of this chapter a section will shed some light on the critique against structural Marxism. The aim is, by de-constructing those objections, to further illustrate Poulantzas' theory. After Anderson's Gramscian constructs on the State, the debate between Poulantzas and Miliband will be critically approached, followed by the debate between Stuart Hall and Bob Jessop. Finally, few deficiencies in Poulantzas' theory will be presented.

The purpose of the following empirical part is to illustrate rather than prove what has been concluded in the theoretical part. The sixth chapter establishes the prison privatisation policy as State transformation. Through a longitudinal analysis of the State involvement in imprisonment, prison contracting-out in 1991 appears as a separation from the previous practice. What is particularly important is that the asynchrony in the introduction of prison privatisation is a State modification in itself

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since it shares the same pragmatic, systemic and ideological premises with the general privatisation policies. It's a State transformation by absence. If transformations are the result of the class struggle, the next issue that needs to be established is the conditions of class contradictions in Britain during the period in question. The seventh chapter, therefore, regards the evolution of the role of the State in the economic crisis of the 1970s with a particular focus on the class struggle. In this framework, in 1980 a distinctive break with the previous approaches appeared. Tactical appeasement of the trade unions and finally confrontation with them in more suitable conditions had been employed instead of full confrontation. In the same article the practical implications by Hall *et al.* construct of Authoritarian Populism is also presented in detail and objected.

The strength of the labour movement that shapes the counteracting influences at the last instance is then compared to the developments in the prison system in the last eighth chapter. The class struggle in the Social Formation is refracted in the prison officers' labour movement especially since privatisation threatens to change their labour status. The Prison Officer Association (POA) represents a militant and powerful movement the strike of which could cause major problems in the smooth operation of the criminal justice system. This is especially important in a period of social insubordination. With a number of concessions, prison officers were kept content until the labour movement as such and more generally the social insubordination caused by the capital purging in the 1980s had ceased. The distinctive decrease of industrial actions and working days lost at the end of the 1980s marks the point at which the privatisation could turn towards its "guardians" namely the Repressive State Apparatuses. This explains the asynchrony between the introduction of general and prison privatisation policies in the conjuncture, namely the British Social Formation at the second half of the 20<sup>th</sup> century.

## Chapter 1

### The Expansion of Prison Privatisation; a Political Conundrum

#### Contextual issues

Prison privatisation is a relatively broad term. A crude differentiation into groups would differentiate the spectrum in three broad levels. The first one includes “minor” commercial contracts for the canteen or the shop where inmates purchase items for personal use. The next level is the delivery of specific services like rehabilitation, maintenance, catering, transportation, health care, vocational training and several others. The final level is the assignment of the entire operation of a prison facility to a private contractor. This case includes all the aforementioned services along with the surveillance and custody of prisoners<sup>1</sup>. Although the profits for the private contractor regarding the first level of privatisation are considerable, it is the second and the third levels that cause the strongest debate for legal and ethical reasons. Thus, the focus will be placed on these aspects of private involvement.

Historically, the full management of prison, namely the third aspect of privatisation, preceded the contracting out of non custodial services. In this framework the contemporary appearance of privatized prisons dates back to 1983 in the United States<sup>2</sup>. The status of the phenomenon gradually and slowly moved from the “interesting experiment” to the “proven option” only by the end of 1980s, since it was then that it started expanding significantly between federal States. The initial slow development could be seen in the international expansion as well. Australia was the second country to adopt the private provision of correctional services in 1989 with Borallon prison which opened in January 1990. In this case, however, the internal expansion was rather fast, since many other privatized prisons followed but

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<sup>1</sup> A. Coyle 2004.

<sup>2</sup> Regarding the second level of privatisation, relevant contracts were signed from the 1960s in the United States. During the same period, in the third level of privatisation, juvenile correctional facilities operated by private organisations (in most cases not for profit). In 1979 the first facilities of secure confinement for illegal aliens either pending hearing or awaiting their deportation appeared also in the United States. In 1983 prison privatisation draw considerable attention because of the first contract for a detention centre. Therefore, 1983 is the year in which prison privatisation touched the hard end of privatisation. It appeared, though, as a potential many years ago. D. McDonald *et al.* 1998, p. 5.

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not with even distribution among the federal States. Now Australia has the highest number of prisoners held in private prisons in the world. Round the same period England and Wales opened the first privatized prison facility. After passing the enabling statute (Criminal Justice Act 1991), HMP Wolds opened in 1992 under the management of G4S (Group 4 by that time). The internal expansion in this case was again spectacular with 11 privatized prisons up to now. Few years after England and Wales, New Zealand followed. Although, the intention to privatize prison facilities was expressed in early 1990s, due to a long process of introducing a new law and call for tenders, the first facility for remand prisoners opened in 2000. Thereafter, the process ceased. Canada on the other hand had a long story of political “resistance” to prison privatisation until 1996 when the relevant procedure started. It eventuated to the first (and only) contracted out correctional facility in 2001. Scotland – being a distinct jurisdiction from England and Wales – established the first privatized prison, Kilmarnock in 1999. Furthermore, in June 2006 a new contract was awarded for a 700-places prison in Addiewell<sup>3</sup>.

The Continental European countries adopted the second level of privatisation in terms of their prison facilities. The “dual management” model, as it is often called, requires close cooperation between the public and the private administration and a detailed contract that prescribes the responsibilities of each part. Privatisation process began in France in 1987, when the enabling legislation was issued. Now, there are 21 “semi-privatized” prisons and it’s highly possible that this number will increase. Furthermore, it should be mentioned that there is no constitutional constraint for full privatisation. In Germany where such a legal constraint exists (article 33 of the Federal Constitution), semi-privatisation is adopted as well. The first facility opened in 2005 in the federal State of Hesse with the view for another in the federal State of Saxony-Anhalt. In the Netherlands a large part of the ancillary services are contracted out forming a situation resembling to semi-privatisation. Nevertheless, this process is not openly pronounced as privatisation like in France or Germany<sup>4</sup>.

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<sup>3</sup> J. R. Lilly *et al.* 1992, D. McDonald 1994, A. Coyle 2004, M. Ryan *et al.* 1989, K. Nossal *et al.* 2004, M. Cavadino *et al.* 2006, pp 304 – 328, R. Harding 1997, pp 1 – 15.

<sup>4</sup> M. Cavadino *et al.* 2006, pp 304 – 328, A. Coyle 2004.

From an intra-State point of view some further information could also be derived. In some jurisdictions there has been an exceptionally short period between the introduction of general privatisation policies, in respect of other public industries or services such as telecommunications, and the proclamation of the first correctional privatisation contracts like in Australia where the gap in question was one year or in the USA where it was 2 years. The same period in New Zealand was six years<sup>5</sup>. On the other hand other jurisdiction present a substantial break between the introduction of general privatisation policies and the emergence of prison privatisation. This happened with Canada, England and Wales where in both cases there has been a gap of almost 12 years, while the first correctional privatisation contract appeared in Scotland 20 years and in the federal State of Hesse after 21 years after the adoption of privatisation policies.

The previous description is by no means explicit. Prison privatisation appears also in other countries both developed and developing. What is significant however, is the fact that the wide expansion is not followed by multiplicity of providers. Initially there were several firms each running a single correctional facility, mainly in the United States. Nevertheless, they didn't manage to withstand the competition by big corporations – most of them being security companies – when they entered the market<sup>6</sup>. This situation resulted to 5 corporations controlling worldwide the prison privatisation market. In 1996 Corrections Corporation of America (CCA) through an extensive network of subsidiaries was controlling 48 facilities in the United States, the United Kingdom, Puerto Rico and Australia (31,357 places). Wackenhut Corporation Inc. through its subsidiary Wackenhut Corrections Corporation (WCC) controlled 30 facilities in the United States, United Kingdom, Canada and Australia (22,132 places). Additionally, at that time Group4 Securicor (previously Group4 Falck and Group4) through its subsidiary GSL, Serco,

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<sup>5</sup> For the first two countries it's generally hard to define the exact dates of general privatisation introduction; in Australia due to the federal system (privatisation has been gradually introduced from 1988 to 1992 in different federal States) and in the United States because of the general lack of governmental enterprises (both central and local) or extended social welfare. In this case the first election of Ronald Reagan has been adopted as marking point because of his government's devotion in cutting tax rates and deregulating markets which eventually resulted in the adoption of the privatisation ideology and terminology. New Zealand adopted a general privatisation policy in 1984.

<sup>6</sup> Few years after the introduction of prison privatisation in the United States the most notable corporations in the correctional field were indicatively Concepts Inc., Corrections Corporation of America, Eclectic Communications Inc., Esmor Inc., Prisor Inc., US Corrections Corporation, Wackenhut Corrections Corporation. In C. Thomas *et al.* 1994.



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Sodexo SA (previously Sodexho) had a significant part in the global market of prison privatisation in close connection with the construction corporations Trafalgar House plc. in the United Kingdom, Maxim in Canada and Thiess in Australia. In the meantime, however, several acquisitions took place between those corporations, most notably, the increase of contribution of Sodexo in CCA, the take-over of CCA's European awards by the same company, the take-over of Wackenhut Corporation Inc. by Group4 Securicor and the independence of WCC (renamed since then as Geo Group) from the emptor in May 2003. As a result, during the recent years the greatest actors in this market are Sodexo SA, Geo Group and Group4 Securicor and secondarily Serco and CCA. Moreover, partnerships between them are not infrequent something that obscures the notion of partners or competitors.

A parallel development in the whole context is the political and academic reaction to prison privatisation. In terms of the *stricto sensu* politics - that is the party, parliamentary and governmental proceedings - there was a more or less abrupt termination of the discussion exactly after the each time enabling act was passed. For example in England and Wales the heated debates between the supporters and critics in the Standing and Select Committees on criminal justice and prison issues during the 1980s ceased after the passage of the Criminal Justice Act 1991 which enabled the Home Secretary to contract out prison facilities<sup>7</sup>. Regarding the academic reaction, a significant production of pertinent publications could be initially observed. The relevant literature followed two broad trends and shaped the current understanding of the phenomenon. The first one, with remarkable production, was devoted to the debate between supporters and critics of prison privatisation<sup>8</sup>. The other trend, which commenced remarkably later, focused more on contextual issues like historical development, the role of prison privatisation in legal systems or its consequences in societal structure<sup>9</sup>. In the same way as with the political debate, the

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<sup>7</sup> This is probably due to the fact that The Act marked a point after which any campaign was felt to be futile. See for example M. Ryan 2003, pp 83-91.

<sup>8</sup> C. Logan 1998, J. DiIulio 1988 and R. Harding 1997 summarize well the argumentation and the bibliography from both sides.

<sup>9</sup> For example probably the first article on the politico-economical implications of prison privatisation by J. Lilly and M. Deflem was published in 1996.

academic reaction – mainly the first trend - ceased after some time although gradually<sup>10</sup>.

### The main research question

From the previous contextual matters, a notable issue arising is the distinctive expansion of prison privatisation. This, otherwise profitable enterprise<sup>11</sup>, has a significantly slow expansion. In terms of spatial spread, the vast majority of prisons for profit appear in the English-speaking part of the world with particularly higher representation in the United States and Australia. In those specific countries, however, the intra-State distribution is not even. On the other hand, in terms of temporal expansion, the differences are noteworthy as well. The appearance of the third level of prison privatisation in the United States in 1983 was followed after 6 years from Australia and 9 years later from England and Wales. Scotland, New Zealand and Canada followed this course after more than 16 years. Moreover, the last group of countries is significant because privatisation seems to have come to a relative halt after a change in office. Therefore, New Zealand and Canada have only one private prison, while Scotland has two including one facility under construction. A similar slow expansion could be observed in semi-privatisation as seen earlier.

Within this framework this research attempts an exploration of the expansion of prison privatisation. More specifically, it will try to explain the reasons behind the uneven expansion of carceral outsourcing. As seen before, the notion of expansion has a dual meaning, spatial as well as temporal. The focus in this research will be on the temporal one. Nevertheless, a temporal analysis which locates the question in the different time points that some countries adopted the prison privatisation policy would hardly be meaningful. Different States, different governments, different conditions, different privatisation policies and generally different peculiarities don't constitute a suitable ground for a sound comparison.

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<sup>10</sup> See also A. Liebling *et al.* 2002, p. 283.

<sup>11</sup> This is a strongly debated issue, though, as it will be shown later. It is definitely profitable for the private contractor but the possibility for public profits varies. Due to methodological issues they are not easily comparable; thus, there have been States with some savings after some years of implementing this policy and others that saw losses. Differences occur also in the type of the privatized facility. In any case, had the governments negotiated better, those contracts could also be profitable for the taxpayer.

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Furthermore, the very concept of “timing” is not understandable unless seen in conjunction or compared with a factor; time doesn’t exist on its own but in relevance with something else. The introduction of the general privatisation policies and consequently the time gap between the former and the appearance of prison privatisation offers exactly this factor. For the aforementioned reasons, an international comparative approach wouldn’t be feasible. Thus, the research will have to focus on a single State.

At this point an important point should be clarified. If experimental terminology could be used in this case, then setting the introduction of general privatisation policies as the independent and the appearance of prison privatisation as dependent variable in order to examine the temporal difference between the two implies exactly that there is a linear relationship among them. More specifically, this research setting means that the introduction of general privatisation would lead inescapably to prison privatisation. As a matter of fact prison privatisation is usually presented by its proponents as nothing else than a more specific policy in the wider spectrum of privatisation. But apart from the rhetoric of the proponents, the question arising is if there is actually such relationship between the two. Both policies share in common the same goals focusing on the need to cut public spending, reorganize the public administration, reduce the paternalism of the State and allow space for the development of individual entrepreneurship.

In contrast with that, Ryan suggests that remodelling of welfare State based on the 'New Public Management' (NPM) concept should be seen as a separate case from the process of selling out State enterprises<sup>12</sup>. It would be difficult to support such a separation, unless what he really means to present is merely the historical phases of the two. NPM might be a new managerial approach for the public sector in contrast with privatisation which is a broad and generic term with a financial meaning. Nevertheless, they both follow the same principles, but most of all they have the same goals in the pragmatic field (relieving the governmental budget), in the systemic (smoothing the reproduction of private capital) and in the ideological (inspire a new understanding of governmental functions)<sup>13</sup>. Therefore, from a politico-ideological point of view both periods can be seen as levels in the same

<sup>12</sup> M. Ryan 2003, p. 82.

<sup>13</sup> See for example C. Hood 1995 and P. Cairney 2002, p. 380.

process. What substantially differs in the case of prison privatisation from similar policies is situated in their impact and especially on issues referring to the morality of making profit out of imprisonment<sup>14</sup>. However, the eventual implementation of prison privatisation policy in the aforementioned countries shows exactly that the aforementioned ethical issues were either not enough after a point or never played any role in hindering the whole process<sup>15</sup>.

In this framework, England and Wales presents an interesting case. Neoliberal policies made their European *début* in the UK short after their introduction in the United States. This further implies that the British society had not seen such a wave of State reformation anywhere else in order to be prepared either to resist or adopt the changes. At the same time those developments were largely publicized as well as politicized, which allows the extraction - to a degree - of the political intentions and their reception by the public. The main research question, then, is formed as the attempt to explain the temporal gap between the introduction of privatisation policies in England and Wales by the Thatcher government and the subsequent appearance of prison privatisation in the Criminal Justice Act 1991 by the Major government.

### **Prison privatisation in explanatory frameworks**

The way that the research question was set allows a broad spectrum of explanatory frameworks and even more answers in each of them. It's necessary, therefore, before anything else to select the proper field of analysis. A short analysis accompanied by the most important bibliographical contributions will be devoted to historical retrospection, the overcrowding and fiscal constraint framework, the economic analysis and the societal interaction.

#### **- Historical analogies**

It has been argued that the current trend of prison privatisation has links with a previous long similar tradition in the European world, namely Europe and its expansion in colonies. More specifically, when describing the historical perspectives

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<sup>14</sup> See E. Savas 1987 for a summary of arguments from both sides.

<sup>15</sup> See for example M. Ryan 2003, p. 85 for the case of England and Wales.

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of socio-political phenomena, the reader often comes across the use of concepts like “emergence” or its counterpart, namely, “rupture” of continuity. In the case of prison privatisation, though, the concept of “resurrection” would be seen much more often in bibliography. “Emergence” would imply that the phenomenon of prison privatisation is a breakthrough in penology; an approach, though, which faces significant objections. Based on some historical facts, part of the pertinent literature concludes to the assumption that prison privatisation is the “re-emergence” of an old way of criminal justice administration. Before adopting any approach, though, the emergence or the resurrection should be examined as connotations embedded in the politico-ideological environment of the era under investigation. Otherwise, unless it’s taken as given that some ideas exist beyond time or space reference, the danger of projecting contemporary notions in a conceptual basis that is not fit to accept them is imminent.

A historical retrospection on facts could go as far as to examine the Roman Period, but closer to the contemporary developments are the prison facilities in Amsterdam during the 16<sup>th</sup> century. In the “Rasphuis”, inmates were occupied in primary industry (wood rasping); the revenues were exceeding the costs of confinement allowing profits to the administrators, a process resembling to the contemporary formation of contracting-out prison labour. Later, during the 17<sup>th</sup> century, England adopted the transportation of convicts to colonies as a measure of deterrence. Private merchants were transporting convicts and making profit out of selling them as slaves. In the 18<sup>th</sup> century, John Howard reports that the European prisons run under a fee system where the jailer levies charges on prisoners or the State to lock or unlock the former and to provide them basic services as food, bedding, alcohol etc.<sup>16</sup>. The 19<sup>th</sup> century saw private involvement being gradually reduced and finally eventuating to the periphery of punishment<sup>17</sup>. It seems, then, that there is a long and indisputable involvement of the private sector in imprisonment which, however, was interrupted during the late 19<sup>th</sup> or early 20<sup>th</sup> century. As a

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<sup>16</sup> A. Durham 1989, pp 110-111, M. Ryan *et al.* 1989, pp 61-68, M. Feeley 2002, p. 326, S. Dolovich 2005, p. 450 and M. Cavadino *et al.* 2006, p. 306.

<sup>17</sup> A. Durham 1989, p. 112, M. Ryan *et al.* 1989, p. 62, D. McDonald 1994, p. 29 and J. DiIulio 1988, pp 71 – 73.

result, when in the 1980s private interests were re-involved in imprisonment, this phenomenon was registered in penology as re-emergence of prison privatisation.

As mentioned before, the specific pattern of imprisonment administration cannot be seen outside the politico-ideological environment of the each time era which further means that solving the question of emergence or re-emergence of prison privatisation is highly depended on the way that punishment is treated<sup>18</sup>. Prior to the 18<sup>th</sup> century the ancient and medieval concept of punishment was largely related to *lex talionis*. Crime and along with it punishment, are seen by part of the bibliography as private difference and response respectively<sup>19</sup>. The power to imprison, therefore, is delegated to individuals. Nevertheless, this understanding covers a significant detail that is illuminated during the Medieval Times. The formation of a political entity in the High Middle Ages that resembles the State in the sense of land determined by boundaries, central power and liegemen – and to the degree that it does so – would mark according to the previous thesis the gradual treatment of punishment as public rather than private issue<sup>20</sup>. The political system of feudalism, though, diffuses the political power among centres of power in a way that the public and private spheres are not clear enough and this is exactly the point where the current research is differentiated from the re-emergence thesis. More specifically, what we acknowledge today as private relations, in previous eras acquire public character creating a framework in which the notion of privateer doesn't exist; social relationships for example become institutionalized<sup>21</sup>. Consequently, the notion of private prison does not exist without the distinction between the private and the public sphere.

Modernity is accompanied by the centralisation of power. Law and Order had the meaning of suppressing alternative powers and competing sources of justice. Therefore, punishment was the reaction towards breaches of King's Peace. The State gradually transforms from a mere materialisation of the actual power of the ruler to an established institution. This State monopolizes the power to punish which is then

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<sup>18</sup> See a more detailed analysis in the eight chapter of the Thesis.

<sup>19</sup> See for example D. Klerman 2001, D. Klerman 2002, K. Bilz 2007 over the issue of "private" prosecution in England and Wales until 1879 and the more careful discussion of the same issue by P. Rock 2004.

<sup>20</sup> It is also the period in which imprisonment appears more and more often in the expense of capital punishment.

<sup>21</sup> This excludes of course the personal or intimate relationships.

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delegated to peripheral co-essential or allied centres of power and from there to individuals who maintain prisons not salaried from the State but receiving fees from inmates. Even if the political system had by that time developed the differentiation between the public and the private sphere, where the one is identified by the exclusion of the other, the act of fee-taking cannot be registered as private entrepreneurship. Public services in general were not salaried by the State but from the receivers of the services as in the case of the constable, the gate-keeper etc. This doesn't alter, though, the character of this service provision as public or State-related.

The 19<sup>th</sup> century saw the expansion of democratisation. The monopoly of punishment was based not any more on the sovereign powers of the leader but on the "will of the people". The State institutions of punishment were reflecting the "public interest"<sup>22</sup>. In parallel, the change of justification of punishment was accompanied by an expansion of the State in a way that the previously delegated powers to peripheral centres of power were seemingly "reclaimed" by the central government. Therefore, the State and its Apparatuses became the sole administrators of punishment. This situation remained unchanged until the 1980s where the policy of prison privatisation appeared. The monopoly of State's power to punish is delegated to contractors who undertake this responsibility with the view of serving the public interest<sup>23</sup>. Thus, the current appearance of private prisons takes place in a completely different conceptual environment, that of "Statisation" of punishment not only as a fact but also as ideological element of modernity<sup>24</sup>. Thus, "re-emergence" is rather misleading in describing the current trend in contrast with "emergence".

The significance of this analysis is that proponents of the "re-emergence" approach identify commonalities between periods and especially in the 18<sup>th</sup>-19<sup>th</sup> century and the current situation. Feeley states that in both periods the private initiatives constitute a significant extension of social control<sup>25</sup>. Hallett identifies another commonality in the commodification of inmates. More specifically, prisoners used to be profitable for their labour, and now their bodily ability to generate per diem payments for their private keepers creates their commodity value<sup>26</sup>. Finally,

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<sup>22</sup> D. Garland 2001, pp 29-30.

<sup>23</sup> E. Genders 2002, p. 290, A. Coyle 2004, p. 3 and J. DiIulio 1988, p. 81.

<sup>24</sup> See for example M. Ryan 2003, p. 86.

<sup>25</sup> M. Feeley 2002, pp 334 and 340.

<sup>26</sup> M. Hallett 2002, p. 371.

Durham states the common reasons of emergence in both periods, namely, the failure of rehabilitation and reform, overcrowding and fiscal concerns<sup>27</sup>. It seems, however, that the previous arguments neglect the role of the State and the qualitative differentiations it creates in relation to previous periods.

In the first approach by Feeley, who focuses specifically in the period between the 18<sup>th</sup> and early 20<sup>th</sup> century, prison privatisation and transportation is used to exemplify the extension of social control motivated by the interference of entrepreneurs in the criminal justice system that creates a demand and supply relationship. He acknowledges, though, that the private interference is supplementary (or constitutes an alternative) while the State constitutes the most active and influential actor in the network of social control<sup>28</sup>. As already mentioned, though, imprisonment's and State's place and role within social control were much different between 18<sup>th</sup>, 19<sup>th</sup> and the late 20<sup>th</sup> centuries. This difference becomes more apparent when the social base of the each time emergence is explained. Feeley finds that the system 'weak State – strong markets' is present in both periods and prison privatisation is exactly a helping hand in extending the network of social control<sup>29</sup>. Taking for granted, though, the political rhetoric of the 1980s regarding the finite powers of the State seems to disregard a whole array of bibliography that points exactly the opposite and deconstructs it<sup>30</sup>. Finding analogies, therefore, in prison privatisation seems rather problematic.

Qualitative differentiation applies in Hallett's approach as well. Initially the commodity value of inmates was related to the value of their labour. Currently, because of the interference of the State as guarantor of specific standards of confinement, the exploitation of inmates as means of production remains only in symbolic level. Durham's approach, which locates a coincidence in the appearance of prison privatisation, attributed to the mixture of failure of rehabilitation, overcrowding and fiscal concerns, fails to show the specific links between them and the interference of the private sector in criminal justice. More specifically the

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<sup>27</sup> A. Durham 1989, pp 113, 118 and 122 respectively. The same author argues that those historical analogies would provide an understanding of the reasons behind the current appearance of prison privatisation and the potential consequences behind it (pp 109-110). See also A. Durham 1994.

<sup>28</sup> See for example M. Feeley 2002, p. 327.

<sup>29</sup> M. Feeley 2002, pp 323-325.

<sup>30</sup> Marxian, Marxist, post-Marxist, Frankfurt school, pluralist or system theories on the State, to name only few.



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centralisation of the State in the field of punishment, which only appears in the current context, might ease or obstacle correctional failures exactly because the decision making is also central. The responsibility regarding the criminal justice system is appointed to one administrative body rather than being dispersed in numerous peripheral centres. The understanding, acknowledgement and evaluation of the conditions in imprisonment change dramatically between the micro and macro levels of administration<sup>31</sup>. Additionally, it will be shown shortly that the last two elements of his account didn't play any substantial role in the current wave of prison privatisation.

### - Overcrowding and fiscal constraints

The mainstream explanation for the emergence of prison privatisation is the combination of overcrowding and fiscal constraints. The problems faced by correctional systems appear almost as indisputable fact between supporters and critics. They are usually presented as a series of causes and consequences in which the gradually increasing flow of convicts sets the beginning. This phenomenon even if it's not adopting the characteristics of mass incarceration, leads to overcrowding in prison facilities. Furthermore, the aforementioned flow increases the overall cost of imprisonment which causes significant fiscal concerns. The combination of overcrowding and fiscal concerns leads to inhumane conditions in prisons and failure to employ effectively the planned treatment on inmates<sup>32</sup>. To those problems private involvement in corrections provides solutions mainly by meeting the increasing needs of space in secured facilities in a small period of time and lowering the overall cost of construction and operation of the facility. This implies that prison privatisation emerges when these problems reach a "critical point".

A notable common characteristic among the problems is that they affect the majority of prison systems in the world irrespective of the country's level of development. Among 192 members of the United Nations, there were 112 countries exceeding the full capacity of their correctional facilities between 2004 and 2008.

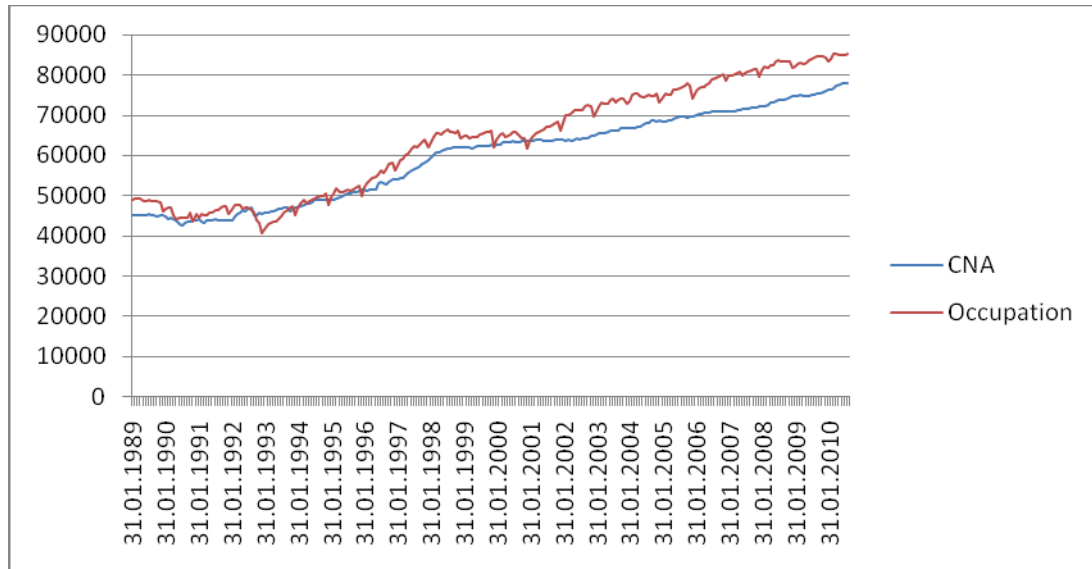
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<sup>31</sup> See for example J. Savelsberg 1999, for a comprehensive account of the impact of centralized and decentralized political leadership of criminal justice over the prison population.

<sup>32</sup> See indicatively: I. Robbins 1997, pp 815-817, D. McDonald 1994, pp 36-44, M. Feeley 2002, pp 321-322, S. Dolovich 2005, K. Nossal *et al.* 2004, p. 12, M. Ryan 1996, p. 104, J. DiIulio 1988 and C. Logan 1998.

There were also 14 more demonstrating occupancy of their facilities between 95% and 100%<sup>33</sup>. The same happens with the majority of European countries including the British prison services, France, Spain, Sweden, Luxembourg along with the United States and Japan. England and Wales presents a considerable long period of overcrowding before the introduction of prison privatisation including the periods after the appearance either of outsourcing carceral services (1983) or of general privatisation policies (1979) indicating that this time gap cannot be attributed to a certain non-expected rise of prison population.

CNA and occupation per month between 01.01.1989 and 01.08.2010

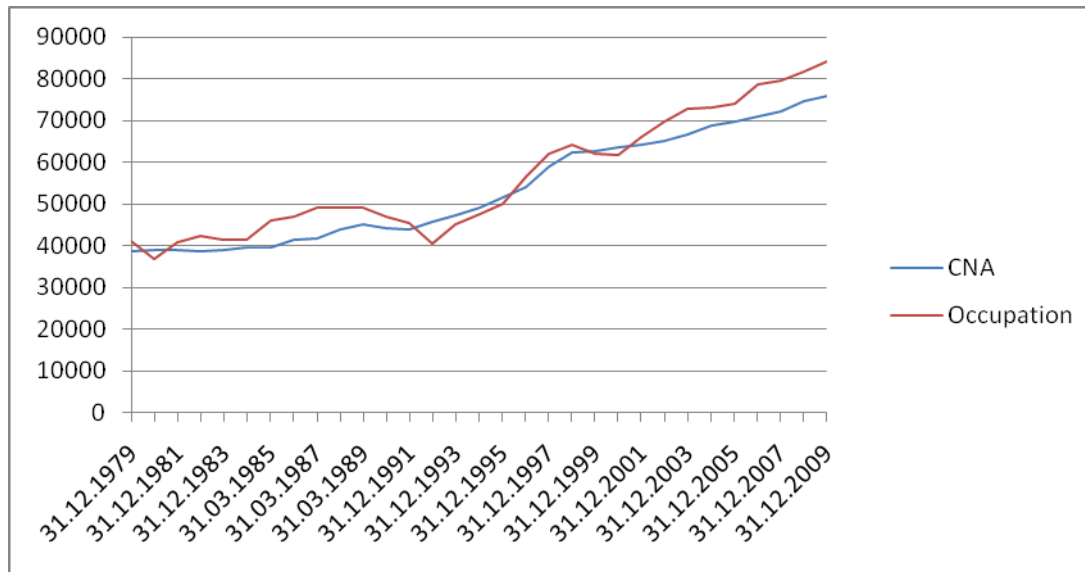


Source: HM Prison Service Monthly Bulletins, Prison Population Brief and data collected by virtue of the Freedom of Information Act from the Home Office. From 2002 CNA represents solely the In-Use CNA which is the certified normal accommodation that is usable at the time the data are gathered, in contrast with CNA which is certified but not usable.

<sup>33</sup> Data from World Prison Brief 2008. It should be noted that there are no data for 12 countries. Furthermore, the occupancy rates are derived from statistics provided by each country's competent service.

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CNA and occupation at the end of each year between 1979 and 2009



Source: HM Prison Service Monthly Bulletins, Prison Population Brief and data collected by virtue of the Freedom of Information Act from the Home Office. From 2002 CNA represents solely the In-Use CNA which is the certified normal accommodation that is usable at the time the data are gathered, in contrast with CNA which is certified but not usable.

What is apparent in those charts is the long standing and persisting overcrowding problem both long before and long after the introduction of prison privatisation which proved not helpful in alleviating the problem in the long term. Some short “breaks” in this trend in 1981 and 2000 are irrelevant with the introduction of this policy. This is not the same, though, with the course of occupation from the mid-1992 to mid-1993 for which the largely liberal legislation introduced along with prison privatisation in Criminal Justice Act 1991 should be also taken into consideration. This explanatory framework seems unjustified in terms of other jurisdictions as well. The same trajectory of prison population in relation to the available accommodation could be seen in the prison system of the federal State of Hesse; more than 10 years before the introduction of prison privatisation in 2005 and certainly during a period in which this policy was already internationally prominent, overcrowding was endemic<sup>34</sup>. Similarly, Anne Larson Schneider’s data comparison regarding the United States found no connection between correctional

<sup>34</sup> Unpublished data from Hesse Ministry of Justice (Hessische Justiz Ministerium) for the period from 1992 to 2007.

privatisation and meeting increasing needs for space in prisons<sup>35</sup>. The assumption of the “critical point” therefore seems to be unjustified<sup>36</sup>.

Regarding the fiscal concerns, the existing official data do not provide any image of the actual financial needs of prison services. What is closest to such a figure is the Governmental Expenditure for HM prison service in a temporal sequence. Those data must be used, though, under the caveat that they present primarily the State’s response to the prison system’s financial needs. A further problem is the change of methodology which hinders a sound comparison. More specifically the accounts up to 1992/93 were produced on a cash basis while from 1994/95 on a resource accounting basis. Especially the 1993/94 Income and Expenditure accounts were produced on a cash basis adjusted by relevant non-cash costs. The same year the figures for 1992/93 in order to be comparable to the following years were retrospectively restated to £1,333.6 million. Moreover, the data from 1974 up to 1983 have been defined as the ‘Total Net Expenditure’ and from the following year up to 1993 as the ‘Total Prison Service Costs’. For the financial year 1993/94 the data refer to the ‘HMPS Income/Expenditure Accounts – net operating costs’ while from the next year up to now the data are presented as ‘HMPS OCS – net operating costs’.

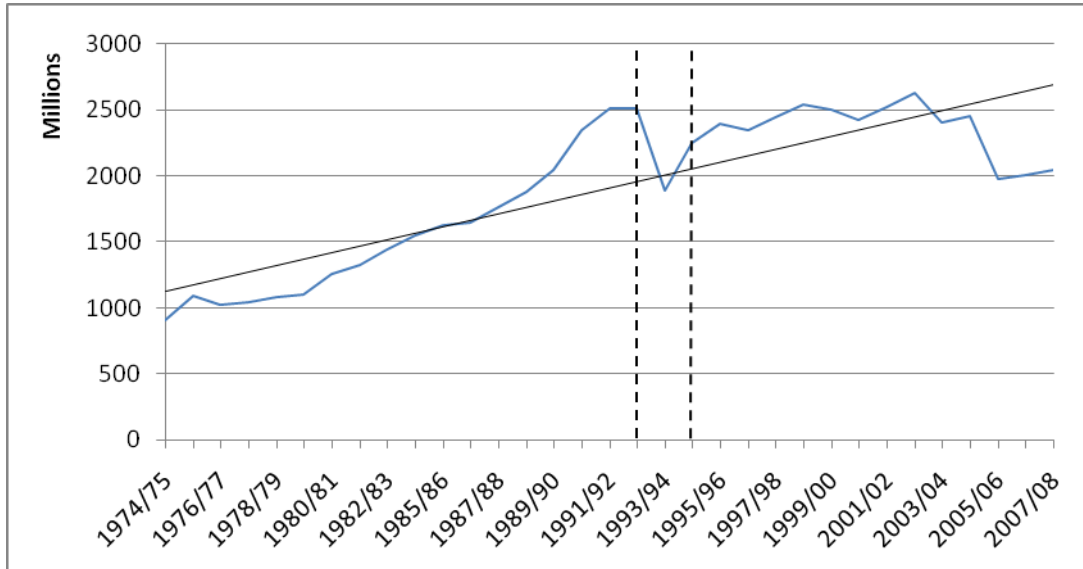
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<sup>35</sup> A. Schneider in P. Wood 2007, p. 226.

<sup>36</sup> It could be argued of course that decision-makers’ conviction is a separate fact from its validity. This will be duly addressed in the following theoretical part of the Thesis.

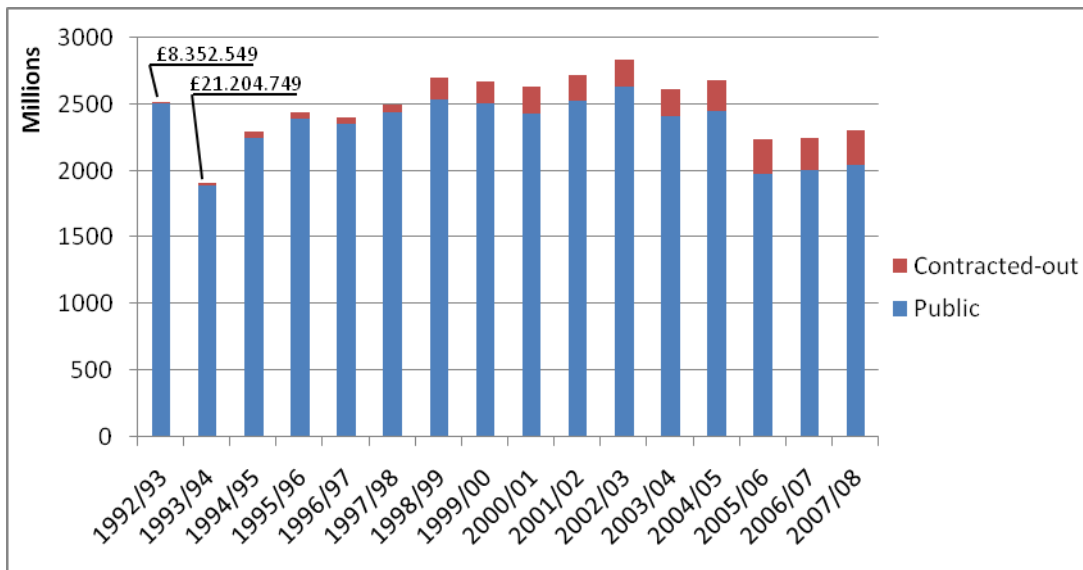
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### HMPS net expenditure for public prisons



In m£. Values subject to rounding. Prices have been calculated according to the average inflation of 2009. Source: Data collected by virtue of the Freedom of Information Act from the Ministry of Justice.

### Total expenditure for the Prison System



In m£. Values subject to rounding. Prices have been calculated according to the average inflation of 2009. Source: Data collected by virtue of the Freedom of Information Act from the Ministry of Justice.

The second chart referring to the relationship between the expenditure for the public and contracted out prisons presents problems as well. On the one hand, there have been a number of changes in the competent authorities gathering those data. More specifically, up to 2002/2003 they were included in the HM Prison

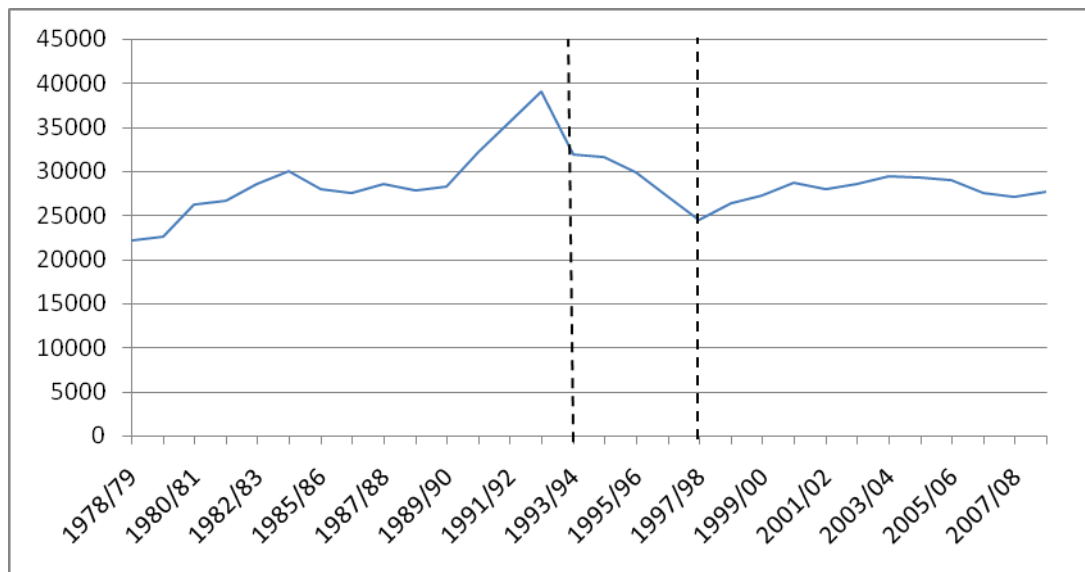
Service Annual Reports and Accounts. Home Office became subsequently responsible up to 2006/2007, the year in which the Ministry of Justice became administratively self-contained. On the other hand, the definitions of the presented figures for the contracted out prisons change as well. Between 1992/1993 and 1997/1998 the data are defined as 'Net Operating Costs', while for the following period up to 2002/2003 they refer to the 'Expenditure' as abstract as this term could be. For the next year the figure is defined as 'Outturn' and for the following as 'Net Outturn'. Finally, the figures for 1997/1998 exclude the cost of three new prison institutions that were opened during that year.

The aforementioned methodological problems would make any comparison methodologically unsound. Nevertheless, these data are still valuable in depicting the general trends. The linear regression in the first graph shows that the trend of the expenditure for the public prisons has been constantly rising, apart from an important decrease in the financial year 2005/2006 – a time point which is irrelevant anyhow with the introduction of prison privatisation. More revealing, however, is the trend presented in the second chart; with the cost of the contracted out prisons steadily rising itself, it seems that any fluctuation is attributed to the public rather than the private prisons. It could be written therefore, that the introduction of the latter didn't manage to restrain the overall carceral expenditure. Nevertheless, the aforementioned methodological caveat, namely that the allocation of funds reflects both a political decision and the actual needs of the prison system remains and hinders any firm conclusion.

To that problem, the rising Average Annual Cost per Prisoner could prove to be helpful. The combination of the expenditure per inmate with the increasing flow of convicts in prisons could be translated into considerable fiscal pressure to the Public Expenditure that overarches to a certain extent the factor of political decision and reveals the actual needs.

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Average annual cost per prisoner



In £. Values subject to rounding. Prices have been calculated according to the average inflation of 2009. Source: Data collected by virtue of the Freedom of Information Act from the Ministry of Justice.

In that chart the financial years 1993/1994 and 1997/1998 mark two separate methodological changes in the presentation of data. Furthermore, from year 1997/98 onwards the cost in question refers to the establishment level excluding any cost in regional or national level; it's not known, though, what was happening at the previous years. As a matter of fact for the last two years the overall cost per prisoner that includes the regional and national cost has been £39000 for 2007/2008 and £41000 for 2008/2009 as opposed to £27343 and £27704 accordingly which is the nominal cost per prisoner at the level of establishments. Leaving again those methodological issues aside, the trend is that of a generally stable annual cost per inmate with a minor increasing trajectory. Assuming that the fluctuation between 1993/1994 and 1997/1998 is not caused by the methodological change, then the introduction of prison privatisation offered only short term benefits.

By bringing together all the previous trends it could be concluded that the constantly increasing influx of prisoners in the prison system of England and Wales in combination with the almost stable average annual cost per prisoner confirms that the increasing expenditure for the prison system is not reflecting only political decisions but actual needs as well. Apart from the fact that the introduction of prison privatisation had only minor and certainly short-termed impact in those trends, the

peculiarity regarding its temporal expansion seems difficult to be explained. More specifically, this section started with the assumption that overcrowding and fiscal pressures could have reached a “critical point” beyond which prison privatisation should have been brought forward as a solution. Those “ever-increasing” statistical trends, though, reveal that in relevant circumstances there is no point in waiting for the “critical point”. Unless a different factor is inserted – as in the case of prison privatisation – the prison population and the fiscal constraints will not be diminished by themselves<sup>37</sup>. As a matter of fact since 1984 all the future projections of the prison population by the Statistical Department of the Home Office have been showing steeply increasing trends<sup>38</sup>. Therefore, within the “ever-present” problems of the prison system, the critical point is also “ever-present”. The previous example of the federal State of Hesse presents again a different story. With overcrowding being endemic until 2005 as explained before, the expenditure for the prison system being slightly increasing but definitely less dynamic than that of England and Wales (without the calculation of the inflation rate over years) and finally the average annual cost per prisoner place stabilized for years before and after the introduction of prison privatisation, the prison system seemed to be either away from a state of crisis or within a state of crisis long ago<sup>39</sup>. Therefore, the idea of the “critical point” is unsupported here as well.

A wider analysis beyond the idea of the “critical point” would reveal that this analytical framework suffers also from a basic methodological flaw, namely mixing symptoms with causal mechanisms. Overcrowding and fiscal constraints – assuming that they are the reason for the introduction of prison privatisation - are themselves determined by other factors that could range from administrative measures (e.g. sentencing policy or more strict legislation) to even more exogenous and “unexpected” reasons (e.g. more people committing crimes or abrupt

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<sup>37</sup> The Criminal Justice Acts 1982 and 1988 had mixed provisions by reducing imprisonment for specific offences and increasing for others. The state of the prisons regarding overcrowding, though, was already acknowledged. See for example the comments by S. Jones 1983 on the Criminal Justice Act 1982.

<sup>38</sup> The earlier *Statistical Bulletin* with prison population projections retrieved was from 1984. This doesn't mean, though, that even earlier data exist unpublished. See further in Home Office Statistical Bulletins 1984 – 2006.

<sup>39</sup> Data from Hesse Federal State's Budgets (Hessische Haushalten) from 2003 to 2007, S. Meyer 2003, H. Entorf *et al.* 2006, German Federal Statistical Service (Statistisches Bundesamt) 2007a and b.



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demographic change) that are consequently un- or ill-defined<sup>40</sup>. It would be like accusing the gun for the murder and not the person who pulled the trigger.

- Prison privatisation as an economic issue

Meeting the increased incarceration needs both in terms of space and finance is always coupled by the idea that private prisons can lower the costs of construction and operation of prison facilities. Although they are “two sides of the same coin”, they do constitute different arguments in the sense that even if the prison system is not in a crisis, prison out-sourcing is still less expensive; hence, the privatisation. More specifically, it has already been shown in the literature of the previous section that we know very little about the actual financial demand for those services. Therefore, the discussion about the benefits of prison privatisation is usually supply-oriented, namely focusing on the provision by private contractors<sup>41</sup>. If this should have been the suggested analytical framework, then the research question would have been approached in connection with the terminus in every contract, namely, the mutual benefit of the parties. Therefore, the time gap between the introduction of general privatisation policies and that of prison privatisation would have been related to the changing profitability of investments in corrections for both the State and the private contractor.

In terms of delivering the construction of prison facilities, the otherwise fierce criticism from prison privatisation opponents acknowledges that private sector's competence to build them, in a cheap and fast way is significantly higher than public sector's<sup>42</sup>. Nevertheless, prison facilities' construction *per se*, is not part of the relevant debate, given that it doesn't lead to any doctrinal concern. What is germane, however, is the delivery of correctional services and the operation of an entire facility. It seems to be out of question that for the private sector, investing in correctional services is rather profitable. Even if the first appearance had an experimental character, the longevity of this enterprise and more importantly the readiness of private companies to embark on such contracts lead to the conclusion

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<sup>40</sup> See for example N. Christie 1993, pp 122 – 125, K. Beyens *et al.* 1996, p. 255, J. DiPiano 1995, pp 173-175, M. Ryan 1996, p. 105 and M. Hallett 2002, p. 374 and the relevant criticism in P. Wood 2007, p. 226 and K. Nossal *et al.* 2004, p. 13

<sup>41</sup> R. Matthews 1989, p. 7.

<sup>42</sup> J. DiIulio 1988, p. 70.

that the consequent repetitions were based exactly upon the success of the experimentation, in other words, the significant profits for the private sector<sup>43</sup>.

Therefore, the independent variable in the temporal expansion of prison privatisation resides with the State and more specifically with the anticipated profitability of such a contract. This further means that only under a bidding limit from the private provider, the public sector would reduce the expenditure for prisons. Therefore, different countries would start privatizing their penal system only when cost-effective biddings would be offered. The time point when these biddings would appear is not related anyhow with an official call for tenders. The reason is that before any actual call for biddings, a government usually proceeds to a wide-scale consultation; therefore the competent authorities are aware of the market's readiness to take over such an assignment and by that they minimize the possibility of non-appearance of bidders when the actual call is released. As a matter of fact, after several decades of prison privatisation no case of country could be retrieved that called for private tenders and at least one of the biddings was not considered as satisfactory. Probably the only such case is that of HMP Brixton in England. This exemption, however, is not relevant with the current research since the unsuccessful call for bids took place in 2000, namely several years after prison privatisation was introduced in England and Wales. Had the previous approach been extended, then according to this analytical framework, the time point in which prison contracting out essentially starts and therefore the time point upon which a potential temporal gap with general privatisation introduction could be pointed, should be sought in the period in which competent authorities research the market to determine its readiness to take over this service. Such knowledge would have been impossible to obtain, though, unless one has internal information from the unofficial negotiations within a government or between the government and market actors.

This obstacle leads the discussion towards a different issue in this analytical framework. The profitability *per se* of privatized prisons for the State is a highly

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<sup>43</sup> Presenting specific data for the profitability of private correctional corporations faces several problems. On the one hand the relevant literature focuses on whether the State economizes capital or has any profit out of privatisations (see indicatively T. Pratt *et al.* 1999 and A. Cooper *et al.* 2005). Retrieving data directly from security companies doesn't offer generalizable conclusions since the exact number of companies operating in the field including their sub-contractors is not defined. The most important issue, however, is that due to data protection, access to each facility's turnover depends on the operating company's willingness to publicize it.

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contested issue in the relevant literature. Strictly indicatively it could be mentioned that on the one hand the State's profit from prison contracts in the United Kingdom is estimated averaging at 10% in the period from 1992 to 1997 and from 13% to 18% in the period 1998 to 2000<sup>44</sup>. On the other hand, more or less detailed analyses doubt the validity of such data<sup>45</sup>. For example in the case of the United States there are growing evidence showing that the cost difference is insignificant and more specifically, the savings from correctional privatisation was about 1%<sup>46</sup>. In England and Wales, the National Audit Office presented some case studies for individual prisons where the private contractor increased the expected rate of return by 81% due to mistaken estimation of operation costs by the public sector<sup>47</sup>. In another case, it was estimated that had public finance been adopted, the cost would have been the same<sup>48</sup>. In the case of Scotland, a plan to contract out the construction and operation of three prisons was based upon a report from an international financial consulting organisation showing that the government will profit £700m if the contracts were assigned to the private sector. Nevertheless, a detailed financial analysis presents several inconsistencies in the plan as well as in the report, concluding that the putative savings are questionable<sup>49</sup>.

The only valid conclusion derived out of this debate is that there is exactly no valid conclusion. Other researches examining the potential cost effectiveness of prison privatisation lead to the same ambiguity. In 1990 an independent financial consulting organisation concluded that "system-wide cost analysis, either must sacrifice distinguishing facility characteristics upon the altar of easily grasped, but often misleading, system-wide averages, or it must attempt to discern, list, impute, factor, delete, extrapolate, and otherwise massage all such site-specific factors into a committee-crafted, distilled unit cost which generally bears little or no resemblance

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<sup>44</sup> HM Treasury 2000, p. 17 and M. Flinders 2005, p. 225.

<sup>45</sup> See for example A. Coyle 2007, pp 2 and 3 as well as P. van der Wel 2004 for a general assessment of Public-Private Partnerships.

<sup>46</sup> US General Accounting Office and US Department of Justice cited in A. Cooper and P. Taylor 2005, p. 506,

<sup>47</sup> "Rate of return" (or abbreviated as ROR) is the ratio of money gained or lost on an investment in relation to the amount of money invested.

<sup>48</sup> National Audit Office 2000 cited in A. Cooper *et al.* 2005, p. 507.

<sup>49</sup> A. Cooper *et al.* 2005, p. 518.

to any single facility within the system”<sup>50</sup>. What is more significant, however, is that this is not just a theoretical assumption. It would have been naïve to assume that governmental decisions regarding long and expensive investment, such as prison privatisation, didn’t consider the aforementioned debate in advance and they didn’t conclude at the same uncertainty. Turning, then, to the previous assumption of that explanatory framework, it seems rather unjustifiable to assume that the time gap between the introduction of general and prison privatisation policies could be explained by the existence of a time point where the Public Expenditure for prisons exceeds the offers made by private companies,.

Proponents of prison privatisation argue that even if it is impossible to compare “apples to apples” in the case of prison privatisation, private involvement remains a better option than public provision. The reasons for this are the flexibility, the lack of unnecessary bureaucracy, the expertise, the know-how and finally but foremost the competitive environment in which such corporations operate which lead to considerable decrease in both constructional and operational costs<sup>51</sup>. It’s not the aim of this research to evaluate this argument. Nevertheless, in detecting any potential connection with the distinct expansion of prison privatisation two mutually excluding arguments arise. If the private corporation’s efficiency is universal and acknowledged beyond the need of any comparison with State provision, then any government should proceed to the prison privatisation right after the introduction of general privatisation policies. If the aforementioned efficiency is ungrounded, then it should not proceed at all. The reality of a number of States which continue to privatize prisons or halted a longer program shows that an economic explanation falls short in providing an appropriate explanatory framework for the expansion of prison privatisation.

#### - Social interaction

The previous analytical frameworks, namely the historical analysis, overcrowding and fiscal constraints and economic analysis have in common a deterministic approach of historical development which excludes the dynamicity

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<sup>50</sup> Cited in W. Calabrese 1993, p. 176. See also E. Savas 1987, p. 896, J. DiIulio 1990, p. 156, A. James *et al.* 1997, p. 29, D. McDonald *et al.* 1998 and T. Pratt *et al.* 1999.

<sup>51</sup> Indicatively: W. Calabrese 1993, pp 179 – 182, R. Matthews 1989, p. 5 and T. Cameron cited in A. Cooper *et al.* 2005, p. 515.

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offered by interactionist concepts<sup>52</sup>. In an attempt to avoid this, explanatory frameworks focusing on the society itself should be now reviewed. The debate that arose in both shores of the Atlantic shortly before and long after the introduction of prison privatisation leads to the question whether the fierce criticism could possibly account for any delay in the introduction of the relevant plans along with the general privatisation scheme. Before anything else, it's essential to have an understanding of the nature of the critical arguments. The largest part of critics' argumentation is already developed. At first they deconstruct the argument of overcrowding by arguing that prison privatisation is not a radical solution but only transfers the problem to a future point. Regarding the financial effectiveness of the private sector, they bring forward the growing amount of evidence showing the opposite. What is significant, however, is that they add doctrinal considerations to the previous allegations. More specifically, they argue that punishment is a fundamental governmental function and its delegation weakens the moral bond between citizens and the State. Furthermore, there is a certain degree of immorality in detaining persons for profit. Pursuing revenues is different from "making good for prisoners" in the same way as public service or its delegation to non-profit organisation is different from "making money"<sup>53</sup>.

From this crude categorisation the universal character of the doctrinal consideration is apparent. Understanding incarceration as governmental function and the potential immorality in detaining persons from private entities could be argued that is derived from a modernistic approach of the State and the criminal justice system which applies to any country that adopted the dictates of enlightenment. Therefore, it could not be argued that those arguments have a more or less closer relationship to a specific country. Thus, the presence of doctrinal issues as such, in contrast with their implementation, doesn't offer an appropriate explanatory framework regarding the uneven temporal expansion of prison privatisation in relation with the privatisation in general.

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<sup>52</sup> Interactionism here is used in a different way from the homonym sociological theory. It shares, though, the basic concept, namely, that social processes are the consequence of human interactions.

<sup>53</sup> See indicatively: I. Robbins 1997, pp 815-817, D. McDonald 1994, pp 36-44, M. Feeley 2002, pp 321-322, S. Dolovich 2005, K. Nossal *et al.* 2004, p. 12, J. DiIulio 1988 and C. Logan 1998.

The existence of doctrinal issues as such, however, is a separate factor from the way that they are raised and promoted in the society and this brings the discussion in different premises. The previous frameworks, the doctrinal issues included, have a common denominator which seems to be largely ignored and which resides – if not being the core – in the societal interactions, that of politics, since prison privatisation is a fundamentally political decision. Jurisdictional developments are certainly driven by political decisions over the expansion or the contraction of penalty which has further consequences in prison population and fiscal constraints. For example the legalisation or the illegalisation of specific behaviours is established by laws passed through parliaments. The case of France with the massive pardons in each year's eve which function as a “decompression” valve in the prison system tells the same story; moreover, those political decisions reflect the interactions on the level of the society. Additionally, it's a governmental decision that considers the financial efficiency or inefficiency of private prisons, the intentional disregarding of the relevant debate included. The same happens with the aforementioned discourse over the doctrinal issues. Whether this debate will be taken into consideration or not, it's again a political decision. The last case allows including in the consideration the influence that criticism, social movements or other various forms of pressure have in the formation of the political agenda and its final outcome, which is exactly part of the wider political question. Therefore, this research will place the research question in the political framework since prison privatisation as a governmental decision, under potential scrutiny in the political arena and subject to opposition or support from parts of the society is a fundamental political development<sup>54</sup>.

### Previous approaches

It's true that the question of the uneven expansion of prison privatisation has already been detected from the academia more than a decade ago. Nevertheless, only recently some critical approaches appeared examining directly that issue. A general overview would reveal the existence of two periods in the production of the relevant literature. The older one is limited in presenting the question in connection

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<sup>54</sup> See also R. Sparks 1994, A. James *et al.* 1997, pp 1, 9 and 142 and R. Weiss 1989, p. 42.

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with a loose association with the pronounced problems for which prison privatisation appears as solution. It should be mentioned, though, that the main interest in this case was the presentation of the reasons of emergence and not the explanation of the peculiar expansion, which was only peripheral to it<sup>55</sup>. The recent trend is much more focused on approaching the expansion issue but again the main interest is in the spatial rather than (as here) the temporal. Researchers start by assessing theoretically the previous arguments and with the support of empirical data they move to new combinations of arguments or fundamentally different explanations; the intellectual production, nevertheless, until now is rather limited<sup>56</sup>. The first period is associated mainly with the overcrowding, fiscal and economic explanatory frameworks. The political character, however, is apparent in the more focused understanding of the second period. More specifically the analysis is developed within their political arena or at least considers pertinent issues. Nevertheless, rarely the researchers – from both periods - rely on a single argument; more often they combine several of them and assume that the uneven expansion is a result of their concurrence. In the following part of this section, which will be structured on argumentation and not on periods of academic literature, the analysis will be focused separately on each argument, in order to avoid repetitions. Furthermore, the first period's analysis, namely overcrowding, fiscal and economic analyses, will not be dealt with here since they've been sufficiently analysed in the previous section. Finally, an important caveat must be stressed. As mentioned before, these approaches consider mainly the spatial expansion rather than the temporal one or the explanation of the gap period between the introduction of general and prison privatisation policies. Therefore, any criticism seems improper if arbitrarily taken into consideration in a different level of discussion. Thus, this section will only explore the possibilities of extending the argumentation in question to the field of the main research question, which further means that this is not a direct adoption or negation of these approaches.

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<sup>55</sup> See for example M. Ryan 1996, M. Ryan 2003, K. Beyens *et al.* 1996, N. Christie 1993, J. DiPiano 1995, D. Garland 2001, V. Stern 2006, A. Worrall 2000, C. Parenti 1999, P. Wood *et al.* 2003, J. Lilly *et al.* 1992, and J. Lilly *et al.* 1996.

<sup>56</sup> See for example P. Wood 2007, K. Nossal *et al.* 2004, M. Cavadino *et al.* 2006 and R. Harding 1997.

- The globalisation set

Several researchers find a connection between the distinctive spread of contracted out prisons and an international network of exchange and influence. What is otherwise called the phenomenon of Globalisation seems to play a distinctive role in the developments of the criminal justice system mainly in the economic and political dimension. More specifically three international conditions, namely the pressure from international markets, the neo-conservative politics and the correctional/commercial complex – what shall be called henceforth the Globalisation set, seem to influence the expansion of prison privatisation. Starting from the economic dimension, the global market of labour-power, capital and natural resources has created an environment in which integrated national markets are nothing but knots in a wide net of financial relationships. In an environment of easy capital movement national politics gradually lose their dynamic since political decisions are forced to follow specific, and most of the times common, orientations in order to avoid private capital being invested in a tax-friendlier country. Otherwise, the country may be isolated in the periphery of development. Therefore, the convergence around privatisation and managerialism is to be attributed to the globalisation-induced marketisation. Correctional policies are not an exception to this logic and as a result prison privatisation emerges and spreads<sup>57</sup>. The uneven expansion of prisons for profit could possibly be subject to the degree that a country's economy is integrated into this network of free markets.

This argument doesn't seem to be a useful tool since it exhibits weaknesses in modelling the expansion of prison privatisation. As a matter of fact, there have been countries that, although they opened the domestic markets to the international commercial transactions, reduced interventionism, followed directions from international economic institutions and even introduced privatisation, they were significantly late in opening their corrections system to the market, as the example of England and Wales, Canada, New Zealand and Germany demonstrates. The actual problem of that account lies with the fact that it doesn't provide any in-depth explanation for the connection it detects. The decisive importance of globalized market is thought either to provide incentives or exert pressure in national

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<sup>57</sup> D. Garland 2001 pp 163 – 165 and pp 116 - 117, N. Christie 1993 pp 122 – 125 and V. Stern 2006.



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economies. Nevertheless, the domestic politics still play a significant role as the filter through which the exogenous pressures are institutionalized. In this process policies may not be adopted or they may take a different form. What is mistakenly perceived, in other words, is that political choices are part of a relations' framework in which their relative autonomy is ignored. Patterns of social development, though, may produce different outcomes even when the international market pressure is the same<sup>58</sup>.

The previous argument being rather vague and abstract is often combined with the assumption that a complex of interests vested in corrections plays a highly influential role in the political decision to adopt prison privatisation. It was shown before that the corrections market is dominated by five big companies. There are evidences, at least for the United States and United Kingdom, showing that interests in correctional industry have well-established links with the legislative and executive bodies, the leading parties, sources of expert opinion, wider political networks dedicated to the privatisation of public services and financial institutions. Indicatively it could be mentioned that Wackenhut was a major contributor in George W. Bush's inauguration in 2001<sup>59</sup>. The case of Westminster politics is much more illustrative. In 1987 the chairman of a House of Commons Home Affairs Select Committee, Sir Edward Gardner, after publishing a report for the private involvement in construction and management in custodial institutions, was recruited as Chairman of Contract Prisons, a company founded to exploit the new opportunities. His appointment opened the path for other senior Conservative politicians, former senior prison service staff, senior civil servants and members of the Prison Inspectorate<sup>60</sup>. From this perspective, what determines the emergence as well as the expansion of privatized prisons is the ability of private companies to lobby and wield political influence<sup>61</sup>.

Although, the so called correctional – commercial complex is a plausible explanation, several problems would occur from a deeper evidence-based analysis. In the United States the major correctional firms experience a recession from 1998

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<sup>58</sup> See for example P. Wood 2007, p. 227.

<sup>59</sup> P. Wood 2007, p. 231.

<sup>60</sup> M. Cavadino *et al.* 2007, p. 254.

<sup>61</sup> P. Wood 2007, p. 232, K. Nossal *et al.* 2004, p. 17, C. Parenti 1999, pp 211 – 225, P. Wood *et al.* 2003, p. 150, J. Lilly *et al.* 1992, J. Lilly *et al.* 1996.

onwards. CCA faces fiscal difficulties and retreats from the contracts outside the United States. Wackenhut, on the other hand, is wholesale bought by Group 4 Securicor. It could be argued that this development results from the escalating competition. Nevertheless, at the same period private firms witnessed a decrease in the flow of inmates. In 2002 CCA was running at about 87% of capacity. Additionally, all companies were fined at some point for inadequate performance and contracts were even revoked in both the United Kingdom and the United States<sup>62</sup>. These being the opposite signs of a favoured relationship the lobbying capacity of the correctional - commercial complex could not be solely supported to explain the temporal and spatial peculiar expansion of prison privatisation.

Closely related with the issues of the international market and the lobbying capacity of capital investments in corrections is the argument of the common culture in countries that prison privatisation had made most headway. Indeed English speaking countries like the United States, United Kingdom and Australia are both the pioneering jurisdictions and the more advanced in this field. The common language, culture, legal traditions, the long-standing financial, investment and trade links are held to be reasons that prison privatisation has expanded there<sup>63</sup>. The serious flaws of this argument, however, have already been recognized. Traditional trade links may ease expansion in the short term but the profits stemming out of such investments overarch cultural differences providing incentives to change political stance. As shown before, France was one of the first countries which adopted prison privatisation. Additionally, one of the leading correctional corporations is Sodexo which is based in France. On the other hand there is significant delay between English speaking jurisdictions as well. Canada and New Zealand privatized prison facilities almost two decades after it was first introduced in the United States and many years after the first State enterprises were privatized. More generally this so-called lobbying capacity suffers from serious inductive flaws that have already been recognized<sup>64</sup>.

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<sup>62</sup> P. Wood 2007, p. 233.

<sup>63</sup> M. Cavadino *et al.* 2006, p. 327 and K. Nossal *et al.* 2004, p. 17.

<sup>64</sup> See for example the objections raised by L. Wacquant 2009 against the prison-industrial complex and an attempt to bridge the opposing views on that issue by I. Papageorgiou *et al.* 2012.

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The political dimension in the Globalisation set is provided by the dominating position of New-Right governments in the domestic political scene. This development is presented as a necessary complement to the pressure exerted by the international market and the lobbying action of the capital. The New-Right governments introduced in the domestic political field specific international trends like the achievement of the highest possible financial efficiency which amongst other things requires reduced public expenditure. In parallel New-Right governments' support of conservative societal policies like the implementation of "responsibilisation" in managing marginalized population results in an increasing percentage of population under the need of welfare support which moreover increases the public expenditure<sup>65</sup>. To these conflicting policies the New-Right answer is "rolling back the State"; in other words the delegation of State functions to the private sector either through privatisation or Public-Private Partnerships<sup>66</sup>. Bringing now the issue of prison privatisation under this prism would reveal that responsibilisation in the context of crime management promotes Law and Order policy which has significant consequences in increasing the flow of convicted persons in prison and in expanding the expenditure for prison system. Keeping into consideration that the criminal justice system is one of the traditional State functions posing a very high financial burden without producing any revenue, the private sector's interference would seem unavoidable. Thus, privatizing the criminal justice system and especially prisons stands as a substantial consideration of New-Right governments when they actively promote privatisation politics<sup>67</sup>.

The dominance of a neo-conservative party in the political scene seems to fit as an explanation for the issue of emergence. As a matter of fact, in the cases examined until now, it was a Right government that introduced the corrections

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<sup>65</sup> See for example N. Deakin 2002, p. 138. He presents the three possible explanations of social exclusion and the relevant reactions according to them. The neoliberal approach is that social exclusion is a symptom of cultural factors and more specifically the inability or unwillingness of the excluded to act on their own behalf. It is also mentioned that this approach is an influence from international trends originating from the United States.

<sup>66</sup> P. Wood 2007, p. 228, K. Nossal *et al.* 2004, p. 14, M. Cavadino *et al.* 2007, pp 27 and 29, M. Ryan 2003, pp 81 and 85 and J. Young 2002, p. 459.

<sup>67</sup> M. Cavadino *et al.* 2007, pp 28 and 29, M. Cavadino *et al.* 2006, p. 326, R. Matthews 1989, p. 4, L. Wacquant 2001, p. 79, A. Worrall 2000, p. 393, C. Parenti 1999, pp xii and 174 – 177, P. Wood *et al.* 2003, p. 150.

privatisation policy<sup>68</sup>. Scotland constitutes an exemption that could be, however, explained under the view of the special relationship with England and Wales and the political developments there<sup>69</sup>. The problem, though, lies with the crucial for this research issue of the temporal gap between general privatisation and prison privatisation policies. Examples like that of the Federal State of Hesse, which has a long conservative and neoliberal tradition, entered prison privatisation only recently (2005). The case of England and Wales is also illustrative since it took four Conservative governments before prison privatisation is legally established in 1991. On the other hand, the change of government didn't always bring correctional privatisation to a halt as the cases of England and Wales and Scotland illustrate<sup>70</sup>.

In the general framework that has been described above some particularly influential analyses need to be mentioned. David Garland in his widely cited book *The Culture of Control*<sup>71</sup> brings forward the interplay of the factors analysed above. In the development of the criminal justice system in the United States and the UK he identified a number of changes appearing after the 1970s<sup>72</sup>. In accounting for those changes, he connects them with socio-political transformations characterising late modernity and the reactions to them<sup>73</sup>. The theory employed is described as action-centred problem solving in which socially situated actors reproduce the structures that enable or constraint their actions. From a series of possible reactions to the problems posed, a process of practical political and cultural selection define the emergence of solutions. In this framework, social classes that had once supported welfare policies “came to think and feel” that welfare is a luxury in the difficult economic conditions after the 1970s when the penal welfarism of the '30s and the '40s was “a dim historical memory”<sup>74</sup>.

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<sup>68</sup> See K. Nossal *et al.* 2004 for an overview.

<sup>69</sup> P. Wood 2007, pp 225 and 230 and K. Nossal *et al.* 2004, p. 15 however, retain some objections in this argument based on the fact that the geographical uneven expansion seems to apply at the traditional conservative South of the United States. Some of those States, like California, Texas, Oklahoma and Florida, outnumber the rest that have a rather mediocre reliance on for-profit prison facilities.

<sup>70</sup> It is confirmed, though, in the case of New Zealand and Canada.

<sup>71</sup> D. Garland 2001.

<sup>72</sup> D. Garland 2001, pp 8-20.

<sup>73</sup> D. Garland 2001, pp 78 et seq.

<sup>74</sup> D. Garland 2001, p. 77.

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This thorough presentation of changes in criminal justice, focuses solely on the United State and the UK. Aside some historical misrepresentations<sup>75</sup> and the peculiar way that classes “think”, “feel” or have “memory” when there appears no definition of class, the most important problem is the fact that this is the history of the sensitivities of what is understood as middle class neglecting others. As a consequence, the economic developments and the political solutions during the 20<sup>th</sup> century, by reflecting this class, appear as inescapable reality. This is a *sui generis* economism, since there appear the consequence of economism, inescapable social development, without reference to economic exegeses. As a matter of fact Garland addresses the analytical problems by reference to cultural changes that appear as autonomous factor in the expense of economic explanations. “Communities of choice” instead of “fate”, democratisation, individualism or hedonism might have indeed eroded social solidarity but are interrelated *explananda* along with the economy in which not only the middle class but the entire society is active but not the *explanantia*.

Following Garland's paradigm, Jonathan Simon's book *Governing through crime*<sup>76</sup> identifies as well the sequence of changes in criminal justice. In the 1960s Criminal Justice System became the “model problem” for governance in the United States. Behind the various forms of law there is a coercive background based on violence. Given that all governance takes place under a structure of legal authority, violence and consequently crime become central administrative feature. As long as the rationality of the governance is structured through the action, violence and crime become analytical tools for the interpretation of an array of social action as governance problems. In accounting for this transformation, he relies on Garland's work and specifically on cultural predicates of the American society and the fact that crime was the most obvious way to materialise social and political planning against the arising challenges<sup>77</sup>.

The reliance on Garland's work brings forward the objections analysed before. Apart from that, however, a different criticism comes from the overfocus on

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<sup>75</sup> As in the case of the supposedly unexpected emergence of the 1973 crisis (pp 79-82). See analytically in the Appendix.

<sup>76</sup> J. Simon 2007.

<sup>77</sup> J. Simon 2007, pp 14-29.

case law, due process, legal texts and the general perception of social contradiction through Justice. The legal context provides only a partial index of social interaction that excludes the most repressed parts of the society. The latter appear only at a second instance as subjects of security. It appears, therefore, that Simon's work is like Garland's history of the American middle class. The role of the "voiceless", is absent from the analysis. More importantly, however, Simon's reliance upon legal texts constitutes his initial short Foucauldian approach<sup>78</sup> a dead letter. The concept of governmentality introduced by the latter is much wider than the formation of the legal framework and definitely could not be reduced to jurisprudence.

Nils Christie, in *Crime Control as Industry*<sup>79</sup> has provided arguments that fall within the contours of the previous exposition. He analyses the economic dimension of criminal justice developments that include the pressure for privatisation in conjunction with a new perspective of cultural nexuses<sup>80</sup>. The basic argument is that prison in industrialised countries softens the dissonance of welfare policy with the idea that consumption is inextricably connected to production through the absorption of the costs for individuals outside the production process. This is feasible by reducing unemployment, bringing idle population under control, creating underpaid labour force by convicts and by prison system consumption<sup>81</sup>. He stresses the counteracting influences in those developments, assigned, however, in a common cultural base among humanity.

Christie's argumentation is rather a wish than a socio-political analysis because of an unsuccessful attempt to balance between materialism and morality. The basis of his argument is a valuable materialist approach regarding the convergence of various interests behind the emergence of globalisation in criminal justice policies. The counter-acting influences, however, are placed in a transcendental level of ill-defined societal values<sup>82</sup>. It seems, therefore, that the course of the criminal justice is realistically inescapable but the pressure against it abstractly vague.

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<sup>78</sup> J. Simon 2007, p. 16 *et seq.*

<sup>79</sup> N. Christie 1993.

<sup>80</sup> N. Christie 1993, pp 122-125 and 175-185.

<sup>81</sup> N. Christie 1993, p. 115.

<sup>82</sup> See for example N. Christie 1993, pp 12-13, 99-103 and 109.

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Dario Melossi, in *Controlling crime, controlling society*<sup>83</sup>, holds that changes in penalty are connected to the long economic cycles which are induced by the actors of the politico-economic clash, namely the workers, the entrepreneurs and the State as a third adjudicating party between them. The long cyclical movements are caused by the autonomous but interactive economic, political and cultural contributions of those actors. Melossi focuses on the migration flows, caused by the cycles, in order to explain the development of penalty. The “newcomers” lack the sense of community and are more likely to pursue personal interests in the expense of wider ones. The result is a “bifurcation” in the moral economy of the working class between a respectable “old” working class and a “new” fraction subject to extensive criminalisation<sup>84</sup>. Penalty does not stand on the superstructure of the economy but is constitutive of the production process. From this point of view, imprisonment instead of being the product of economic choices is constitutive of those choices; it becomes the standard-bearer in a moral vision of the world. Mass incarceration, therefore, is not the result of class conflict but integral part of it. It acts in a symbolic and cultural level for the “old” working class and as a proper containment of the “new” one in leading it towards a “pathway to the secondary labour market”<sup>85</sup>.

The first problem is that, in a patchwork of cycle theories, he asserts the validity of Kondratiev 50-years cycle, focuses on the migration flows of Kuznets 18-years swing and uses Schumpeter’s concept of 'secular trend' improperly beyond macro-economics<sup>86</sup>. The macro-economic specificity, however, cannot be accommodated with the sociological analysis that is compatible with exceptions in penalty development. In order to address that, culture comes in the equation. Assuming that it could be defined somehow in order to become a proper analytical tool, the fact that is appointed with complete autonomy obscures even more its use<sup>87</sup>. Finally, the analysis depends on an *ad hoc* analysis of some defined fields (economy and politics) and of an undefined (culture). The most crucial problem, however, is that Melossi mixes a concrete reality, namely imprisonment, with an ideological

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<sup>83</sup> D. Melossi 2008.

<sup>84</sup> D. Melossi 2008, pp. 230 *et seq.*

<sup>85</sup> D. Melossi 2008, pp 246-247.

<sup>86</sup> D. Melossi 2008, pp 230 *et seq.* See also T. Sakellariopoulos 2003 and J. Schumpeter 1961.

<sup>87</sup> See K. Polanyi 1944, p, 10 for a materialist sociological approach on culture.

construct, namely penalty. He approaches the symbolic function of imprisonment as equally constructive of class relations and not just their product. Class formation, instead of objective reality, becomes a matter of choice; of the choice to subordinate to legislation or not<sup>88</sup>.

- The commodification of citizenry

The combination of the three aforementioned globalisation conditions has been used as a generally valid explanation for the emergence of prison privatisation. When this analysis comes to the issue of the temporal expansion of contracted out prisons, it seems to suffer from weaknesses. They are indispensable but not sufficient conditions in providing an explanation. The existence of one or more conditions that obstacle the political decision to privatize prisons could provide an answer before any analysis resorts to the randomness of human decisions. In this framework a part of the literature argues that globalisation results to convergence as well as national differentiations because of social factors that are mainly related to cultures, and traditions<sup>89</sup>.

Michael Cavadino and James Dignan in their book *Penal Systems, a comparative approach*<sup>90</sup> provide a rationalisation of the uneven expansion of prison privatisation by arguing that, given the globalisation set of conditions, the degree of 'commodification' of a country's population could be a sustainable explanation for the distinctive spread of contracted out prisons. Based on the analysis by Gøsta Esping Andersen they perceive citizens' dependency to market forces and not the State for their well being as of crucial importance. The 'commodification' – as this process is termed - of non-convicted citizens, by reducing the ideological resistance towards the provision of services by the private sector, opens the door for the commodification of the incarcerated population as well. Moreover, approaching convicted population as a potential source of profit could include amongst others the privatisation of prisons<sup>91</sup>.

Cavadino and Dignan start from a simple inductive reasoning. They observed that countries with extensively contracted out correctional system have also

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<sup>88</sup> See also D. Melossi 2008, p. 246.

<sup>89</sup> P. Wood 2007, p. 227.

<sup>90</sup> M. Cavadino *et al.* 2007

<sup>91</sup> M. Cavadino *et al.* 2007, p. 327.



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a long history of dependency on market forces to cover citizens' welfare needs. In other words, they observed a connection between citizenry's commodification and prison privatisation. The problem of this explanation is reasoning *per se*. The reference of United States as an example of extended commodification and Nordic countries for the opposite is so wide that disregards the case of countries that stand in the middle of this spectrum. They employ the discourse by Gøsta Esping Andersen over the three different versions of welfare<sup>92</sup>. In-between the neoliberal welfare State and the social-democratic one, the latter includes the corporatist version. In that case there is no obsession with market efficiency and citizenry commodification. Social rights, therefore, are attached to class and status. Corporatism is subsumed under a State edifice perfectly ready to displace market as a provider of welfare but only when other social institutions have failed. Practically, in this model de-commodification is a relative notion. Market dependency of the citizens is rather limited; however, they are attached to their class or status and dependent exactly on the way that a central authority treats their class or status. As a result the social stratification is not based on capitalist or socialist principles; it is rather an elitist model, where the elite could be the class of people having that specific status most favoured by the State. The unfavoured statuses are suffering from social exclusion, which promotes at least dualism instead of solidarity.

Therefore, the analysis by Cavadino and Dignan disregards the case of corporatist States where the notion of citizenry commodification doesn't exist under the criteria set for neoliberal and social-democratic models. As a matter of fact, the case of France and Germany are illustrative. Gøsta Esping Andersen places both countries in the group in question<sup>93</sup>. Indeed, a qualitative difference could be observed since both adopted semi-privatisation of prisons facilities. Nevertheless, France entered the correctional privatisation market in 1987 only one year after Jacques Chirac took office and started his privatisation plan. Germany (and more specifically, only one Federal State), on the other hand started the carceral privatisation in 2005 which is 21 years after the initiation of general privatisation.

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<sup>92</sup> G. Esping – Andersen 1990, chapter 1.

<sup>93</sup> At the same conclusion arrives Francis Castles 2004 by using a different methodology to provide typologies of welfare States. He is based upon detailed indexes of Public Expenditure of OECD member countries.

Similar discrepancies have already been presented in reference to the neoliberal welfare States and most notably for England and Wales which is crucial for this research. So the commodification explanation seems insufficient at least in terms of the neoliberal and corporatist welfare States. As in the previous explanation related with globalisation, the argument in question seem to be only partly valid. Hence, a deeper analysis is needed.

Nicola Lacey's book *The Prisoner's Dilemma*<sup>94</sup> falls in the “country typologies” tradition, in an innovative way. Structural theories combine with Marxist predicates through cultural filters in an institutional logic. In what she defines as co-ordinated market economies, the highly specialised production requires the protection of labour skills through a welfare net that secures workers in periods of hardship. The welfare State increases the redistribution of wealth, the representation of interest groups and generally a centre-left bias in political decisions based on consensus. That policy leads to proportional voting system that further fosters consensus creating a tradition of coalition governments. Welfare in criminal justice means that the interlocking of institutions converge towards extensive informal social control which supports the cultural attitudes for a lenient system of punishment. The other side of the coin, is that those economies tend to be exclusive regarding cultural outsiders due to the burden of their inclusion. Liberal market economy, on the other hand, is based on less specialised production making labourers “dispensable”, the social welfare very weak, the voting system majoritarian and the bureaucracy politicised. Those systems are more inclusive to immigrants due to the need for cheap and unskilled labour, but they are also prone to single-issue pressure groups, especially when they appeal to the anxieties of the median voter. The diminished welfare State along with single-party governments increases the appeal of those fears and reflects them in the development of criminal justice system<sup>95</sup>.

As with every country-typology attempt, the extent to which the error margins of the central paradigm against exceptions remain undefined, the initial enterprise is questioned<sup>96</sup>. But more serious questions have been raised in a special

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<sup>94</sup> N. Lacey 2008.

<sup>95</sup> N. Lacey 2008, chapter 2. A schematic summary in p. 62.

<sup>96</sup> See further N. Lacey 2008, p. 61, L. McAra 2011, D. Nelken 2011 and D. Downes 2011.

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issue of *Punishment and Society*<sup>97</sup>. Lesley McAra wonders whether imprisonment rates, instead of community sanctions for example, are a safe index of penalty<sup>98</sup>. David Nelken suggests the comparison of rates of imprisonment, both as number of convicts and days of imprisonment, along with the rates of crime before a safe conclusion and wonders if punitiveness and tolerance are the two ends of the same continuum<sup>99</sup>. Those questions echo the aforementioned connection of concrete reality with ideological constructs and the previous criticism over the ill-defined culture in the framework of Melossi's work analysis. Finally, as Cavadino and Dignan do, Lacey depicts a dynamic image of society which still reflects particular constraints that reproduce given power flows. From this point of view, it's interesting to examine Lacey's conclusions under the current international economic recession which reduces the living standards in every system<sup>100</sup>.

##### - The political culture

In the same strand of the literature trying to unravel the effects of globalisation by referring to different or common cultures, belongs the approach of Richard W. Harding. In his book, *Private prisons and public accountability*<sup>101</sup>, he makes a hypothesis on the future projections of prison privatisation expansion by asserting that, contracting out the full management of correctional facilities will not become a feature of the penal practice of continental Europe for the foreseeable future.

He supports this prognosis based on the works of Heike Jung, Uriel Rosenthal and Bob Hoogenboom. They hold that the political culture in reference to the State in continental Europe is different from the Anglo-Saxon one. More specifically, the development of a State-based system of crime control is closely linked to the development of the modern State since the period of Enlightenment. The monopoly of force is considered as an essential attribute of the modern State and

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<sup>97</sup> *Punishment and Society*, Vol. 13:1, 2011.

<sup>98</sup> L. McAra 2011, pp 99-101.

<sup>99</sup> D. Nelken 2011, p. 107 *et seq.*

<sup>100</sup> See also D. Downes 2011, p. 117.

<sup>101</sup> R. Harding 1997.

its sovereignty from both sides of the English Channel<sup>102</sup>. The public's perception of the State, however, developed differently.

The continental European State as ideal type is seen as much more than a "service institution". It's at the apex of the collective hierarchy and its officials are *sui generis* experts. The notion of sovereignty along with centralisation and bureaucracy embed into the philosophical approach of the State. What is more important though is the fact that, given that people are principally citizens, this view of the State is internalized by the public as symbol. As a result issues concerning the transformation of the State are always filtered through a discourse on the continuance of its organic identity and sovereignty. In contrast, in Anglo-Saxon political culture the State has less abstract connotations. The distinction between State and Civil Society is rather obvious and it bears no special symbolism but it's another pattern of service provision. Therefore, the issue of central authority functions is primarily related to questions of efficiency and effectiveness rather than to issues of State transformation<sup>103</sup>.

By transferring the previous approach to the issue of prison privatisation, the theorists seem to agree that its distinctive expansion could be attributed to the political culture divergence between continental Europe and Anglo-Saxon world. The reason is that prison contracting-out reflects a State transformation which in the first case is considered as attrition of its sovereignty whereas in the second as more efficient provision. Therefore, the political culture seems to block in specific cases the privatisation of the full management of correctional facilities.

This analysis seems *prima facie* to provide a plausible account of the distinctive expansion of prison privatisation. In a second reading, though, some limitations appear. Regarding this specific research the most significant of them is that it refers only to the spatial dimension of the expansion allowing no space for use in the temporal one. But even in the framework of its originally intended field of exploration lack of dynamic analysis could be witnessed. Based upon a contemporary image it projects statically the same view in the future without taking into account any possible change of circumstances. But what lies at the heart of the aforementioned limitations is a deeper analysis on how the mechanism of political

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<sup>102</sup> H. Jung 1990, p. 7.

<sup>103</sup> U. Rosenthal *et al.* 1990, pp 20 and 40 and S. McConville 1990, p. 94.

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culture operates, how new collective experiences are being inscribed and how they affect thereafter the political developments. Such an elaboration would be used in affirming or objecting any potential prognosis.

The above analyses have been an attempt to deconstruct the previous approaches within their “ideological premises”, namely by respecting the network of ideas their using and testing their consistency instead. Nevertheless, if a new approach should be structured, the reasons behind the inconsistency in each approach should be detected, which also requires taking distances from them and acknowledge the specific stand-point upon which this research stand. The ‘globalisation set’ explanation uses an approach in which a linear sequence between causes and consequences is to be attributed for the distinctive expansion of prison privatisation. Although the conditions presented are international and common between the jurisdictions that have taken into consideration, it fails to explain national exemptions from the basic model. National socio-political formations and more specifically their capability of accelerating or halting developments are generally ignored and this might account for that failure. The ‘citizenry commodification’ explanation avoids the previous conundrum by focusing upon a more fundamental relationship between the “character” of a society and more specifically to its openness towards prison privatisation. Its failure might be seen in the characteristics attributed to societies. They are presented as non dynamic entities that function holistically, namely, without diversifications by their parts. Such an approach, unless its analytical ability is reduced to a snapshot of the present, is obliged to take for granted that societies didn’t, don’t and will not change. At the same time, it has to take over-deterministically as given the fact that each Social Formation is expected to follow specific paths in prison privatisation. The very effect of this latter drawback of the explanation in question is that it doesn’t consider the effects of class struggle<sup>104</sup>. Finally, ‘political culture’ – taking as a given that this concept exists and

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<sup>104</sup> In the original contribution by Gøsta Esping Andersen, where “citizenry commodification” is practically based, the differentiation between the “Three Worlds of Welfare Capitalism” is attributed – amongst else – to the notion of social stratification. Its static analysis, however, could only be valuable as a snapshot of a time point where class struggle’s effects wouldn’t be visible. Otherwise, it has to pre-suppose that there is no class struggle or that even if there is one, it doesn’t have the power to

its characteristics are determinable – presupposes that society functions unanimously “deciding” according to some vague directions embedded in a collective unconscious. This approach could not be disregarded right away. However, unless the “mystical” approach of the collective unconscious function is rationalized, it leaves no other exegesis than the actual “apotheosis” of the society; the assumption, in other words, that a Social Formation is a – literally - living organisation which further resembles to projecting upon the whole society the Hegelian approach of free will.

In an attempt to avoid those presuppositions, this research will follow a completely different direction. Special focus will be devoted to two elements that are implied in the aforementioned approaches but are not sufficiently researched. The first one regards the society itself. The concept of People, either as individuals or groups, exists indeed in both the ‘commodification of citizenry’ and the ‘political culture’. As already pointed, though, in the first case they are presented as passive receivers of political decisions, unable to resist them; they are moulded according to the needs of the political elite. In the second case the People has the power to shape its future indeed but according to an ill-defined and pre-determined mechanism. Marxism, on the other hand, and more specifically historical materialism, has exactly those analytical tools that bring forward the class struggle in historiography. Those tools provide scope for the relevant analysis and therefore for the receptiveness or resistance of the society to changes. The second element regards the State. Privatisation and more specifically prison privatisation is basically a question over the essence of the State, its boundaries – in relation to the Civil Society - and its functions. Those boundaries and functions, however, cannot be seen as a *fait accompli*. The very emergence of prison privatisation proves that the State is constantly developing and transforming to different forms. Analysing the mechanisms of those transformations appears, therefore, cardinal to the issues discussed in this Thesis. The structural Marxist strand of theory within historical materialism – previously influential but unfairly neglected for some decades - is another expedient analytical tool since it brings class struggle analysis in conjunction with a detailed approach of the State and its Apparatuses. The State in this thesis is

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change the direction of developments. “Citizenry commodification” approach faces the same pitfall in trying to explain the distinctive expansion of prison privatisation.

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especially important because it's not only the field where class controversies are materialized but exactly the very result of the class contradictions. This allows for some speculation on the temporal emergence of prison privatisation in a different perspective from the previous approaches. Having this in mind, the next part of this Thesis will reconstruct some basic concepts of structural Marxism in order to gather the necessary analytical tools before structuring an explanation of the asynchrony of prison privatisation and its empirical illustration in the second part of this chapter.

### Marxian and Marxist critique on Penalty

Before that reconstruction, however, it would be useful to critically assess a range of Marxist approaches on punishment. The issue of punishment, however, is inextricably linked to materialist perspectives of criminality due to the non-ethical or anti-Hegelian nature of Marxism. This appears in Marxian analyses, although not directly. Apart from a parody text regarding the social need of theft<sup>105</sup>, the only other, non-exemplificatory<sup>106</sup>, reference to criminal and penal issues appears in the *Debates on the Law of Thefts of Wood*<sup>107</sup>. This is where Marx observes the class-related origin of the property crime and connects that ascertainment with the way that criminal justice system fosters class interests since the State is dominated by the same forces. In this framework, he identifies a connection between punishment and value which, by gradual abstraction, leads him to concluding that modern punishment reflects capital reproduction. Property crime is defined by objective limitations; while punishment has to correspond to them. The connection between the two is value, namely the way that property communicated, measured and limited. Value “must likewise be the objective and essential defining element of the punishment”<sup>108</sup>. Thus, economic postulates permeate and engraft the field of penology and become centralised. They even reach the level of temporary serfdom of the debtor which transforms a civil claim to privatised punishment – an initial reference to correctional privatisation. To a degree this is almost a primitive accumulation in the field of punishment. In those articles, however, Marx on the one hand presents legislation as

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<sup>105</sup> K. Marx 1862.

<sup>106</sup> J. Reiman 1987, p. 31.

<sup>107</sup> K. Marx 1842.

<sup>108</sup> K. Marx 1842.

a direct reflection of private interests, while on the other he projects an idealist approach regarding the function of law and the State. It should be noted, though, that young Marx wrote those articles under extreme censorship, for propaganda purposes, while, he was still influenced by Hegelian idealism.

The connection between value and punishment becomes the central concept in Pashukanis' legal theory. The core of his theory is that law is conditioned upon the principle of equivalent exchange, since the fundamental relation in law is that of commodity exchange<sup>109</sup>. The product of labour becomes a commodity because it's appointed with value, while the persons that participated in this process become owners and potential owners of that commodity. The human being, therefore, becomes subject, and subject of law, exactly because it is contrasted to an object. The criterion of its legal subjectification is the ownership or potential ownership of the produced commodity<sup>110</sup>. This is vividly apparent in criminal law which re-enacts equivalent exchange. *Jus talionis*, imprisonment or fine refer to measurable values. Moreover, the aims of production process, profit making and class domination, appear also in punishment. Criminal law is substantially abstract, having discarded the perception of private conflict, but essentially material in being a means of immediate class struggle.

Against this delicate theoretical construct a shortcoming regards the fact that jurisprudence is linearly connected to the will of the dominant class. According to Pashukanis, role of the State is to protect the process of commodity circulation, fostering by that the dominant class interests. To avoid instrumentalism, Pashukanis suggests that exchange value eclipses if imposed by an authority instead of offer and demand. The State, therefore, as impersonal authority but at the same time as the collective will regulates the market in favour of a class<sup>111</sup>. Seemingly plausible, this analysis, however, disregards the role of class struggle; while the materiality of the State, and along with it the market, the legislation and the judicial system, being controlled by the bourgeois classes is reduced to the deception of the masses. Nevertheless, Pashukanis remains important for showing that a legal transformation, such as the introduction of prison privatisation, reflects in essence a preceding

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<sup>109</sup> E. Pashukanis 2003, pp 63-64.

<sup>110</sup> E. Pashukanis 2003, pp 113 et seq.

<sup>111</sup> E. Pashukanis 2003, pp 134 et seq.



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transformation in the field of the State, which, in contrast to a mere legal form, is the *raison d'être* of law. As such, it demarcates the distinction between public and private law by its contraction or expansion. Bringing, however, this ascertainment in prison privatisation, would reveal a gap in Pashukanis' logic. The contraction of the State goes *parri pasu* the commodity exchange logic in the function of law and State but cannot accommodate deception.

Ferrajoli and Zolo are not providing a Marxist approach as such but flesh-out three Marxian theses on criminal justice dispersed among his general work. The first is the structural character of unemployment in the Capitalist Mode of Production which, as criminogenic factor, marginalises the lumpen-proletariat. This is an extension of the already seen Marxian analysis of the class origin of property crime common to many Marxist criminologists<sup>112</sup>. The second is the abstraction of bourgeois culpability based on the ideation of the “free and self-determining individual”. The third reflects the previous two and requires the intervention in those fields for an effective anti-crime policy<sup>113</sup>. Based on those ascertainments, they reject State theories by Lenin or Pashukanis because they lead to criminological economism or criminological holism<sup>114</sup>. The central objection, however, against Ferrajoli's and Zolo's article is the way that treat Marxism epistemologically<sup>115</sup>. They acknowledge in Marxism limited scientific status in the sense that it cannot have its own methodology or analytical tools. As a non “general science” it cannot dismiss other non Marxist sciences. The issues of epistemology and proof seem to be the crux of disagreement not only with Ferrajoli and Zolo but with a number of theorists such as Reiman<sup>116</sup> and Akers<sup>117</sup>. Marxism, however, is neither a philosophy, nor a theory or ideology. It's the science of the evolution of history based on human needs

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<sup>112</sup> See for example J. Reiman et al. 1981 where he makes an important distinction between crime as rational economic behaviour and criminalisation as class-related characterisation of that behaviour which is connected, although over-simplistically, with the periodic economic crises and R. Quinney 1977.

<sup>113</sup> L. Ferrajoli et al. 1985, pp 84-90.

<sup>114</sup> L. Ferrajoli et al. 1985, p. 73. Nevertheless, their understanding of both theories is plagued by misunderstandings such as the failure to discern between law and regulation in Pashukanis and the identification of instrumentalism or the literal translation of 'dictatorship of the proletariat' in Lenin.

<sup>115</sup> L. Ferrajoli et al. 1985, p. 73.

<sup>116</sup> J. Reiman 1987 where he is ambivalent on the nature of Marxism. He describes it as science (p. 30), as theory (pp 33-34) or as moral philosophy (p. 30).

<sup>117</sup> R. Akers 1979 where he suggests the testability of Marxism through its various implementations. See also M. Cowling 2011 and K. Lasslett 2011.

and as such it cannot be tested. It stems from a philosophy, empiricism, but it has its own historicity and consistency. A science provides its own methodologies and analytical tools and exists as far as it produces theories. Moreover, theories are validated against the consistency of their own concepts. Finally, ideologies, being the imagined way that a subject perceives its relationship with reality, are by default beyond any comparison.

Moving to Marxist penology *stricto sensu*, the most prominent works are *Punishment and Social Structure*<sup>118</sup> and *The Prison and the Factory*<sup>119</sup>. The latter by Melossi and Pavarini constitutes an intellectual antecedent of the former by Rusche and Kirchheimer and both are historical materialist approaches of the specificity of punishment. Based on historical data Rusche and Kirchheimer conclude that punishment corresponds to particular productive relations and among them they focus on the availability of labour. Starting from early Middle Ages and analysing the development of the dominant ways of punishment until the 1930s they found a close connection with the increase or decrease of the reserve labour army. In conditions of overpopulation justice tended towards capital punishment. The primacy of the production process appears also in Melossi and Pavarini, although with a slightly different exegesis. They focus on the emergence of prison but stress the need for preparing the future factory workers through the discipline induced by the synchronic emergence of Workhouses<sup>120</sup>. They conclude that, although the prison is not a factory *per se*, “prison is a factory of men” receiving insubordinate convicts and transforming them into disciplined inmates<sup>121</sup>.

The two works, however, present some shortcomings. Aside some particular historical objections raised, especially for the book by Rusche and Kirchheimer<sup>122</sup>, both books neglect the role of extensive inflation in the emergence of prison labour<sup>123</sup>. Indeed, from the 15<sup>th</sup> until early 17<sup>th</sup> century inflation rose extensively<sup>124</sup>

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<sup>118</sup> G. Rusche et al. 2003

<sup>119</sup> D. Melossi et al. 1981. See also D. Melossi 1980.

<sup>120</sup> D. Melossi et al. 1981, pp 17-21.

<sup>121</sup> D. Melossi et al. 1981, pp 143-145 and M. Mandel 1986, p. 14.

<sup>122</sup> J. Beattie 1986.

<sup>123</sup> They do acknowledge its existence, however. In G. Rusche et al. 2003, p. 24 and D. Melossi et al. 1981, pp 15 and 24.

<sup>124</sup> D. Harvey 2011, p. 57.

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because of the massive influx of gold and silver in the European market<sup>125</sup>. An extensive amount of wealth, unevenly distributed, could not buy commodities due to the Mode of Production. The introduction of labour in confinement was driven, therefore, by the need to supply markets with commodities<sup>126</sup>. Later, the ease of inflation is synchronised with the slowing of production in Workhouses, the changing paradigm of convicts' education and the turn towards unproductive labour. Melossi's argument regarding the inefficient nature of labour is not an argument against productivity as such; it was exactly the need to balance offer and demand in market along with profitability for the dominant classes that was leading to inefficient labour. Prison is not a factory indeed, it's rather a place where surplus value is accumulated; namely an economic apparatus of the State. Nonetheless, neither the labour market leverage can be disqualified, nor the actual or ideological preparation of the proletariat. What is suggested is the economic side of the previous theses which would prevent the over-deterministic approach of Rusche and Kirchheimer or the over-ideologisation of Melossi and Pavarini. This would readjust those theories in accommodating prison privatisation away from the reproduction of the 'historical analogy' fallacies<sup>127</sup> and the reduction of this policy to its ideological function.

In order to explain the withdrawal of punitive labour one should see that the very existence of prisons triggers production<sup>128</sup>. The changing role of the liberal State during the 20<sup>th</sup> century required its “invisible presence” which is further reflected upon its apparatuses<sup>129</sup>. Hence, the direct leverage of the production by the prison system is withdrawn in favour of the indirect. Nevertheless, the leverage upon economy remains direct and unmediated. Prison as State apparatus is conditioned upon the class struggle in the same way as the transformation of the State. Understanding class struggle as a whole requires perceiving prison both as repressive and economic apparatus of the State.

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<sup>125</sup> J. Munro 1999.

<sup>126</sup> See also G. Rusche et al. 2003, p. 44.

<sup>127</sup> See further in G. Rusche et al. 2003, pp 63, 105, 108 and 109.

<sup>128</sup> See further in I. Papageorgiou et al. 2012.

<sup>129</sup> See also D. Melossi et al. 1981, p. 36.

Aside any particular criticism for each research presented in this section, some important conclusions could be highlighted. Marxism is a science instead of theory, philosophy or ideology. To this extent what could be proven are specific theories based on the consistency of their ideas. The State is of central importance in criminal justice, not as the product of legislation but as its *raison d'être*. Criminal justice reflects, therefore, class domination through a mediated way. It's a "grey zone" between the public and the private spheres, since there is an implicit interconnection among punishment and value, commodity exchange and production. This transposes the class struggle upon the development of criminal justice. Hence, prison is vested with economic, ideological and political roles and functions that need to be approached by a State theory, within historical materialist scientific tradition, encompassing class struggle as a whole.



**PART: A**

**Theoretical Approach**



## Chapter 2

### State and Structures

#### Marxist State concepts

A research of the Marxist understanding of the State will soon come across the problem that Marxist classics (Marx, Engels, Lenin and Gramsci) did not discuss with any systematicity the political field nay the issue of State. Troubled as they were with the exercise of the political practice didn't occupy themselves with a more coherent State theory. What could be found instead is a set of concepts on State practice which should be viewed and understood in the conjuncture of the era, some hints on the theoretical structure of the State but not coherently integrated in the structure of Historical and Dialectical Materialism and finally implicit understanding of the operation of the State<sup>130</sup>. Among them, Lenin and Gramsci offer the most detailed approaches but again with the previous constraints. Based on those classics, neo-Marxist theorists present complete approaches on the State with most notable examples those of Miliband and Poulantzas<sup>131</sup>. It should be pointed right from the beginning that this research will clearly take the structural side, avoid the problematic of the subject and focus on the issue of class relations viewed through the articulation of structures. This chapter, after a brief discussion of the core philosophical subjects underpinning structural Marxism will analyse the construction of social classes, the formation of the State and within it of the power bloc and of the hegemonic strategy in order to depict the operating relationships within the Social Formation.

It must be stressed that both structuralist and instrumentalist theories will be treated exactly as theories. That means that they cannot be held as right or wrong, proved or not but only as internally consistent or not. In other words, any criticism aims at the coherence of their concepts. Consequently, paradigms or facts cannot be

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<sup>130</sup> N. Poulantzas 1973, pp 19-20 and N. Poulantzas 2001a, p. 26.

<sup>131</sup> The two theorists have literally marked the future development of Marxist State theory by setting a yardstick. This could be seen in the constant attempts of the most recent Marxists either to take sides (Bob Jessop) or to overcome the dilemma set by them (Fred Block). Although interested in the genesis of the State and less with its operation, the contribution of Frankfurt School should not be disregarded (e.g. Franz Oppenheimer).



understood as proofs but only as illustrations. The reason behind that is that Marxism itself is detached both from the Hegelian purist idealism as well as from the scientific empiricism which to a degree dominates the human sciences. Althusser holds that the confirmation criteria of a theory have internal character because confirmation is the product of theoretical elements (principles, methodological processes *et al.*) which furthermore are inscribed in each science. In this case, namely in the science of historical materialism, the confirmation criteria for the existence of a theory or an idea lay with its inscription in the social practice. To clarify this point, Althusser gives the example of mathematics which don't need the experimental confirmation of their theorems (for example in Physics or Chemistry); in the same way as Physics or Chemistry don't need the technical application of their conclusions. Therefore, Althusser coincides with Lenin when the latter writes that Marx's theory is powerful because it's real. It's real not because it has been confirmed by its successes or its failures but exactly because of its reality it's confirmable in the successes or the failures<sup>132</sup>.

The particular State theory presented by Structural Marxism, namely the work of Nicos Poulantzas<sup>133</sup>, shares indeed some commonalities with the instrumentalist views. The main among them is the "class character" of the State and this is exactly what distinguishes Marxist from non-Marxist approaches, which see in

<sup>132</sup> L. Althusser 1999, pp 128-129. See also E. Laclau 1977, p. 60 where he makes some observations on the methodological question of the Poulantzas - Miliband debate. He holds that "as Althusser has pointed out, the process of knowledge does not begin with real objects - as empiricism supposes - but with concepts, pieces of information and ideas provided by the different forms of practice: scientific, ideological, technical, etc. These concepts are transformed by theoretical practice into objects of knowledge which, as such, are different from real objects. In contrast to the empiricist analysis, according to which knowledge starts from the concrete and is raised to general propositions through a process of abstraction/generalisation, we accept the epistemological perspective that knowledge is knowledge of real objects but occurring wholly on the level of thought and moving from the abstract to the concrete. This 'concrete' is not, however, the real-concrete but the concrete-in-thought, to use Althusser's expression. So, as we were saying before, in so far as the object of knowledge is produced by theoretical practice itself, the methods of verification are part of the theoretical system itself. A theory is only false to the extent that it is internally inconsistent, i.e., if in the process of construction of its concepts it has entered into contradiction with its postulates".

<sup>133</sup> The use of the characterisation structural for this strand of Marxism is rather improper. On the one hand the main theorists, namely Althusser, Balibar and Poulantzas, soon dissociate themselves from structuralism from which they only borrowed some concepts like the idea of structural organisation. On the other hand, given the disagreement between the followers of the movement as for example that between Poulantzas and Althusser (N. Poulantzas 1984, p. 23) as well as between Poulantzas and Balibar (see for example the first note in N. Poulantzas 2001b), I cannot reserve the characterisation of Poulantzas' approach on the State as the structuralist one, in the expense of others no matter if Balibar changed his position. In any case, this way of treating Poulantzas' work has prevailed; hence it will be followed by this Thesis with these constraints clarified.

the State an objective structure with its own rules and functions that exists aside from the class struggle and thus fail to explain why some State policies favour some classes in contrast with others<sup>134</sup>. The difference between the structural and instrumental approach to the State refers to the actual nature of this class character. It's not purpose of this section to analyse the differences between the two theories in detail<sup>135</sup>, but the structural objections towards the instrumentalists' views would be helpful in shedding some light to this analytical framework. The following paragraphs will deconstruct the instrumental analysis in order to unveil the core of the difference. After that the structural Marxist concept of the State will be presented.

For the basic instrumental approach, the State is subsumed to a class' political power. This further means that the dominant class modifies and uses the State according to its will and interests. The State, therefore, is nothing else but a class dictatorship<sup>136</sup>. The question then arising is why the dominant classes are "using" the current form of representative democracy in "their" State. Had the State been modifiable, dominant classes would set up such State Apparatuses to minimize losses and maximize their profits; but in fact although they secure great payoffs, they suffer notable losses as well<sup>137</sup>.

An enhanced and more plausible instrumental approach holds that the State has a dual nature. The kernel of the State is related with the productive powers and relations of production; in other words, with the economic base. Upon this kernel the other aspect of the State is attached; that which is related to the class struggles and creates the class nature of the State. The latter is dominated by a specific class. Purpose of this "second nature" is to control the kernel and more specifically to control the products of the relations of production<sup>138</sup>. *Prima facie*, this approach doesn't seem to be instrumental; a more detailed view, though, would show that in this case the "class nature" of the State is practically "class use" of the State.

<sup>134</sup> N. Poulantzas 2001a, pp 14-15.

<sup>135</sup> The infamous debate between Poulantzas and Miliband (and maybe Laclau) in the "New Left Review" is more appropriate for this purpose.

<sup>136</sup> N. Poulantzas 1984, p. 38.

<sup>137</sup> N. Poulantzas 2001a, p. 15. Social welfare and taxation sustain this policy could serve as an example because, to a degree, it exceeds the need for mere reproduction of the labour class and pose a serious burden to the Capital's profits.

<sup>138</sup> N. Poulantzas 1984, p. 38 and 2001a, p. 17. The kernel of the State in this approach should only be understood as the part of the State that mantles the labour powers and the relations of production. It's not a substitute of the economic base.

Both instrumental approaches start from a specific viewpoint of the “architectural” metaphor of the economic base and the superstructure. The ideological and political (juridico-political according to Marx) superstructure is subsumed to the economic base in the following way. Economy is made from non-developing elements, namely labourers, means of labour, non-labourers and the relations of production among them. The nature of the economy corresponds to an Aristotelian idea of automatic reproduction and regulation. As a consequence the field of economy has some internal limits, which constitute the field non-dynamic. Therefore, class struggle is absent in the economic level which is directed by an automated process<sup>139</sup>. This economic monism, in other words economism, in the level of the base leads certainly to understanding the superstructures (ideology and politics) as mere conceptual tools made to “capture”<sup>140</sup> the obscurity of the economic process<sup>141</sup>. Therefore, the mirror-image of economism in the economic base is voluntarism in the level of superstructures.

If we project these lines of reasoning upon the State, there would be two possible conclusions corresponding to the above-mentioned instrumental approaches. In the first one the State – being part of the political level - is a simple reflection of the relations of production. It’s an ensemble of institutions which is used either to regulate and/or to implement those regulations in order to facilitate the production process and control its outputs. The instrumental role of the State in this approach is clearer because of the verb ‘use’ which raises the question of the subject and the spontaneous answer is “the dominant class”. This creates, then, the image of a personified and conscious class with its own will instead of a transcendental subject of the history<sup>142</sup>.

The second possible conclusion is that the political and ideological levels are not reflections of the economic but they constitute levels with prescribed and not overlapping limits in the same way as economy was described above. This is exactly how the superstructural autonomy justifies economy’s independence and capacity of

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<sup>139</sup> N. Poulantzas 2001a, p. 19. This makes sense under the idea that class struggle could not change anything in a non-changing setting.

<sup>140</sup> “Capture” here is used both as understanding and as seizure.

<sup>141</sup> N. Poulantzas 1984, p. 39. It’s obscure to people exactly because they do not participate consciously in the relations of production. See also N. Poulantzas 1978, p. 30.

<sup>142</sup> N. Poulantzas 1984, pp 36-37.

re-production. Each level has its own essence and independent historicities throughout time. The combination of the three levels constitutes the each time Mode of Production in a given Social Formation. So in contrast with the first approach, the second one substantiates the non economic levels<sup>143</sup>. The problem, then, is the very character of the class nature of the State. There seems to be no dialectical relationship between the interests of groups that participate in the production process (labourers and non-labourers) and of groups in the political level. In other words, because of the clear separation of levels, economic interests are transposed in unmediated, uncritical fashion to the level of class political will<sup>144</sup>. Given that, on the one hand there is no class struggle in the economic base, and on the other relations of production follow a prescribed process allowing no space for intervention, the effectiveness of class struggle in the superstructure is doubted and along with that the hope of any change in relations of exploitation (in the economic level) and subordination (in the politico-ideological level).

### The concept of 'Whole'

The need to avoid those inconsistencies leads to the need for a different conception of treating the economic, the political and the ideological levels as well as their weave. This is where the heart of the different point of view between instrumentalism and structuralism and consequently the understanding of the State lies. For structural Marxism the economic level has never been, in any Mode of Production, a hermetic field with its own rules of self-reproduction and operation. The political and the ideological levels have always been playing a substantial role in the relations of production. More specifically, Marx in the *Contribution to the Critique of Political Economy*<sup>145</sup> in defining Historical Materialism specifies its object as the study of different structures and practices (the economy, politics,

<sup>143</sup> N. Poulantzas 2001a, pp 19-20. They also differ in the way they are handling epistemologically the superstructure. For the first approach State and ideology as mere reflections of the economy could not set particular scientific objects while the second approach allows the existence of an economic science, a political science and an epistemology of the ideas with separate scientific objects and tools. But they share in common the fact that they set up an exterior relation between the State and the economic level.

<sup>144</sup> See for example N. Poulantzas 1984, p. 36.

<sup>145</sup> K. Marx 1859. A detailed analysis is in the preface of 1857 which was replaced by another in 1859 and turned to be Appendix I.

ideology), “which are connected and yet distinct, and whose combination constitutes a Mode of Production and a Social Formation”. The theorisation of those concepts leads to the constitution of regional theories. Furthermore, the theorisation of their combination constitutes particular theories (theories of the slave, feudal, capitalist *et al.*) which define distinct Modes of Production and Social Formations<sup>146</sup>. On these initial points given by Marx – which support both the enhanced instrumental and the structural perceptions of the articulation of levels - Luis Althusser builds definitions of the ‘Mode of Production’ and the ‘Social Formation’.

He does that by initially interpreting the concept of Marxist ‘Whole’ of which the Mode of Production and Social Formation are examples. Marxist Whole (unlike the Hegelian or Leibnizian) is “constituted by a certain type of *complexity*, the unity of a *structured whole*, containing what can be called levels or instances which are distinct and ‘relatively autonomous’, and coexist within this complex structural unity, articulated with one another according to specific determinations, fixed in the last instance by the level or instance of the economy”<sup>147</sup>. Those determinations have two basic characteristics. On the one hand, in a structured ‘Whole’ every element, namely levels or instances, is overdetermined by the ensemble of the other elements which mutually determines. On the other hand, it’s the economic element (level or instance) which determines in the last instance the dominant element in the ‘Whole’. This takes place through the organisation and articulation of structures and practices by the economic level in such way so that one of the levels (or one of the instances if we see the ‘Whole’ as a temporal sequence) becomes dominant at a specific time point. Therefore, the dominant element in a Whole is not stable<sup>148</sup>.

The most important element of this schema – required to capture the very essence of what Althusser concludes – is the idea of the “last instance”. It has originally been postulated by Marx and Engels<sup>149</sup> and generally ignored. What

<sup>146</sup> K. Marx 1859 Appendix I and especially the last section under the title “Production” and N.

Poulantzas 1973, p. 12

<sup>147</sup> L. Althusser 1970, p. 97.

<sup>148</sup> S. Tsinorema 2001, p. 158.

<sup>149</sup> “According to the materialist conception of history, the *ultimately* determining element in history is the production and reproduction of real life. Other than this neither Marx nor I have ever asserted. Hence if somebody twists this into saying that the economic element is the *only* determining one, he transforms that proposition into a meaningless, abstract, senseless phrase. The economic situation is

Althusser suggests, for example in the case of history, is that if economy is the decisive factor in its structure at the last instance (or the ultimate in Engels terminology), then there are some other levels (the political and the ideological ones in this case) that also affect history<sup>150</sup>. If those levels were directly depended on economy – as economism generally understands - then there would be no reason for mentioning them at all outside a discussion which would just describe the way that economy determines history. The fact that Engels insists on the “ultimate” determination means that the levels which interfere before economy also affect history in an autonomous way. Nevertheless, their influence upon history is not direct or linear but also depending on similar relationships among other levels and the predicate; thus each level is overdetermined by the ensemble of levels. This makes them relatively autonomous.

The Mode of Production, being itself a ‘Whole’, designates a specific combination of various structures and practices which appear as many levels or instances as the regional structures of this mode<sup>151</sup>. Those levels and instances constitute a complex whole dominated in the last instance by the economic. The structure in dominance governs the essence of the regional structures by assigning them object and functions. As a result the relations which constitute each level are never simple but overdetermined by the relations which take place in other levels. It should be mentioned, though, that the fact that the Whole is determined in the last instance by the economic does not mean that the economic always holds the dominant role. It is determinant as far as it attributes the dominant role to a level or an instance<sup>152</sup>. Consequently, what specifies a Mode of Production is the particular

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the basis, but the various elements of the superstructure — political forms of the class struggle and its results, to wit: constitutions established by the victorious class after a successful battle, etc., juridical forms, and even the reflexes of all these actual struggles in the brains of the participants, political, juristic, philosophical theories, religious views and their further development into systems of dogmas — also exercise their influence upon the course of the historical struggles and in many cases preponderate in determining their *form*. There is an interaction of all these elements in which, amid all the endless host of accidents (that is, of things and events whose inner interconnection is so remote or so impossible of proof that we can regard it as non-existent, as negligible), the economic movement finally asserts itself as necessary. Otherwise the application of the theory to any period of history would be easier than the solution of a simple equation of the first degree”. F. Engels 1972, p. 294.

<sup>150</sup> L. Althusser 1999, p. 135 and p. 77.

<sup>151</sup> N. Poulantzas 1973, p. 13.

<sup>152</sup> For example in the feudal Mode of Production the dominant role is played by ideology through religion.

articulation by its levels; the ‘Matrix’ of a Mode of Production. It could be said then that a Mode of Production is in its essence “the way in which determination in the last instance by the economic is reflected inside that Mode of Production”<sup>153</sup>.

Both the levels and the Mode of Production as such are abstract objects which do not exist in the strong sense in reality. In contrast with that, a ‘Social Formation’, namely the ‘Whole’ of a social setting, at a given moment is a real-concrete object with a particular historical existence. Exactly because of that difference in the nature of the two objects there could be an overlapping between several “pure” modes of production in a given Social Formation. In other words modes of production are only intellectual constructs and their pure versions could only be seen in a theoretical level<sup>154</sup>.

The Social Formation itself is also a ‘Whole’. It constitutes a complex unity of the economic, the political and the ideological practices at a certain place and stage of development. Historical materialism is exactly the science of Social Formations<sup>155</sup>. The levels of a Social Formation, namely the different practices, are characterized by uneven development and dislocations among them. This is exactly the basis for understanding the formation and its development through the concept of a history with differential time sequences<sup>156</sup>. The determination by the economic level at the last instance, which here is the economic practice, applies as well. This happens through the role played by the dominant Mode of Production in a given historically determined Social Formation. It is exactly the matrix of the dominant Mode of Production which marks the ‘Whole’ of the formation. Thus, a historically determined Social Formation is specified by a particular articulation of its different economical, political, ideological levels or instances. As a general rule - taking into account the dislocations - this articulation is that of the dominant Mode of Production<sup>157</sup>.

<sup>153</sup> N. Poulantzas 1973, pp 14-15 and N. Poulantzas 2001a, p. 23.

<sup>154</sup> N. Poulantzas 1973, p. 15 and N. Poulantzas 2001b, p. 27.

<sup>155</sup> B. Brewster 1970 and N. Poulantzas 1973, p. 12. Practice should be understood as the transformation of a definite object (raw material) resulting in the production of something new (the product) which often constitutes, or at the very least can constitute, a break with the given elements of the object. As it will be seen later, practice correspond to levels of struggle between social classes. N. Poulantzas 1973, p. 41.

<sup>156</sup> N. Poulantzas 1973, p. 41.

<sup>157</sup> N. Poulantzas 1973, p. 15.

## Social classes

Before transferring the previous theses into the analysis of the actual position of the State, it would be important to present how the dominant Mode of Production affects the constitution of social classes. This is not a parenthetical section. Poulantzas states that social classes are the effect of certain levels of structures of which the State also forms a part<sup>158</sup>. At the same time, among the functions of the State is to be the tenacious bond between the contradictions of the social classes<sup>159</sup>.

Social classes taken as a social ensemble, is the field in which class contradictions are deployed at the same time with class struggles. This further means that classes cannot be conceived outside the concept of class struggle; they do not exist before the eruption of class struggle. A further consequence is that the constitution of classes corresponds to their class practices (struggle). This is translated into classes finding their position into the social stratification through their contradictions. This specific function of class contradictions designates objective positions in the social labour division acquired by class members irrespective of their will<sup>160</sup>. Overall then, social classes could be defined by the position they acquire in the ensemble of social practices - that is the social division of labour along with ideological and political practices. As a result a class is the objective consequence of the articulation of levels in the field of the social division of labour (structural determination of classes)<sup>161</sup>. This will be explained in detail below.

It should be stressed, though, that class position as determined by the levels could be different from class position in the conjuncture<sup>162</sup>. More specifically, a

<sup>158</sup> N. Poulantzas 1973, p. 37. Although he gives a complete approach in his main work *Political Power and Social Classes* (first publication in French: 1968), Poulantzas refines it later in the *Fascism and Dictatorship: the Third International and the Problem of Fascism* (first publication in French: 1970) and more systematically in *Social Classes in Contemporary Capitalism* (first publication in French: 1974) which will be followed here.

<sup>159</sup> N. Poulantzas 1978, p. 41.

<sup>160</sup> N. Poulantzas 2001b, p. 16 and N. Poulantzas 2001a, p. 38.

<sup>161</sup> N. Poulantzas 2001b, p. 17, N. Poulantzas 1973 pp 67-68 and N. Poulantzas 2001a, p. 37. It could be assumed then that since both the “membership” in a class and the position of a class in the class struggle are effects of contradiction and over-determination of levels, they cannot be subsumed under a voluntaristic approach.

<sup>162</sup> Both Poulantzas 1973, p. 93 and Althusser 1970, p. 98 use Lenin’s approach to ‘conjuncture’ as the field of class practices and class struggle in a historically determined Social Formation as exemplified in the *Two Tactics of Social Democracy in the Democratic Revolution* 1905.



class' position – otherwise mentioned as class consciousness - may not correspond to the objective class position. Poulantzas borrows Lenin's example of labour aristocracy which sometimes assumes bourgeois consciousness. On the other hand, the petty-bourgeoisie may support either the bourgeoisie or the labour class. Nevertheless, an occasional support of another class does not transform the labour aristocracy to bourgeois class or the petty-bourgeoisie to the each time supported class. This is important if a relativistic understanding of class determination is to be avoided<sup>163</sup>.

It's already clear that the aforementioned understanding of the class concept comes in contrast with the approach of economism on the field of class relations, which is also close to the perception of the Hegelian distinction between the class-in-itself and class-for-itself<sup>164</sup>. The separation of the economic level from the political and the ideological would result in a thesis that the class objective position is determined by the position in the relations of production, while only the class consciousness is determined by the class struggle in ideological and political levels. Nevertheless, exactly because the objective class position is determined by the ensemble of the levels, the political and ideological levels are already there at the constitution of the class and this is reflected in the conjuncture through special material forms of ideological and political practice. This happens because of the particular organisation of the production process which is constituted as the unity of labour process and production relations. The first consists of the labourers (labour powers<sup>165</sup>), the means of production and the non-labourers. The combination of the three sets up the production relation which are divided into 'relations of appropriation' between the subjects involved in the process (both labourers and non-labourers) and the means of production and 'relations of property' among the human subjects and the product of the labour process. It should be stressed that in those combinations the relations of production are more important because labour powers are only organized under the former. In contrast with that, economism disregards this

<sup>163</sup> N. Poulantzas 2001b, p. 19.

<sup>164</sup> N. Poulantzas 2001b, p. 20 and N. Poulantzas 1973, p. 74.

<sup>165</sup> According to Marx 'labour powers' is the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description, while a 'use value' is any article or service which has the quality of satisfying a human want. See K. Marx 1867 and J. Gillman 1957, p. 11.

priority in way in which reduces the unity of production relations and labour powers into technicism<sup>166</sup>. In every society divided into classes the labourer has no relation to the product of his/her work, so the relation of property is always in favour of the non-labourer. What makes the difference, though, among class societies is the relation of appropriation. In feudalism for example the labourer has a direct connection with the means of production; the surf occupies the land irrespective of the legal status of ownership. In capitalism, though, the labourer has nothing else apart from his/her work<sup>167</sup>. It could be easily seen then, that relations of production dominate the labour process since the particular features of labour process (e.g. technology) can be substantiated only within an environment of relations where value extraction take place. It is exactly this domination of production relations over labour process that gives in their unity the character of production and reproduction process<sup>168</sup>.

The aforementioned domination explains why the ideological and political levels constitute along with the economic the class determination in a given Social Formation. More specifically, production relations are expressed as class powers; powers of non-labourers over labourers. Exactly because production relations emerge as powers, ideological and political relations are organically interconnected to establish and support them. Therefore, the production and reproduction process is also a process of reproduction of ideological and political relations<sup>169</sup>. If we connect this to the previous distinction between objective class position and class consciousness in the conjuncture, it could be seen that exactly because a class' position is structurally determined it's always reflected in the conjuncture irrespective, of the each time character of the class consciousness or of an independent political organisations such as parties<sup>170</sup>.

The question then arising is how the existence of a class could be determined. Marx's political texts approach this problem under the idea that a class is distinct and autonomous - and therefore an existing social force - when its connection

<sup>166</sup> N. Poulantzas 2001b, p. 25 and N. Poulantzas 2001a, p. 36 where he makes this point clear by mentioning as example that it's not the technological revolutions that brought capitalism in the foreground but the change of relations of production.

<sup>167</sup> N. Poulantzas 1973, p. 26, N. Poulantzas 2001b, pp 22-24 and N. Poulantzas 2001a, p. 23.

<sup>168</sup> N. Poulantzas 2001b, p. 26.

<sup>169</sup> N. Poulantzas 2001b, p. 26 and N. Poulantzas 2001a, pp 36-37.

<sup>170</sup> See also N. Poulantzas 2001b, pp 19-20.

with the relations of production, its presence in the economic level, is reflected on the other levels by a specific presence. The historicist approach finds the 'specific presence' in the political and ideological levels in the separate organisation of a class into a party. Poulantzas in the contrary designates this presence in the reflection of the process of production on the other levels by 'pertinent effects' which are located in political and ideological structures as well as in social, political and ideological class relations (class practices). Therefore, the very reflection upon other levels of a class' position in the production process is the 'pertinent effect'. The other side of the coin is that this reflection constitutes a new element which wouldn't be otherwise present in the typical articulation of the ensemble of these levels. Therefore, this element transforms the limits of the levels of structures or of class struggle at which it is reflected by 'pertinent effects'<sup>171</sup>.

The application of the previous analysis in a given Social Formation in a specific moment would possibly reveal the existence of several groups whose position in the production process is reflected in the economic and ideological structures or struggles. Indeed, if the criterion of social stratification was as crude as the relation of appropriation and more specifically the relation with the means of production, it could be assumed then, that in a Mode of Production there would be only two classes to be observed. In a Social Formation, though – as mentioned earlier - there exist several overlapping Mode of Productions which result to the creation of more than two classes. Nevertheless, the classes corresponding to the dominant Mode of Production, as for example the labour and bourgeois classes in capitalism, circumscribe the basic contradiction in the Social Formation which further results to the under-determination of the other classes<sup>172</sup>.

What is described above is not a static image. Tensions between different production processes are also reflected in the constitution of the Social Formation. Therefore, the decomposition process of the under-determined classes and the

<sup>171</sup> N. Poulantzas 1973, pp 77-79. Poulantzas borrows the example brought by Marx (1852) in *The Eighteenth Brumaire and the Class Struggles in France*. Under Luis Bonaparte small holding peasantry had neither an organisation nor an ideology of its own. Nevertheless, Bonaparte presented himself as representative of that group allowing for the corresponding political protection, although in reality he was representative of the bourgeois class. This political "representation" marks through a pertinent effect the existence of a class.

<sup>172</sup> N. Poulantzas 2001b, pp 27-28 and N. Poulantzas 1973, p. 82 where he adds that the under-determined classes are sometimes politically polarized around the classes of the dominant contradiction.

resistance to this decomposition determines the existence of a class or its transformation to 'social categories', 'class fractions' or 'social strata'<sup>173</sup>. Poulantzas designates as 'social categories' social ensembles with pertinent effects, and thus social forces, which present an over-determining relation to structures other than economic ones. A characteristic example is that of bureaucracy in its relation to the State Apparatus. 'Social categories' is a concept which cuts vertically the social stratification since it could be constituted by various other social forces. 'Class fractions' are sub-groups within a class which comply with the criterion of pertinent effects exactly as the merchandising or the financial capital do in relation to the capitalist class. A class fraction may become autonomous if it constitutes an eventual social force<sup>174</sup>. Finally, a 'social stratum' indicates the secondary effects of the combination of modes of production on classes as in the case of working class aristocracy; on categories as for example on the summits of bureaucracy and finally on fractions. Social strata without being social forces can exert influence through the pertinent effects which mark them on other classes, categories or fractions<sup>175</sup>.

The importance of the previous analysis lies with the fact that classes, fractions, categories or strata are placed in opposition. More specifically, social relations consist of class practices which in ensemble constitute the field of class struggle. These practices can only be conceived in their contradictions, in other words in relations of opposition. As mentioned above, classes reveal the effects of the articulation of structures in the field of social relations. Therefore, the other side of the coin would be that the very struggle between classes, in other words the class struggle and finally their existence, is an effect of the form that the contradictions between structures take in the field of social relations. All three levels constitute fields where relations of domination and subordination between classes take place. The realisation of profits in contrast to the increase of wages in the economic level,

<sup>173</sup> N. Poulantzas 1973, p. 82 and N. Poulantzas 2001b, p. 29.

<sup>174</sup> 'Social force' is approached here according to Poulantzas' interpretation of Lenin's concept. Social groups are social forces insofar as they present pertinent effects at the level of political practice in a given conjuncture. See for example N. Poulantzas 1973, p. 94.

<sup>175</sup> N. Poulantzas 1973, p. 84. In the following sections, for brevity reasons, the term 'class' will be generally used to replace the use of 'stratum', 'fraction' or 'category' as far as the latter could indicate a social force.

the struggle for political power in the political level or the ideological domination in the relevant level exemplify the struggle in the peripheral levels of the ‘Whole’<sup>176</sup>.

Among the different levels of class struggle, the political one deserves special mentioning due to its relation with the problematic of the State. Lenin understands the political struggle as the one whose specific object is the State power; nevertheless, its objective is the conjuncture<sup>177</sup>. The concept of the conjuncture has already been allusively touched<sup>178</sup>; in more detail though, Poulantzas – always based on Lenin – understands the conjuncture as the concept which “captures” the articulation of structures and the index of dominance in a given Social Formation in the level of political class struggle. The “capturing” process refers to the unity of the effects of structures upon political class struggle. Elements of the conjuncture are classes and autonomous fractions which are reflected by pertinent effects specifically on the level of political practice. Additionally, some categories which manage at a specific moment to inscribe pertinent effects in the political struggle level and thus they become social forces. Therefore, the conjuncture condenses<sup>179</sup> the political class struggle in a specific moment and at the same time is the object of the political class struggle<sup>180</sup>.

*Prima facie* there seems to be a strange self-reference in this understanding. Nevertheless, the interrelation between structures as described above, apply in the field of practices as well. Each level’s (in this case, each practice’s) intervention on another creates the limits according to which each one modifies the other. The delimitation of mutual influencing is effect both of the matrix of a formation and of the specific practices which are further themselves determined by their place and function in this matrix<sup>181</sup>. However, apart from the relations in the field of structures

<sup>176</sup> N. Poulantzas 1973, p. 86. It should be noted parenthetically that there exist dislocations between the various practices of a given class. Therefore the economic practice might not correspond to the political or the ideological one. This explains to an extent the differentiations in rhetoric between trade unions and political parties.

<sup>177</sup> V. Lenin 1902 and N. Poulantzas 1973, p. 92. See also N. Poulantzas 1984, p. 51 and L. Althusser 1999, p. 81.

<sup>178</sup> *Ibidem*, footnote 162.

<sup>179</sup> The verb “describe” would be more useful here. Nevertheless, it lacks explanatory capacity since the conjuncture is not an image of the political struggle but the very political struggle in a Social Formation in a given moment.

<sup>180</sup> N. Poulantzas 1973, pp 94-95.

<sup>181</sup> N. Poulantzas 1973, p. 95. The relations of differentiating historicities, dislocated articulation and over-determination and domination at the last instance take place here too. The difference is that given

on the one hand and in the field of practices on the other, there appears a set of relations between the two fields, namely between structures and practices. Structures delimit the field of practices and the latter intervene in structures. More specifically, the political struggle which condenses the other levels of the class struggle is limited by those specific other levels and by the ensemble of the class practices. But the very field of practices is circumscribed by the effects of structures and their Whole. Therefore, the political practice is limited by the ensemble of class struggles insofar as the latter is determined by the ensemble of structures. On the other hand, political practice intervenes in the totality of practices insofar as the class struggle as a Whole intervenes in the Whole of structures<sup>182</sup>.

The previously mentioned differentiation between the conjuncture as the object and the State as the objective of the political practice is something more than a peculiar use of language. On the one hand, the conjuncture is constituted by the effects of the ensemble of structures upon practices. On the other hand, the State concentrates the contradictions of the structures and allows the analysis of their complexity. Therefore, the State as such is reflected upon the conjuncture because the latter is the point where structures and practices meet and interact. Obviously the term ‘point’ should be understood less geographically and more temporarily, since conjuncture is the “specific moment”, the analysis of the historical individuality of the ensemble of a formation. Therefore, political class struggle operates in the conjuncture as a means to “take over” the State and through that change accordingly the articulation of structures<sup>183</sup>.

The issue of class struggle brings forward the interconnected subject of the ability of a class to capitalize gains or resist the losses within the field of practices. Poulantzas defines it as ‘power’, namely, the capacity of a social class to realize its specific objective interests<sup>184</sup>. Given that the concept of power is constituted in the field of practices – and therefore in social relations, in contrast with the field of structures – it seems that class relations are in essence power relations. This should not be understood in a hierarchical relation of any kind. Social relations are not the

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the political class struggle’s objective – the conjuncture – it concentrates all the other class practices. Therefore, it is the over-determining one; see for example N. Poulantzas 1973, p. 92.

<sup>182</sup> N. Poulantzas 1973, p. 95.

<sup>183</sup> See also N. Poulantzas’ 1973, p. 96 and V. Lenin 1918 especially in the third chapter.

<sup>184</sup> N. Poulantzas 1973, p. 104.

foundation of power relations or vice versa. Power relation is rather the specification of the effects of the ensemble of structures on the relations between classes in the course of the struggle among them<sup>185</sup>. From that point of view, power cannot refer to a single level either as cause or effect of this process. It can only be the effect of the ensemble of structures<sup>186</sup>.

Some basic characteristics of power could easily be derived from the analysis made so far. The concept's field of application can be nothing else but a Social Formation divided into classes. As already mentioned in such societies classes by definition exist in opposition; this further means that the realisation of a class' interests obstacles the very existence of another class' interests. Therefore, the relations of domination and subordination among classes are expressed as relations of power<sup>187</sup>. The element of capacity as introduced in the definition of power brings forwards some more issues. As mentioned above 'power' specifies the effects of structures in the relations between classes within their struggle. Therefore, a class' power doesn't transcribe the structural effects directly but it's also determined by the effects of the ensemble of structures upon other classes. In other words, the capacity of a class to realize its interests resides also on the power of the other classes. In that sense, the concept of power coincides with the limitations of practices of classes. Those limitations show a further consequence in that power revealing the effects of structures on the relations between levels of practices among different classes<sup>188</sup>.

Probably the most controversial element in the previous definition of power is that of class interests. The sensitivity of the approach lies with the fact that an application of interests in the wrong field or in the wrong way would inescapably lapse the discussion to a peculiar anthropology, in other words to the problematic of the subject. Interests are always interests of a class and more specifically of agents constituting a specific class; therefore they appear in the field of social relations, namely in the course of practices. An attempt to associate interests with the field of

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<sup>185</sup> N. Poulantzas 1973, p. 99. It should be reminded that classes as such are the effect of the ensemble of structures upon humans. Therefore, the relations among classes could be nothing else than a specification of this effect.

<sup>186</sup> N. Poulantzas 1973, pp 100 and 103.

<sup>187</sup> Poulantzas uses the term 'authority' as alternative to power for Social Formation with no class division. Further, he uses the term 'force' to express relations of domination/subordination in interpersonal relations.

<sup>188</sup> N. Poulantzas 1973, pp 107-109.

structures would lead to a strange dualism between the “expected” interests according to an analysis of structures and the expressed ones, since classes sometimes openly adopt practices against their interests. The functionalist school which proposed this approach resolved the issue of dualism by introducing the distinction between latent interests, which are their objective aspect and manifested which appear in the field of practices. The consequences then are close to the aforementioned distinction between classes-for-themselves and classes-in-themselves since latent interests establish the first and manifested ones the second; a thesis that is related to economism. Equally crucial to the right location of the interest concept is its right application. More specifically, class interest in the field of practices should not be understood as a return to the problematic of the subject. Since class points the effects of structures upon humans and class struggle indicates operation among classes within the limits imposed by structures, class interests should be understood as extension of the limits of class practice. In other words, class interests – within the framework of class struggle - is the ground that exceeds the threshold pointed by structures and that could be gained by the class depending on its ‘power’. “Objective class interests are the horizon of its action as political force”. It’s needless to mention that the capacity of a class to realize its interests depend on the capacity of another class to do the same, since they exist in opposition. It seems then that class interests cannot be reduced to a voluntaristic approach of subjective selections. In the same course, dislocations between the objective determination of class interests and actual adoption of targets during the class struggle should be understood under either class strategy or illusionary effects of ideology<sup>189</sup>.

Finally, another characteristic of ‘power’ is its specificity. That means that ‘power’ could be seen through the prism of different levels, the economic, the political and ideological. There are several historical examples of classes possessing economic power but lacking political or ideological. The transition from feudalism to capitalism is exactly the process of a class with economical power gaining political capacity. Therefore, relations of ‘power’ are relatively autonomous and differentiated

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<sup>189</sup> See also N. Poulantzas 1973, pp 109-113. The issue of ideology and its role will be discussed in detail later.



between levels. Along with the structures, they constitute a Whole in which they are finally dominated in the last instance by relations in economic level<sup>190</sup>.

From the previous analyses it follows that ‘power’ cannot be conceived outside the class struggle. Bearers of power are classes and not institutions. This is especially important in connection to the State. Poulantzas understands institutions as systems of norms or rules which are socially sanctioned. This definition is wide enough to include institutions that reside outside the juridico-political level. Therefore, aside institutions like the education system, the church or the very corpus of the State (see for example the prison system) systems of norms like the company should also be seen as institutions. In this framework, structures constitute the “organizing matrix” of institutions. Institutions, in other words, are established and (hierarchically) interrelated as an effect of the articulation of structures. Therefore, structures inhere in the institutions and at the same time are hidden by the function of the ideological level<sup>191</sup>.

Institutions have an important connection with ‘power’ through their relation with social classes. This happens because in the course of the class struggle, institutions become the loci of power organisation; in other words they are ‘power’ centres and by that they influence the class struggle<sup>192</sup>. Accordingly, the State becomes the centre where political ‘power’ is exercised and exerts influence upon it. It is important to stress that this approach doesn’t proclaim institutions and furthermore the State as instruments of social classes; Poulantzas insists in their autonomy. This happens because institutions, as effects of the articulation of structures, constitute fields of class struggle (or application of class power). At the same time, dislocations between levels of class struggle as well as fields of ‘power’ result to the fact that ‘power’ relations are not presented in power centres unmediated. So the domination of a class is not translated into domination at the institutional framework. Furthermore, this combination of structural specificity of power centres along with the fact of the differentiated presentation of class struggle have as consequence the “displacement of gravity” among power centres; in other

<sup>190</sup> N. Poulantzas 1973, pp 113-114.

<sup>191</sup> N. Poulantzas 1973, p. 115 footnote 24.

<sup>192</sup> Althusser points that it’s already seen in the Classics of Marxism that the “State power” is essentially the use of State Apparatuses by the dominant class to promote its interests. Therefore, it doesn’t have power itself. L. Althusser 1999, pp 81-82.

words, power relations might acquire levels closer to the real ones in certain institution rather than others, something which leads to the hierarchy of institutions<sup>193</sup>.

## The State

There are now enough elements to turn the discussion on the structuralist approach of the State. First, though, a basic issue should be addressed; more specifically, whether it would be possible to have a general theory on State<sup>194</sup>. Having adopted a Marxist perspective, this would be impossible. As already mentioned, the formation of institutions as well as their organisation depends on the articulation of structures. At the same time, institutions being power centres, they shape class struggle which shapes back the level of structures. Therefore, there is a cycle of constant feedback which affects the State. In other words, the State is not a field with its own rules of reproduction and historicity; and this is one of the fallacies of the instrumental theories<sup>195</sup>. As a result the closer we can get to a general theory on State is when we limit the scope of structure articulation in one Mode of Production and within it, to a given level of evolution. Thus, Poulantzas analyses the feudal State and the absolutist or the transitional before he embarks to an approach of the capitalist one. Nevertheless, even at this point and exactly because of the dynamic character of the State, he only presents some fundamental characteristics of the capitalist State rather than a specific exploration<sup>196</sup>.

A fundamental characteristic of the society in which a capitalist State appears and in contrast with other class societies is that subjects do not appear as agents of production. The officially established separation between master and slave

<sup>193</sup> N. Poulantzas 1973, pp 115-116.

<sup>194</sup> The previous discussion refers generally to the issue of institutions. The State, although it is an institution, presents a specificity which attributes special characteristics as it will be later seen.

<sup>195</sup> See also N. Poulantzas 2001a, pp 25-29.

<sup>196</sup> See for example N. Poulantzas 1973, Chapter III. From this point of view, it's not a coincidence that apart from two books (*Political Power and Social Classes* and *State, Power, Socialism*) he is occupied mostly with the analysis of the conjuncture, namely the 3<sup>rd</sup> quarter of the 20<sup>th</sup> century. This could be seen most notably in *Fascism and Dictatorship: The Third International and the Problem of Fascism*, *The Crisis of the Dictatorships: Portugal, Greece, Spain*, *Classes in contemporary Capitalism* and *The Crisis of the State* along with his numerous articles in scientific journals and newspapers (N. Poulantzas 1984 and N. Poulantzas *et al.* 2008 present a collection of the most important of them) as well as his personal political course.

in the ancient State<sup>197</sup> or serf and lord in the feudal State are replaced with terms like citizens, individuals etc. covering both sides of the production relations. This causes an artificial “absence” of relations of production and the subsequent class division. What appears instead is a “unification” of individuals-citizens in the form of People. The People is the ‘principle of determination’ of the State which is expressed by two modalities. On the one hand, the State is established by the individuals through universal suffrage and on the other it serves the common prosperity. The ‘general will’ then either as support of the State or as end of its operation appears as the core feature of the capitalist State<sup>198</sup>. This, however, implies the separation between the Civil Society and the State and it’s within this framework that the juridical superstructure consolidates the different substances of the two concepts<sup>199</sup>.

This is only, though, a false image. More specifically, the individualisation of agents in this schema and therefore the separation between the State and the Civil Society is partly true. As shown earlier, the relations of production lead to the formation of social groups, otherwise known as classes. Thus, the individuality of agents in the economic level is a misnomer, since they become supports of structures not one by one but in unison. Nevertheless, agents are individualized indeed in the juridico-political superstructure. The cause of that would be found in the separation endemic in the relations of appropriation. The juridical institutionalisation of the separation among the usage of the means of production and their ownership implies the “merchandising” character of labour relations (selling and buying labour power) which further requires the treatment of agents as individuals<sup>200</sup>. The State as the fundamental structure of the political level institutionalizes the previous separation.

<sup>197</sup> There was also official division among the free citizens in relation to their rights. For example in the 5<sup>th</sup> century BC Athens, political rights were restricted among the free male populace earning more than 200 ‘medimne’ of agricultural products or the equivalent in money per year. This amount was also a class threshold since with less income it would be impossible to sustain a slave.

<sup>198</sup> N. Poulantzas 1984, pp 51-52.

<sup>199</sup> N. Poulantzas 1973, p. 123 and N. Poulantzas 1984, pp 44-45.

<sup>200</sup> N. Poulantzas 1984, p. 46 and N. Poulantzas 1973, pp 127-129. A non merchandising character of labour power would have created just another level of feudal social stratification. The importance here lies not with the legal concept of ownership of the means of production, since even in feudal societies the land – the means of production – legally belonged to the lord or the King. The importance is found in the representation of the labourer as an “individual” which freely asks to use the means of production and the employer as an “individual” which freely accepts the offer. The concept of freedom allows the emergence of negotiations and the introduction of market rules (where the means of production are always in scarcity). If labour power is merchandised, then the bearers of labour power, namely the agents of labour relations, are in a competitive situation exactly because they are individualized.

The role of the State is not divided from the economic level; instead, it serves as a crucial factor in this process by consolidating it through the legislation but also by obscuring the exact position of agents in the relations of production and presenting them as individuals<sup>201</sup>. Those specific legal and ideological structures, determined as they are by the distinctive labour process of the Capitalist Mode of Production, phenomenally individualize the agents of the labour process in the socio-economic level. Therefore, those structures conceal the fact that labour relations are in essence class relations and agents remain with the impression that they are isolated in the economic level which further leads to competition among them irrespective of class divisions<sup>202</sup>.

In a parallel development, the State adopts a crucial role in the field of economic class struggle too<sup>203</sup>. As explained above, socio-economic relations appear in isolation from their political or ideological counterpart. This is translated into the economic class struggle, being part of those relations, appearing also isolated from the other class struggles. The State in this framework corresponds by adopting the role of a strictly political entity which unites the contradicting economic interests. It appears as the representative of the general interest or common welfare and by that it conceals its class nature. Therefore, in the structural level the State as an institution of the juridico-political superstructure consolidates the individualisation of the agents of production and in the level of practices it becomes their political unification which is the other side of the coin in concealing their isolation or competition under the ideation of common interest<sup>204</sup>.

The distinction between individualisation and political union present respectively in the relations of production and in the political practice is most

<sup>201</sup> See also N. Poulantzas 2001a, p. 22, where he mentions that the State as well as ideology has always been organically present in the relations of production and their reproduction. The liberal “non-interference” of the State in the economy is not an absence but the specific way in which the visible State corresponds to the needs of capitalist production and reproduction. See also N. Poulantzas 1978, pp 31-32 and N. Poulantzas 1984, p. 100.

<sup>202</sup> N. Poulantzas 1973, p. 131.

<sup>203</sup> This is not a superfluous repetition of the role of the State. The relationship between the State – an institutional power centre - and the relations of production on the one hand and the economic class struggle on the other although similar (the phenomenal neutrality of the State) constitutes a categorical difference due to the difference between structures and practices.

<sup>204</sup> N. Poulantzas 1984, p. 49 and N. Poulantzas 1973, pp 133-134. There Poulantzas stresses that ideology is not the only means towards this result. State institutions also work towards this consequence by legitimizing the reproduction of relations of production.

noticeably witnessed in the bipolar system of public and private sphere. The nature of the State as exemplary of the public sphere represents exactly the unity of the individuals who would, in other circumstances, compete each other. Under this light, what Althusser holds, under the influence of Gramsci, is justified. He points that “the distinction between the public and the private is a distinction internal to bourgeois law and valid in the subordinate domains in which bourgeois law exercises its authority”. But in reality “The domain of the State escapes it because the latter is above the law: the State which is the State of the ruling class is neither public nor private; on the contrary it is the precondition for any distinction between public and private”<sup>205</sup>.

This set of crucial but not direct roles of the State in the level of relations of production and economic class struggle, justifies the designation of the State as relatively autonomous from the economy. This peculiar relationship cut across the history of capitalism. Both in the previous stage (also known as antagonistic or liberal capitalism) and in its imperialistic stage (also known as monopoly capitalism) the State remains present in the relations of production and their reproduction but not in an immediately visible way<sup>206</sup>. It could be suggested then that one of the criteria of the evolution of the Capitalist Mode of Production between stages might be the way in which the State appears in relation to the economical level both as relations of production and as economic struggle.

### **Hegemony**

It could be concluded at this point, that, although the State has a distinctive class character in the sense that political decisions usually favour some classes in the expense of others<sup>207</sup>, it represents phenomenally the unity of the agents of production in their fragmented environment. The contradiction between the two functions is mediated through the very “phenomenality” of the unity. Poulantzas specifies the latter through the concept of ‘Hegemony’ which is practically a set of strategies. Hegemony was first coined by Antonio Gramsci with a slightly different meaning

<sup>205</sup> L. Althusser 1999, p. 84. See also N. Poulantzas 1984, p. 145.

<sup>206</sup> N. Poulantzas 2001a, p. 25.

<sup>207</sup> *Ibidem* p. 58.

since he attached the concept also to the State itself as its feature. Poulantzas in contrast, reserves Hegemony only for the political practices of the dominant classes which leads in understanding the State solely as an institution with “hegemonic class leadership”<sup>208</sup>. He, furthermore, attaches to it two readings.

In a first level, Hegemony indicates how the political interests of the dominant classes appear as the very representatives of the general interest. In other words, the primary function of the State - nurturing the long-term economic interests of the dominant classes - and the secondary - namely counterbalancing the contradictions in the productive relations by presenting the State as the unification of all individuals - are both consolidated in the dominant classes<sup>209</sup>. This is feasible because of a peculiar characteristic of the capitalist State. The political domination is separated from political class struggle. In fact, the latter is nowhere mentioned, it does not ‘exist’<sup>210</sup>. Since, on the one hand, the economic competition is between individuals and not between classes and on the other hand the individuals come together as citizens of the same polity, there seems to be no space, no *raison d’être* for political class struggle<sup>211</sup>. In a second level, the dominating classes, fractions or categories in the political class struggle, may compose a ‘power bloc’. Their interests have common direction but not common content. Within this bloc one of the constituting parties holds a particularly dominant role which is the hegemonic one. Therefore, Hegemony allows both the convergence of the dominant social groups in

<sup>208</sup> N. Poulantzas 1973, p. 137.

<sup>209</sup> N. Poulantzas 1973, p. 140. This is exactly the point where Poulantzas coincides with Gramsci. The latter mentions specifically that Hegemony is the moment when “corporate interests, in their present and future development, transcend the corporate limits of the purely economic class, and can and must become the interests of other subordinate groups too. This is the most purely political phase, and marks the decisive passage from the structure to the sphere of the complex superstructures [...] bringing about not only a unison of economic and political aims, but also intellectual and moral unity, posing all the questions around which the struggle rages not on a corporate but on a 'universal' plane, and thus creating the Hegemony of a fundamental social group over a series of subordinate groups”.

A. Gramsci in N. Poulantzas 1973, p. 140.

<sup>210</sup> N. Poulantzas 1973, p. 188.

<sup>211</sup> This is a distinctive feature of the capitalist State. It should be reminded that generally the State because of its institutional character is a power centre and thus a contested field of the class struggle in every form. But in different class societies the interplay between the political and economical power had different consequences. For example in the feudal one, the economically dominant classes were overtly those ruling the State, as a matter of fact the King was the largest landlord; therefore, the economic class struggle was directly a political class struggle. One has just to see the illustrative examples of the emergence of the capitalist classes resulted to the ‘bourgeois revolutions’ in England and France in the 17<sup>th</sup> and 18<sup>th</sup> centuries.

one power bloc and its leadership by one of them<sup>212</sup>. Those points require a closer examination in which we now turn.

The aforementioned fragmentation of the levels of class struggle, and especially the separation between the political and the economic, results to a significant function of the State. The latter represents the political objectives of the dominant classes but not directly their economic interests. This allows some economic movements in favour of the dominated classes within some limits. Those are in the expense of the dominating classes but allow the establishment of the hegemonic leadership in the political level. Therefore, the consensus of the politically and economically dominated classes exceeds a mere ideological basis since it has specific political results<sup>213</sup>. The promotion of economic interests of the dominated classes should not be considered as withdrawal of the political power of dominating classes but exactly as its support. From another point of view, this retreat in the economic struggle leads to the political dislocation of the dominated classes. Thus, in every conjuncture there is a line demarcating the limit up to which economic concessions don't question the political leadership but, instead, they support it. Exceeding this line may cause implications in the constitution of the power bloc of the dominant classes. It seems then, that the general interest as represented by the State is not downright a myth. It can serve the interests of dominated classes but only the economic and only to a limit set by the conjuncture, the 'power' of the classes in struggle and the specific type of the State. Thus, political power in the capitalist State is based upon an "unstable equilibrium of compromise"; 'compromise' because economic concessions can take place, 'equilibrium' because economic concessions cannot question the stability of the political power and 'unstable' because the whole system is dependent upon the conjuncture, the 'power' of the classes or the form of the State<sup>214</sup>.

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<sup>212</sup> N. Poulantzas 1973, p. 141. Elsewhere (1984, p. 52) Poulantzas provides a methodological distinction of Hegemony corresponding to that of promoting the interests of the power bloc on the one hand and organizing the power bloc itself. More specifically, he presents the 'political structures' (in the sense of the objective institutions usually of the State) as the field of application of the first reading of Hegemony. Additionally, in the political practices Hegemony is applied in order to "retain or take over" the State. This requires the support by a complex form of ideology that would promote the homogenisation, self-consciousness and organisation of the dominant classes.

<sup>213</sup> J. Hirsch 1978, p. 103.

<sup>214</sup> N. Poulantzas 1973, pp 190-194, N. Poulantzas 1978, p. 36 and N. Poulantzas 1984, p. 58.

### Ideology, legitimacy and force

As already mentioned the concept of Hegemony is a set of strategies within the institutional framework of the State that describe the phenomenal cancellation of contradictions between classes by referring to the common interest. The question arising is how this reference functions and why it is effective especially in the capitalist State. In those circumstances ideology, either as structure or practice, and its role comes as one of the main factors of interclass cohesion<sup>215</sup>. Poulantzas borrows from Gramsci the concept of dominant ideology but purified from historicist admixtures. The obvious risk run by a mechanistic use of dominant ideology is to connect it as a distinctive feature or “tool” of the dominant classes and thus fallback in voluntarism<sup>216</sup>. For example Lukács holds that “for a class to be ripe for hegemony means that its interests and consciousness enable it to organize the whole of society in accordance with those interests. The crucial question in every class struggle is this: which class possesses this capacity and this consciousness at the decisive moment”<sup>217</sup>. Generally, this approach connects directly ideology to the political organisation of a class. Apart from the problem of voluntarism, history shows that changes in the Mode of Production have not been always abrupt, something which allowed the coexistence of the previous dominant ideology and the domination of a new class, as in the case of Britain and the gradual political domination of the newly formed capitalists<sup>218</sup>.

Poulantzas is based upon the definition on ideology given by Althusser. The latter holds that on the one hand, “ideology is a representation of the imaginary relationship of individuals to their real conditions of existence” and on the other that “ideology has a material existence”<sup>219</sup>. These theses are approached by Poulantzas under the following explanation. In a world in which humans live their interpersonal

<sup>215</sup> As shown above, there are also specific and pragmatic concessions that also hold the cohesion between the classes. The connection and the mutual fuelling of both factors is more than obvious. Concessions are given because of the ‘common interest’ and the ‘common interest’ is legitimized by the concessions.

<sup>216</sup> See for example the approach of ideology in economism/voluntarism *ibidem* p. 60.

<sup>217</sup> G. Lukács in N. Poulantzas 1973, p. 202.

<sup>218</sup> N. Poulantzas 1973, pp 201-206.

<sup>219</sup> L. Althusser 1999, p. 100 and p. 102 respectively. In the same treatise, he explains in detail the reason for which we need ideology as mediation between the real conditions and their representation in our mind. In other words he justifies the meaning of “imaginary relationship” from his definition. See also N. Poulantzas 1984, pp 61-62.



relations as well as those with nature and society, ideologies represent the way that those relations are experienced. Ideology mingles and integrates with agents' practice to that extent that it becomes indistinguishable from their actual experience. Therefore, this imaginary relation becomes both "real" and real. On the one hand it is as "real" as the actual one because agents live this imaginary relation as if it was the concrete one and on the other hand it is real because it directs their actions to specific actions<sup>220</sup>. This allows the actual relations and the imaginary ones to connect in a single understanding of reality<sup>221</sup>. As a result, ideologies cannot be reduced to the problematic of the subject or the attached to it issues of alienation and false consciousness. Role of ideologies is not to provide a detailed image of the relationships in a Social Formation but to successfully integrate agents in the procedures that support the reproduction of those relationships. This happens because of the determination of the Social Formation by the ensemble of structures whose essence – including that of the ideology as such - remains hidden from agents. In other words, especially in class societies, the lack of transparency is determined by the relations of appropriation and property upon which ideology reflects the opacity under which social relations are covered. It could be safely assumed then, that ideologies by default, although they provide traces of real-concrete knowledge, they are necessarily false. In this framework, a special characteristic of any ideology is its intolerance to contradictions against the assumed reality. Their existence is generally denied since inconsistencies among their concepts or overt contradictions among the categories to which they refer would jeopardise the masking effect. The ideology, then, which becomes dominant, has an effectively cohesive role<sup>222</sup> among the contradicting parts of the society<sup>223</sup>.

The previous approach should be clarified, though, to avoid any historicist misconception. The application of the cohesive role upon humans may lead to understanding ideology as the consciousness – real or false – of the agents or classes. The unification role of ideology does not cause but presupposes the individualisation

<sup>220</sup> This is the effect of the material existence of ideology. See in detail L. Althusser 1999, p. 104.

<sup>221</sup> This doesn't mean that they coincide. This couldn't happen anyway since ideologies refer to the representation of reality and relations are the very reality. Therefore, they are in a relationship of *explicans* and *explicandum*.

<sup>222</sup> Gramsci uses the exhibitiv term "cement". Ideology is the cement of a Social Formation.

<sup>223</sup> N. Poulantzas 1973, p. 207.

of supports. More specifically, it presupposes their distance from the relations of property and appropriation. The reason is that ideology, being a constitutive part of the ensemble of levels in a Mode of Production and the respective Social Formation, is already overdetermined by the economic level. Therefore, what causes the class stratification in a society is also what determines at the last instance its dominant ideology. From this point of view, ideology is not acting as unifier because it actually brings together the contradicting classes but because it reproduces the social coherence in an imaginary level. The articulation of the levels of a Social Formation specifies its distinctive unity and ideology is its imaginary reproduction. If we further this strand of thought, it will become clearer that the peripheral structure of ideology cannot be directly connected to a specific class. If ideology mutually determines the other levels of the structure and it's overdetermined at the last instance by economy, then ideology is only constituted by the ensemble of structures. Respectively, at the level of class struggle, it's the unity of this level which determines and constitutes what the dominant ideology in a specific conjuncture is and not directly and in an unmediated way the dominant class. That means that the dominant ideology is constituted also by elements connected to non-dominant classes<sup>224</sup>.

It must be stressed that ideology does not come as a fixed set of ideas (or better impressions). Ideology is divided into several sectors such as juridical, political, ethical, aesthetical, philosophical *et al.* Within this set, a sector dominates the others in the sense that they "borrow" concepts from the dominant. For example a domination of the philosophical sector may "dictate" what is aesthetically beautiful or not. As a matter of fact, one could see the interconnection of religion and art in Middle Ages where nudity, which was so common until the collapse of the Roman, Empire disappeared. The domination of one of the ideological sectors as well as the very coherence of ideological level is dependent on its ability to mask the always determinant economic level but also the each time dominant level. Additionally, the dominant ideological sector should hide the role of ideology *per se*<sup>225</sup>. For example

<sup>224</sup> N. Poulantzas 1973, pp 209-210. This explains also why a change of class domination does not entail a respective change of the dominant ideology.

<sup>225</sup> On that point Althusser (1999, pp 108-111) points that ideology has two functions, namely the "Recognition" and the "Misrecognition". With the first one ideology imposes what is "self-understood" which is then recognized by everybody as "obvious". With the second one, ideology masks the fact that it influences our understanding of reality; it is the practical denegation of the

in the feudal Mode of Production the determinant level is the economic while the dominant is the ideological through religion. Nevertheless, the ruling class is also the strongest in economic terms which makes one assume the political level as the dominant one instead of the ideological. These contradicting facts are conciliated through the role of ideology which covers both the economic and the political levels and thus becomes the dominant. In parallel, religion through the medieval practices of mystification allowed exactly concealing the actual role of ideology in cancelling the class contradictions in the pertinent Mode of Production<sup>226</sup>.

Poulantzas designates the juridico-political sector as the dominant in the ideological level of the Capitalist Mode of Production. In a Mode of Production where the determinant level coincides with the dominant one, ideology plays the unification role and at the same time hides away its role through the juridico-political ideological directives. The latter has already been discussed in connection to the establishment of individualisation as the main tool to support the relations of property and appropriation and its inscription in the more specific institutions of the State<sup>227</sup>. In purely ideological level, though, the juridico-political level causes a strange inversion. The dominant sector of ideology, which is supposed to unify the populace, in the first instance, separates them by promoting the idea of individualisation, which further denies the existence of classes<sup>228</sup>. This allows the competition among agents – an essential element of capitalist production - and the concealment of the role of the economic structure from agents. But in a second instance the same sector achieves the unification of individuals by infusing the idea that the State is the common denominator among individuals-citizens. Concepts like justice, egalitarianism, rights etc. which find their fundamentals in the idea of individualism are attached to citizenship and the impression that they can only be incorporated by a State. It is the institution that unites all individuals through the free

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ideological character of ideology by ideology itself. The “accusation” of being “in ideology” only applies to others, never to oneself. Poulantzas implies the application of the second function of ideology as a criterion for the dominance of an ideological sector.

<sup>226</sup> N. Poulantzas 1973, p. 211.

<sup>227</sup> One could also refer to historical facts like the main objectives of the bourgeois revolutions in France (*liberté, égalité, fraternité*) or in Britain (the struggle for more political power) to see how the juridico-political structure in a symbolic level affected even the beginnings of capitalism.

<sup>228</sup> In the pre-capitalist class societies the class division is obvious and “rationalized” in the ideological level; in slave-based modes of production because this division is something “natural” and in feudal Social Formations because it’s “sacred”.

and equal membership in the “national community”, since universal suffrage would express the public will. The transition from the juridico-political sector of ideology in the equivalent institutions of the State proves the crucial role of ideology in the formation of the modern representative democracy. The political scene of the State and especially the parliament is the very specific expression of the public will. Parties or politicians become representatives of the nonetheless fragmented People. This particular capacity of the juridico-political sector of ideology on the one hand to separate agents of production through individualism and on the other hand to unite them through the State should be sought in the relative autonomy that the peripheral structures in the Capitalist Mode of Production are privileged with<sup>229</sup>.

Now, the specific way according to which the dominant sector of ideology, namely the juridico-political, obscures the delusion of unified individuals might be already clear. As a result of the universal suffrage, ‘public opinion’ and ‘consensus’ - become the “mantra” of the political system in a capitalist State. They manage to hide away the unification role of ideology through some distinctive characteristics. They are abstract but measurable concepts which can be “witnessed” by anyone just by observing opinion polls or electoral results. It could be said then that the juridico-political sector of ideology is covered by an “objective” scientific mantle. It is “objective” because it points a subjective empirical reality which is nevertheless understood as universal. All individuals-citizens have their own understanding of public opinion or consensus under the ideation that it covers the whole of the society. More specifically, one can have concrete knowledge only of few opinions apart from his/her own. By projecting the empirical soundness with which those few opinions have been gathered upon the totality of an opinion poll or an election, the individual can be “sure” about the soundness of the results. But this is only a subjective assumption. It could be assumed then that public opinion and consensus are subjective realities with objective consequences<sup>230</sup>. What these plausible assumptions imply is that whatever is not mentioned or witnessed lies in non-scientific fields. The absence of class struggle from the juridico-political sector of ideology and

<sup>229</sup> N. Poulantzas 1973, pp 211-218. See also N. Poulantzas 1984, pp 46-47.

<sup>230</sup> Poulantzas conceptualizes this rather schematic analysis under the idea that juridico-political ideology causes the “assimilation” of the individual to the society which is now presented as “his/her” society. N. Poulantzas 1984, p. 64.

consequently from the inscription in the respective State institutions makes it a utopia, although it is practically a linguistic absence. Hence, the juridico-political sector obscures the role of ideology not by mystification as in the feudal Mode of Production but by building a cognition system which denies the existence of whatever is not mentioned or witnessed and this is exactly what happens with class struggle.

The function of the dominant ideology brings forward the issue of its index of success for a number of reasons; the most important being the need to investigate how successfully classes with profound contradicting interests can come together under the same goal, the “common will”, especially when this reflects the interests of the dominant class. In other words, how successfully the hegemonic class leadership can, through the State, impose the dominant ideology. Poulantzas uses ‘legitimacy’ as indication of that success. More specifically, he defines legitimacy as the representation of the political impact of the dominant ideology or else the way in which political structures are accepted by the agents of the structures. The State is formatted as institution in a Social Formation in which different modes of production overlap. This implies that agents of the relations of production could not be divided only in one bipolar system of classes (capitalists and proletariat). A first conclusion that could be drawn then is that several types of legitimacy could be spotted responding to several ideologies that survive along with the dominant under the same capitalist State<sup>231</sup>. However, this issue will be touched in detail in a following chapter.

An issue related to the legitimacy of the political level is that of force of the capitalist State with the meaning of repression or violence. Force is approached by Poulantzas as covering “the function of certain institutions of organized physical repression, such as the army, the police, the penitentiary system etc. This repression is socially organized and is one characteristic of all power relations”. Force is also used by Gramsci under a rather vague explanation in the concept of ‘consent reinforced by coercion’ where consensus and coercion were in supplementary relationship. Hegemony is consent to State leadership and coercion or State force is its counterpart. Nevertheless, this implies that dominated classes consent to decisions

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<sup>231</sup> N. Poulantzas 1973, pp 221-224.

of the State which requires a division between the State and Civil Society. In order to avoid this historicist problematic, a different view of the relationship between the State and force is needed. Since force is the organized physical repression, the State retains its monopoly<sup>232</sup>. The result is that force obtains a political character and its legitimacy is part of the legitimacy of the political level of the State. Force is presented as constitutionalized violence subjected to legal directives<sup>233</sup>.

The “politicisation” of force has a very distinctive consequence in connection to its legitimisation. Poulantzas notes that “the exercise of physical repression is henceforth legitimized in that it is presented as corresponding to the general interest of the nation-people; here legitimacy is related exclusively to the State. The repressive organisation is deemed to be subject to the control of public opinion (see e.g. the institution of tribunals, juries, etc.)”. Therefore, force appears “naked”, according to Marx, from its non-political dimension which complies with the relative autonomy of the levels in a Capitalist Mode of Production<sup>234</sup>. The expression used, namely, that the capitalist State “has” the monopoly of organized violence, implies a possessive relationship. In reality, though, the State in the Capitalist Mode of Production is appointed with the monopoly of violence. The reason is related with the need to support the relative autonomy of the levels of the Mode of Production. More specifically, one can assume that had violence been not monopolized or implemented by an institution that is not legitimized by the common will as in the case of the State, the ideological masking of the relations of production under the dominant ideology would be impossible. The very individualisation effect would be then endangered<sup>235</sup>. Hence, force is legitimized in the same way as the

<sup>232</sup> In contrast with other modes of production where other institutions had also this privilege, like Church.

<sup>233</sup> N. Poulantzas 1973, pp 225-226.

<sup>234</sup> N. Poulantzas 1973, p. 227 and N. Poulantzas 1984, p. 66-67. Elsewhere Poulantzas makes a contradiction between the position of violence in the capitalist and feudal modes of production by showing that violence was not “naked” but organically present in the relations of production in order to allow the extraction of the product from relations of production in favour of the owners of the means of production. He coins that concept as ‘legal violence’. N. Poulantzas 2001a, p. 23 and N. Poulantzas 2001b, p. 41.

<sup>235</sup> Hirsch based on Pashukanis gives a more detailed approach of the State monopoly of violence as the other side of the coin in the need to present employees and employers as freely and equally participating in the labour relationship. The typical equality before the “laws of economy” and law itself require the absence of any straightforward form of violence implementation or coercion in the aforementioned relationship. Therefore, the State as an impartial factor is appointed with this task. J. Hirsch 1978, p. 100.

political level of the State, through the dominant ideology; in accordance with the common will.

### **The power bloc**

As mentioned before, the second feature of Hegemony appears in the formation of the ‘power bloc’ among the dominating classes. It is the “particular configuration of the interrelations between the dominant classes which, when related to a State, they function within a specific political unity covered by the concept of the power bloc”. In more detail, the concept of power bloc indicates the contradictory unity of the politically dominant classes or fractions as related with a specific type of capitalist State. Before, we embark in the analysis of the definition, it would be good to see how Poulantzas explains the very emergence of the power bloc. As a special coalition between classes, it cannot be explained just by the overlapping of modes of production, and its effect which is the existence of several classes. Reasoning is rather multi-factorial. On a first level, the interplay between the State institutions allows the formation of a power bloc. For example, in a capitalist formation the relative autonomy of the State from the economic level and the subsequent need to be presented as the unification of the “individuals” lead to universal suffrage. The political interactions by this development created the basis for the formation of power blocs, which furthermore locates them at the field of political practices of the dominating classes. On a second level, the very multiplicity of modes of production in the same Social Formation dictates the co-existence of several dominant classes - each one being the dominant in the corresponding Mode of Production – which can be the constituting members of the power bloc. This, however, should not be interpreted in the sense that only ruling classes do participate in the power bloc. Finally, the bourgeoisie appears fragmented. This happens on the one hand because of the overlapping modes of production and on the other due to the various ways in which capital is constituted in the process of expanded reproduction. Therefore there could be a fraction of landowners’ class that becomes part of the bourgeoisie or a number of bourgeois fractions referring to the industrial, the financial or the merchandising capital. The political or economical reasons which separate them

cannot prevent them from forming power blocs<sup>236</sup>. Finally, the formation of a power bloc from the dominant classes becomes a requirement to capture power as it is concentrated in the State. Following that, a significant relationship is established between classes participating in the power bloc and the State since the structures of the latter are used to diffuse class interests as general interests of the populace. At the same time those State structures support the coherence of the highly fragmented power bloc as it would be shown<sup>237</sup>.

As already mentioned, the power bloc is applied in the field of the political practices of the dominant classes. In there, one of the groups (either class or fraction) holds the hegemonic role. This happens because the constitution of unity in the power bloc corresponds to the unity created by the State. In other words, the particular interests within the power bloc are polarized but that of the hegemonical group are presented as the common political interests<sup>238</sup>. Usually, the domination of the power bloc and the domination of the political field of the Social Formation coincide in the same class or fraction<sup>239</sup>. This poses the question of the specific way according to which they manage to represent their interest as general in both cases. In the domination of the power bloc, Hegemony is constituted because of the position in the production relations reserved by the dominant group. For example in the final stage of capitalism, that of monopoly capitalism, the domination belongs to the financial capital because of the need to fund investments in industry, construction or land and on the other hand to secure the risks prone to those investments. Regarding the domination upon dominated classes, Hegemony is constituted through the

<sup>236</sup> N. Poulantzas 1973, pp 229-234.

<sup>237</sup> N. Poulantzas 1984, pp 74-75.

<sup>238</sup> N. Poulantzas 1973, p. 239.

<sup>239</sup> From the concept of the power bloc, alliances and supporting classes should be discerned. Alliances are looser blocs in which the unity appears in only one field of struggle. For example there might be mutual support in the economic field but fierce struggle in the political one. In the contrary, power blocs present united practices in all fields. This allows the formation of alliances between groups-members of the power bloc and classes or fraction belonging to the dominated social groups. Supporting classes are those groups that support the Hegemony of the power bloc without any sacrifice by the latter. Their support is based upon ideological illusions; so if there should be any sacrifice that would be a change in rhetoric to encompass critical issues for them. Poulantzas holds that, aside any ideological illusion, in some cases their support stems from their fear towards the power of working classes. Their contradicting interests with the proletariat lead them to take position and support the hegemonical class or fraction. It should be stressed that the support of those classes is principally directed through the State, in contrast with alliances or power blocs which also include non-institutional methodisations. Lenin coins this phenomenon as 'power fetishism' and is a proof of the ideological function of the State since it appears as the guardian of the *status quo* or the essential and impartial mediator in the class struggle. See also N. Poulantzas 1973, pp 240-245.



previously mentioned ideological function. As a matter of fact in the previous example of monopoly capitalism, the possibility of a collapse of the banking system due to a series of bankruptcies seems to be frightening for people dependent on them for investment funding as well as people that just have (or not even) a bank account. The coincidence of Hegemony in both the power bloc and the Social Formation in one class may have particular effects in different conjunctures as for example the dislocation, dissociation or displacement of these functions to different classes with particular effects also at the political level<sup>240</sup>.

At this point an important distinction should be made. Power bloc should not be confused with concepts like class consciousness or class political organisation, which are related with the constitution of classes only under a historicist approach of Marxism<sup>241</sup>. Especially the class political organisation comprises what Marx calls the ‘political scene’. The latter covers solely a particular space at the level of political class practices “which contains the struggle between forces organized in political parties”. The participation of a class in the political scene in the sense of its representation by a political party depends on the conjuncture. As a result the political scene is the field where the dislocations between classes’ political interests and practices on the one hand and their representation by political parties on the other is to be located<sup>242</sup>.

Contrariwise, it’s the presence of pertinent effects that mark the existence of a social force. This is why dislocations between class interests, their practices and their representation from parties are not directly related to the relationship between the dominated classes and the power bloc or the constitution of the power bloc itself. Class relations cannot be reduced to party relations. In fact, what happens is the opposite. The power bloc in a specific conjuncture dictates the limits of the party relations because it corresponds to a specific type of State which further circumscribes the regime in which parties function. For example the Hegemony of the finance fraction in power bloc the current stage of monopoly capitalism corresponds to a form of State as we know it today. The party regime is then accordingly circumscribed through specific legal provisions regarding judicial

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<sup>240</sup> N. Poulantzas 1973, p. 240.

<sup>241</sup> *Ibidem*, p. 81.

<sup>242</sup> N. Poulantzas 1973, p. 247.

control of their bylaws, obligation to reveal their funding sources, prohibition of declarations against the current political system etc. This indirect relationship between power bloc and class representation could be seen in the case of absence of a class' representation from the political scene and its presence in the power bloc. This phenomenon allows the conception of the distinction between the hegemonic class or a fraction and the ruling one which is the dominant in the political scene through its parties. It allows also the respective dislocation as in the case of a hegemonic group which is represented in the political scene by the party that is supposed to represent another class. The other side of the coin is that changes in the index of Hegemony, namely displacements in the power bloc, don't require a change in the dominance of the political scene. More specifically, the change in the Hegemony of the power bloc could have no effects in the ruling class. A final distinction that should be taken into consideration is that between the hegemonic class, the ruling class and that which is "in charge of the State Apparatus". The latter points solely the class from which the State Personnel are recruited. The hegemonic class, the ruling class or the 'class in charge' may coincide in one class or fraction or they can describe different social groups. Especially the last two categories may even refer to a class that doesn't belong to the power bloc<sup>243</sup>.

The distinctive combination of the two aspects of Hegemony allows the formation of an innovative approach of the State by Poulantzas. On the one hand the unstable equilibrium of compromise means that the dominated classes are taken into consideration in the structure of official State strategy. On the other hand the need for wider coalitions in the level of the power bloc which may include dominated classes means that they can participate even more vigorously in what appears as governmental policy. It seems then that both dominant and dominated classes contribute through their contradiction but more importantly because of their struggle in the formation of those specific relationships which are promoted by the State and because of that they are endemic in its institutional structure. The State therefore, could be fundamentally seen as a relationship and more precisely as the condensation

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<sup>243</sup> N. Poulantzas 1973, p 248-251.

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of the articulation of the class struggle<sup>244</sup>. The latter forms the central point in this Thesis. Having established the structure of class relations within the Social Formation but most importantly the very essence of the State in which classes interact, the next chapter will develop how the embedded in the State class contradiction is manifested in its functions.

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<sup>244</sup> See for example N. Poulantzas 2001a, p. 184 and N. Poulantzas 1978, p. 38.

## Chapter 3

### The State and its Apparatuses

#### Discerning the notions according to the Classics

As already shown in the previous chapter, Poulantzas' approach on State is significant among Marxist thinking not because he established a new theory from scratch but rather because he expanded the elements of theory hidden in the Marxist Classics to an intellectual level in which they acquired internal consistency. The difference, therefore, between the Classics and the following theoretical generation (Poulantzas, Miliband *et al.*) is that the latter gave operational definitions of the State instead of descriptions. In a similar way, the origins of a central concept in Structural Marxism - that of State Apparatuses - could already be found in Marx (*The 18<sup>th</sup> Brumaire of Luis Napoleon* or *The Class struggles in France*), in Lenin (*Political report of the central committee of the 11<sup>th</sup> Congress of the RCP, Five years of Russian revolution – report to the 4<sup>th</sup> comintern congress, Better fewer, but better and State and revolution*) and in Gramsci (*Letters from prison*); the centrality of their role, though, was first asserted in Althusser's work. As a matter of fact, the two concepts, namely the State and the State Apparatuses, are intermingled in the Classics exactly because of the descriptive approach. As soon as in the *Manifesto of the Communist Party* Marx conceives the State as a repressive apparatus which allows the dominating classes to safeguard their domination. Therefore, the State is primarily an apparatus and more precisely *its* apparatus. In other words, it coincides with the State Apparatuses which have a repressive role<sup>245</sup>.

Poulantzas' reading of Lenin's explorations starts a detailed presentation of State Apparatuses which is interpreted in a twofold way. The first refers to the placement of the State in the ensemble of the structures of a Social Formation. In other words, State Apparatuses refer to the way in which it realizes its economic, strictly-political or ideological functions. Secondly, State Apparatuses refer to the

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<sup>245</sup> L. Althusser 1999, p. 78.

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State Personnel, the ranks of the administration, the bureaucracy etc.<sup>246</sup>. Both meanings are equally important as it will be seen in the course of this chapter. Their analysis is crucial before approaching more closely the issue of repression and of Repressive State Apparatuses in which the prison system falls.

### The realisation of levels

The most significant function of State Apparatuses is that they constitute the main method in which the each time articulation of the political, ideological and economical levels are transformed into specific strategies, policies or dictates. For example, Church in Middle Ages and currently schools, the Mass Media, the political parties, trade unions etc. are the communicators of the dominant ideology. The parliament is mainly the institution in which the interactions of the political level take place. The government in total and even more the ministry of finance plays a fundamental role in the relations of production. State Apparatuses, in other words, work towards the materialisation of the articulation of the levels<sup>247</sup>.

Their actual role, though, differs from the each time allocated functions. State Apparatuses are needed to safeguard the consistence of a Social Formation by condensing the class struggle and establishing the domination of a class. This point needs to be further clarified. As it has been shown, class is the objective consequence of the articulation of levels in the field of the social division of labour<sup>248</sup>. The result, then, is that the determination of a class is also dependent upon the political and ideological relations, namely the struggle in the corresponding levels. State Apparatuses - being the incorporation of those levels – are put in the centre of the discussion over this determination. It is exactly the relationship between classes and Apparatuses that is critical for the placement of the former in the class struggle<sup>249</sup>. In other words, since classes only exist in their struggle and not in abstract, the relationship between class struggle and State Apparatuses is crucial for the existence of classes as such.

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<sup>246</sup> N. Poulantzas 1973, p. 116.

<sup>247</sup> See also N. Poulantzas 2001b, p. 31 and N. Poulantzas 2001a, pp 40 and 183.

<sup>248</sup> *Ibidem* p. 65.

<sup>249</sup> N. Poulantzas 2001b, p. 32.

It should be noted, though, that this constitutional role of the Apparatuses does not replace the first<sup>250</sup> and fundamental role of the class struggle. Classes exist because of the class struggle and not because of their relationship with State Apparatuses. The latter as institutions are loci of power and not power holders themselves and this is how they are involved in the class struggle; they materialize and condense it. In that way, State Apparatuses are also discerned from the State power as such, which is the reflection of power relations among classes in the field of the State. It must be reminded at this point that the State is a relationship and more precisely the condensation of the articulation of class struggle<sup>251</sup>. At the same time the State presents a relative autonomy which enables it to function in favour of the dominant class in the long term. This definition might now be clarified. It is exactly the State Apparatuses in which classes project their interest. It's those institutions to which the class struggle takes place (in relation to the State) and its vector forms the power equilibrium which later constitutes the public policy<sup>252</sup>. As a result the social contradictions run through the State via the State Apparatuses. On the other hand the ensemble of the applied power in each State Apparatus constitutes the State power<sup>253</sup>.

The fact that the State incorporates those class contradictions specifically in its Apparatuses is the reason for which the State is also the organizer of the power bloc. The need of the dominant fractions to promote their long term interests bring them together under the hegemonic fraction in order to “fight” in unison the constant “battle” in the State Apparatuses. The other side of the coin is that the relative autonomy of the State is not its abstract genetic characteristic but exactly the outcome of the fact that in the course of the class struggle different classes or fractions manage to “take over” specific State Apparatuses and use them accordingly. Therefore the autonomy of the State is in essence the autonomy of some

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<sup>250</sup> The word “first” here should not be understood in a meaning of temporal sequence but rather in classification of importance. The relationship between the class struggle, State Apparatuses and classes themselves is not grounded on genetic reasons which would end up in a discussion similar to the question of what was made first the chicken or the egg. Class struggle has a fundamental role because one the one hand it's the factor to which State Apparatuses correspond with their role and on the other hand the final criterion which decides whether the current articulation of State Apparatuses will change or not. It will be shown later that the input from the State Apparatuses in the class struggle is not insignificant but the importance remains with the class struggle.

<sup>251</sup> *Ibidem* p. 91.

<sup>252</sup> N. Poulantzas 1984, p. 25.

<sup>253</sup> See also L. Althusser 1999, pp 81-82, N. Poulantzas 2001b, p. 32 and N. Poulantzas 2001a, pp 182-191.

Apparatuses from the power bloc<sup>254</sup>. The domination of the power bloc – which is reflected in the “unity of the State” - is achieved because it managed to dominate in some preponderant Apparatuses from which it can influence other institutions or block their function<sup>255</sup>. The example of the contemporary centrality of the Ministry of Finance within the executive level in most European States is illustrative. Other ministries or State institutions in general have serious difficulties to apply independent policies without the consent of that ministry.

What the previous analysis shows is exactly that the class struggle determines the role and function of State Apparatuses. They don't have specific features by default but they depend upon the dynamicity of the class struggle. More specifically, State Apparatuses by organizing the power bloc achieve at the same time to disorganize the dominated classes since this is exactly the goal of getting together the power bloc at the first place. This development is significant exactly because the dominated classes appear in the struggle field of the State Apparatuses too. In this framework a State Apparatus becomes central or dominates others because it's the one that can better organize the power bloc and at the same time can communicate the politico-ideological role of the State to the dominated classes. This is the case currently with the government or generally the executive sector. At the same time, Apparatuses' roles in communicating the role of the State are dispersed according to the classes to which they refer as in the case of trade unions for labour classes or the educational system for the new petty-bourgeoisie. Finally, the emphasis on the each time role of an Apparatus may change according to the specific characteristics of the class struggle. An illustrative example is the role of the army in different countries or even in the same country but in different eras; it could serve the external defence, the internal security (dictatorships), the imperialistic views of the local capital (colonialism), the absorption of unemployment etc.<sup>256</sup>.

What could be seen then is a circle relationship of constant feedback in which the class struggle determines the specific functions of the State Apparatuses and in the next movement, they determine the classes themselves by being the materialisation of the articulation of the political, ideological and economic

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<sup>254</sup> N. Poulantzas 1978, p. 38.

<sup>255</sup> N. Poulantzas 2001a, pp 192-196.

<sup>256</sup> See also N. Poulantzas 1978, p. 42 and N. Poulantzas 2001a, p. 196.

instances. Later, the each time determined social entities, either classes or categories or fractions of classes, participate in the class struggle and thus, perpetuate the constant feedback. This is how the role of State Apparatuses as establishers of the domination of a class or a power block is grounded. From another point of view, however, this concept supports Marx's proposition that the class struggle is the motive force of history because this circle relationship cannot be conceived without the perpetual movement<sup>257</sup>.

The circle of constant feedback brings the discussion of State Apparatuses in the heart of the wider issue of the reproduction of class relations. No Mode of Production could be conceived without the corresponding reproduction of class relations. Assuming that a one-off settlement of the class relations would be enough, would equal to disregarding the class struggle; as if the society would run towards a prescribed destination using an autopilot. Poulantzas refers to this dynamic reproduction of class relations as extended reproduction of the social classes. State Apparatuses facilitate this process exactly by reproducing the political, ideological and economic conditions which determine classes in the first instance<sup>258</sup>. Given that classes do not exist outside their struggle, as stressed before, the determination of classes is essentially the determination of class relations, namely, the definition of power, domination and subordination among classes. Hence, this is the way in which State Apparatuses promote the domination of a class or of the power bloc, as mentioned in the beginning of this section.

Moving deeper into the analysis of extended class reproduction, would shed some more light in the features and the role of State Apparatuses. The extended

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<sup>257</sup> See a similar approach in J. Delilez 1978, p. 154. The State has also a certain degree of materiality in its Apparatus (N. Poulantzas 1984, p. 154). Poulantzas leaves this argument unexplained. Nevertheless, he is using it in the context of whether the change of the equilibrium of power in the State Apparatuses would be enough in the course of Socialism. He concludes that a struggle only in and for the State would fall back in social-democracy and therefore a struggle in the base movements is also needed. If the materiality of the State is seen in this context along with the idea of the constant feedback then it could be understood as follows. The outcome of the class struggle is "frozen" for an instance (the temporal connotation here is exclusively relative) in a specific network of Apparatuses. This network is open to changes but until there is an occasion for change it presents material objectivity. Elsewhere Poulantzas (Poulantzas 2001a, p. 101-107) shows that the objective materiality of the State, namely the set up of the State Apparatuses in a specific instance, is what artificially creates the separation between the private and the public field. In other words, those fields do not correspond to two completely separate sectors but they are just another channel through which the power of the dominant classes pervades the dominant classes. The State Apparatuses in this framework indicating the transient positions of the public as opposed with the private.

<sup>258</sup> See the short analysis by Poulantzas in N. Poulantzas 2001b, p. 34.



reproduction of social classes has two aspects that coexist. On the one hand, there is the reproduction of places occupied by social entities referring to the positions taken by classes because of the domination/subordination relations in the class struggle as dominating/subordinated correspondingly. On the other hand, there is the allocation of agents in those places. The primary role in those two aspects belongs to the first one because the allocation would have been meaningless outside the reproduction of class positions. Indeed, what determines a class is not the characteristics of its members but the position they have (in unison) in the relations of production. In this framework, it should be highlighted that State Apparatuses do not have the same role regarding each aspect of the extended class reproduction.

In reference to the reproduction of class positions, State Apparatuses interfere with the materialisation of the political and ideological components of class determination. At this point an already remarked point, namely that class determination is not the outcome of Apparatuses function, becomes more apparent. Poulantzas is using the example of the school. The main ideological apparatus of the State is not the cause of the division of the society in classes but it's only a knot in a sequence of developments that start with the class struggle. The progress of capitalism triggered the need for at the minimum literate and moreover specialized workforce which is covered amongst else by the school. This development causes the division between the low specialized proletariats and the highly specialized workforce of the new petty-bourgeoisie which also results at the relevant class division. Therefore, those positions were not created by the school (or any other State Apparatus) itself but by the need for specialized workers which also created the school. Most importantly, though, the connection between the class struggle and the State Apparatuses means that all controversies, friction or alliances that occur in the class struggle are transferred in the field of State Apparatuses and through them the class struggle is "refuelled"<sup>259</sup>.

The second aspect of class reproduction refers to the allocation of agents themselves. State Apparatuses in that framework have case-specific function rather than generic as in the previous one<sup>260</sup>. If the example of school should be used again, the allocation of agents in proletariat or in petty-bourgeoisie class positions becomes

<sup>259</sup> N. Poulantzas 2001b, pp 35-37.

<sup>260</sup> N. Poulantzas 2001b, p. 41.

feasible through the process of specialisation. School doesn't have, though, only vocational role but also promotes subordination which covers ideological and political relations. A whole system of rewards and punishment is set to help students understand the concept of hierarchy in general and *ad hoc*, namely the supremacy of the teacher in the classroom. The exam-system promotes the competition among students as well as the culture of constant evaluation. These constitute qualifications that the agent will carry in the labour market.

Class reproduction in terms of allocation of agents also happens outside the Apparatuses as a direct consequence of class positions upon agents. As a matter of fact children of capitalists will become the future capitalists as will do most likely children of proletariats. The influence of the school or even of the family cannot be seen as decisive in that case; it's rather a first allocation of agents because of the class positions themselves<sup>261</sup>. For example the fact that somebody inherits a firm automatically places him/her in the highest position in the hierarchy of power relations; therefore he/she becomes capitalist. In the same way, the fact that somebody has to work in order to survive because there was nothing to be inherited, automatically places him/her at a lower level of the power relations. A first account for this development would be the structure of the inheritance law which again in a deeper analysis is the outcome of the class struggle in the juridico-political level.

An important issue which also shows that State Apparatuses are only facilitators instead of causes in the class reproduction is the role of the economic apparatuses. In the discussion of apparatuses, Althusser doesn't refer to them at all, while Poulantzas only touches them allusively because they are much more important in the discussion over the relations of production. They are institutions where appropriation of nature takes place (the factory, the enterprise etc.) and they could belong in the private or the public sphere, if the bourgeois terminology could be used here<sup>262</sup>. Their importance in relevance to the current discussion is that they do promote class reproduction too. On the one hand inside a firm there is a specific division of labour that reinforces the relevant class positions. A sketchy example would be that the need for unskilled or semi-skilled labour creates the position of proletariat. The need for foremen, supervisors or clerk with domination relations with

<sup>261</sup> N. Poulantzas 2001b, p. 44.

<sup>262</sup> N. Poulantzas 2001b, pp 31, 38 and 42.

the previous categories creates the position of petty-bourgeoisie. While the entrepreneur or the owner of the firm who dominates all the previous levels creates the position of the capitalist. Regarding the allocation of agents, training and subordination has always been part of the personal development in the workplace. Therefore, the unskilled labourer may become skilled inside the economic apparatus. The contemporary phenomenon of corporate universities is more than illustrative.

### The State Personnel

As already mentioned the second interpretation of the concept of State Apparatuses refers to the State Personnel. By the latter, Lenin means the ranks of the administration, the bureaucracy of the central government as well as the ensemble of the personnel of those apparatuses. The whole discussion on that issue is placed by both Poulantzas and Lenin with the problem of 'who is in charge of the State' and how this group of agents are related to the core of the State<sup>263</sup>. At this point an important distinction should be reminded. The hegemonic class or fraction, namely the social entity which is the dominant in the power bloc, does not always coincide with the ruling class, namely the class whose "representative" party or parties dominates the political scene. In reality this is rare in the contemporary capitalism. Furthermore, the class or fraction which is "in charge of the State" may be different from the previous ones. The reason, as explained, lies with the fact that what determines the existence of a social force is the reflection of its position in the relations of production by pertinent effects in the ideological and political relationships. This on the one hand breaks the direct link between the very existence of a social force and its representation by a party and on the other hand allows dislocations between class interests and their practices<sup>264</sup>. This section, therefore, will deal with the personnel of the State Apparatuses who are exactly the group which is in charge of the State.

The purposeful use of the word 'group' in the previous phrase indicates the difficulty to present the State Personnel as a single homogeneous class or fraction of a class. As it will be shown, State bureaucracy doesn't fall into the concept of class

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<sup>263</sup> N. Poulantzas 1973, pp 116-117.

<sup>264</sup> *Ibidem* p. 91 and N. Poulantzas 1973, p 248-251.

but rather on that of social category. It's already mentioned that a social category is a social ensemble of various social forces which present an over-determining relation with a structure other than the economic one and more precisely it cuts vertically the social stratification by encompassing different social strata, fractions or classes<sup>265</sup>. Bureaucracy is exactly a social category whose over-determining relation lies with the juridico-political level, in other words the State. The reason is that it needs to balance on the one hand the reproduction of class positions which takes place in the State Apparatuses themselves and on the other hand the need to direct the work of all agents towards the same direction and achieve what is finally the State policy. In the analysis of this balancing attempt we now turn.

State Apparatuses reproduce class positions both in the non-State field but also within themselves. The reason is that, as already shown, the State is a relationship which condenses class relations existing in the Social Formation. The very process of "condensing" (obviously this is an improper use of a metaphor), happens at the State Apparatuses. In other words, the State in reproducing the social division of labour - the extended class reproduction – concentrates in its Apparatuses what exactly reproduces, namely the social division of labour<sup>266</sup>. To conceptualize this, it's imperative to refer to the idea of the circle of constant feedback between the State, the State Apparatuses and the class struggle as presented at the previous section. The result of this development is that there are class divisions within the ensemble of State Personnel.

A potential side-effect of this could be the fact that, exactly because of the class separation in the State Apparatuses, the relevant contradictions may hinder the role and the function of the State<sup>267</sup>. Therefore, the other end of the balancing process is to mobilize the constituting forces of the social category in question towards the same direction. This is feasible through the function of the dominant ideology regarding the State. Its neutrality which exists for the common welfare and because

<sup>265</sup> *Ibidem* p. 69 and N. Poulantzas 1973, p. 84.

<sup>266</sup> N. Poulantzas 2001b, p. 234.

<sup>267</sup> It has been mentioned before that what we see as final State policy is a chaotic ensemble of mutually contradicting decisions from various sources that hardly give the sense of homogeneity unless seen as the vector which is in favour of the hegemonic class or fraction. Therefore, *prima facie*, the potential hindering of the role and function of the State because of the class struggle among the State Personnel may seem self-contradicting. Nevertheless, the first description of State policy is pragmatic in contrast with the second one which describes the providences by the articulation of levels in the field of the State in securing continuity, irrespective of its success or failure.

of the common will is communicated through the State Apparatuses and more specifically through the persons who set this mechanism in motion, namely the State Personnel<sup>268</sup>. Therefore, they undergo themselves this reversion of reality and one can say even in greater degree than non-State Personnel exactly because of their position in the State Apparatuses. Thus, the dominant ideology acts as a cohesive factor not only in the Social Formation at large but also within the State Personnel preventing its dissolution in the constituting social forces.

Having set the framework of the constitution of the State Personnel, it would be interesting to see which specific social forces participate. Before a detailed exploration, though, it must be reminded that for Poulantzas the criterion for the allocation of agents in classes is neither the class-origins nor the interpersonal relations or the actual income. What determines it, instead, is the position the agent occupies in the relations of production, exactly because the determinant of a class is the reflection of a social group's presence in the relations of production upon the ideological and political levels by pertinent effects. This reiteration is significant because the discussion over the class allocation of the State Personnel has been the occasion for the infamous Poulantzas – Miliband debate. The latter by bringing forward the problematic of the subject suggested that the class character of the State is attributed to the inter-personal relations between the bourgeois class and the higher rank of bureaucracy. Although Miliband coincides with Poulantzas in the class affiliation of this group, they differ in the way they reach this conclusion which further determines the way they understand the relationship between the State and the Social Formation.

The problem of class affiliation of the high rank bureaucracy is related with that of managers in the Capitalist Mode of Production. As already shown, relations of production are constituted by the relations of property and relations of appropriation; within them what really counts in the Capitalist Mode of Production is not the relations of property which are in every class society in favour of the dominating class but the relations of appropriation, which in capitalism point the fact that the labourer has not any actual control upon the means of production<sup>269</sup>. The other side of the coin, then, is that the agent who actually controls the means of production is

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<sup>268</sup> N. Poulantzas 2001a, p. 224.

<sup>269</sup> *Ibidem* p. 67.

allocated in the class of the capitalists. The term ‘actual control’ should be discerned from any relevant legal right because what really count are the relations of power and subordination and not a doctrinal legal issue which doesn’t reflect reality<sup>270</sup>. Therefore, it could be concluded that the capital as articulation of relations is the determinant of the class position of the agents who perform the relevant functions. That means that powers related to the use of resources, management of the means of production or administration of the labour process are related to the relations of property and appropriation; thus, they frame the bourgeois class position. Furthermore, agents who perform the previous function are allocated to the bourgeois class irrespective of their legal relationship with the means of production in question. The reflections of their position in the relations of production upon the political level have to do with the very idea of hierarchy, the way they organize production within the workplace as well as the “know how” and the way it always stays hidden; from ideological point of view the rationalisation of production, the efficiency and the technocratic ideas that constitute the idea of managerialism in the wider society today<sup>271</sup>.

Regarding the high rank officials of the State, their class position as well as allocation follows the same path. They belong to the bourgeois class exactly because they try to set the State in the service of the bourgeois class. This is not an empirical conclusion but it’s derived from a purely theoretical approach of the Social Formation. The existing division of labour in the Social Formation and the relevant power equilibrium in the class struggle is reflected in the State itself. Therefore, the class struggle transforms the administration of the State and the State Apparatuses to a specific class position which corresponds to the bourgeois class to allow accordingly the reproduction of the division of labour in the Social Formation. In other words they administer the subordination endemic in the division of labour within the State to promote on the one hand the culture of subordination and on the other hand to facilitate the class reproduction which are both necessary for the

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<sup>270</sup> The example of the legal status of land ownership in feudalism has already been presented. The total of the land belonged to the King but it was not him who subordinated the serfs but the lord. In a more contemporary example, an incorporated company as legal property is dispersed among a number of shareholders many of whom have no direct relationship with the company as such, especially when its shares are traded in a stock-market. In those cases, the subordination relations within the company are dominated by the managers.

<sup>271</sup> N. Poulantzas 2001b, pp 217-227.

capitalist relations of production. In that way they are placed among the bourgeois class. The reflections of this class affiliation upon the political level are related to a distinctive form of subordination powers related to the separation of responsibilities of decision and responsibilities of enforcement, while the reflection upon the ideological level is relevant to that of managerialism through the ideas of efficiency, rationalisation and other technocratic ideas<sup>272</sup>.

The previous exposition regarding the higher rank State officials leaves open the question on who is subordinated by them in the power relations endemic in the State structure. The answer should be sought at the lower rank civil servants who belong according to Poulantzas to the new petty-bourgeois class. As in the previous case, a necessary deviation must be made regarding the nature of this class for a brief presentation of the traditional bourgeoisie. This class appears already in Marx and Engels because it refers to the simple merchandising Mode of Production which was a short lived dominant Mode of Production in the transition between feudalism and capitalism. The specific ways of production appearing due to this mode are the artisanship, the small scale industry and merchandising. Their distinctive characteristic is the fact that the owner of the company is also the owner of the means of production but he is the sole labourer himself if not helped by his family which doesn't receive any salary. In other words the surplus value comes from merchandising the production and not by the exploitation of labour<sup>273</sup>.

The new petty-bourgeoisie shares in common with the traditional one the fact that they belong to neither the proletariat nor the bourgeois class and they share the political and ideological reflections of their position at the relations of production. They differ though in the fact that the traditional one is destined to fade away due to the gradual abandonment of the Mode of Production in which it corresponds. They differ also in the fact that in many fractions of the new petty-bourgeoisie there is endemic subordination as it will be seen. Turning now to specifically the new petty-bourgeoisie class it could be seen that in the current Social

<sup>272</sup> N. Poulantzas 1978, p. 44 and N. Poulantzas 2001b, pp 227-235. An important remark though is the fact that the link between the bourgeois class and the higher rank bureaucrats is filtered through the distinctive cohesive factor of the State Personnel, namely, the idea that they serve the common good and they are there because of the common will. This will be analysed in detail below.

<sup>273</sup> N. Poulantzas 2001b, pp 354-355. The reflections of the level of production relations upon the political and ideological levels will be seen later in conjunction with the new petty-bourgeoisie since they have common characteristics.

Formation there are groups of agents that don't have any property or appropriation powers on the production process and therefore they are not part of the bourgeois class. They are usually paid with salary for their work exactly as the labour class does. Illustrative examples are shop assistants, civil servants, freelance employees, clerks and other amanuensis jobs. Therefore the question is whether they should be considered as part of the working class or not. The issue of the salary cannot be the determinant for positioning them in the relations of production, because if every agent is stipendiary this doesn't mean that he/she is also proletariat. As a matter of fact, the managers who belong to the bourgeois classes are also paid in the form of salary. In a deeper analysis, what actually lies at the core of this discussion is the delimitation of the labour class. In Capitalist Mode of Production, the actual determinant is the relation of the labourer with the means of production which characterizes a job as productive or not. A job which produces surplus value creates a proletariat class position while a non productive one could be either petty-bourgeois or bourgeois<sup>274</sup>.

The productive character of a job is different from issues like its utility, its efficiency or other concepts of its nature. It should be seen, instead, within the specific social conditions in which it takes place, in other words, in the specific stage of the relevant Mode of Production. In this framework, productive is the labour which creates the dominant subordination/exploitation relationship relevant to the each time Mode of Production. In the Capitalist Mode of Production this is translated into the direct production of surplus value which on the one hand utilizes capital and on the other it's exchanged with capital<sup>275</sup>. Therefore what capital tries to do in the first place is neither produce use-value for immediate personal consumption – a production relevant to feudalism - nor commodity destined to be transformed first to money and later to use-value - relevant to merchandising Mode of Production. The

<sup>274</sup> N. Poulantzas 2001b, pp 259-260.

<sup>275</sup> N. Poulantzas 2001b, p. 261. Marx gives this basic definition in the fourth unfinished and therefore unsystematic volume of the Capital (published by Karl Kautsky as *Theories of Surplus Value*, 1863). Poulantzas contributes to that definition by specifying as productive labour that which produces surplus-value by reproducing directly the material objects which are used as base (substrate according to his terminology) for the exploitation relation. This is how productive labour interferes directly in the material production by producing use-values which increase wealth (N. Poulantzas 2001b, p. 268). In this section, however, only the Marxian definition will be used as simpler and already sufficient to deal with the issue of State Personnel which is in question here. In any case, Poulantzas specifies the broad definition by Marx to tackle marginal cases of production relations laying between the proletariat and the petty-bourgeoisie classes. See J. Gillman 1965, pp 22-24 for a wider approach.



goal, instead, is to increase the value of capital by adding to it the surplus-value which is extracted by labour. This kind of labour is exactly the productive one. What is excluded then is any kind of labour that contributes in the circulation or liquidation of capital attached to the product like the case of bank employees or shop assistants, marketing or advertising employees<sup>276</sup>. At the same as non productive should be seen the provision of services that are directed for immediate “consumption” and are not compensated with capital but with salary as in the case of a hairdresser or a doctor. In this last group falls also the case of services provided by the State. Civil servants and generally the State Personnel do not produce directly any surplus value, irrespective of the fact that their labour is essential for the smooth function of the production relations. At the same time they are not different from the previous social groups since, on the one hand, they are stipendiaries themselves and on the other the final users of their services compensate them through taxes. Nevertheless, the labour provided in cases where the State appears as capitalist as for example in nationalised corporations is surely productive.

The fact that in the previous cases employees do not provide productive labour doesn't mean that they are not exploited since the latter is a different issue. Employees in circulation and liquidation contribute with their labour in decreasing the extraction costs of capital in those processes and the salary they receive does not correspond to their effort. Therefore, they are deprived from the value of their surplus-labour and thus exploited but not in the same way as productive labourers. Regarding the service providers things are rather complicated. For the freelancers, it's better to see *ad hoc* each case to determine if they are exploited or not since they can be in a position where their salary corresponds to their labour and therefore there is no surplus-labour value deprivation as in the case of senior internal lawyers or they can be in the opposite situation in order to be competitive as in the case of junior ones<sup>277</sup>. It's not the same, though, with the State Personnel where their labour is actually exploited. Since the role of State Apparatuses is the facilitation of the reproduction of classes, their function is essential for the smooth operation of relations of production. Therefore, in a capitalist society the most important

<sup>276</sup> Labour directed in increasing the surplus value of the product like that of packing, preserving or storing is productive and should be discerned from that of circulation and liquidation.

<sup>277</sup> N. Poulantzas 2001b, pp 261-267.

“customer” of State services is Capital itself. Hence, it’s essential for its reproduction to decrease the cost not only at the field of capital liquidation as in the case of bank clerks, shop assistants etc. but also at the field of class reproduction where the exploitation of State Personnel’s labour fall.

The previous analysis adopted a negative approach in the process of defining the relations of production pertinent to the petty-bourgeoisie. In other words, the differentiation between productive and non-productive labour it’s in essence an attempt to discern petty-bourgeoisie mainly from the labour classes. Therefore, defining the ideological and political reflections of the aforementioned relations becomes important not only as the necessary complement in the determination of the new petty-bourgeoisie but also as the necessary process to finally understand the blurred position of that class in the political conjuncture which sometimes results in surpassing it either as part of the proletariat or as part of the bourgeois classes. In order to understand those ideological and political relations, central role is played by the division between the manual and intellectual work. This is not only a technical fragmentation within the whole production procedure but constitutes, in a given Mode of Production, the condensed expression of the politico-ideological relations in the specific way in which they articulate with the relations of production. In other words the division between manual and intellectual work shows the way in which the politico-ideological relations are present in the production and therefore in the Social Formation<sup>278</sup>.

It should be stressed right from the beginning that the division in question does not coincide with the separation between the productive and not productive work. This is so because on the one hand they are concepts in different explanatory levels and on the other they intermingle in such way that they cannot be separated<sup>279</sup>. More specifically, the latter refers to the level of production while the former in the politico-ideological one. They don’t coincide, then, exactly because the relations of production concur and depend on the politico-ideological relations and the opposite. Furthermore, the intellectual labourers do not coincide with the intellectuals (scholars). Poulantzas follows Gramsci in understanding the latter as a special social category of agents whose role is essential in producing, reproducing and applying the

<sup>278</sup> N. Poulantzas 2001b, p. 288.

<sup>279</sup> N. Poulantzas 2001b, p. 290.

class related ideology either hegemonic or revolutionary. Therefore, it consists of as various groups as scholars themselves, teachers, various leaders (like party or trade union leaders) and even the State Personnel. Exactly because of their role in elaborating class ideology while being part of a class, Gramsci defines them as ‘organic intellectuals’ a term which reserves also for himself<sup>280</sup>.

In the framework of the Capitalist Mode of Production the intellectual labour is separated from the manual as a result of the distinctive relations of appropriation. The technological innovations have gradually made the production a more complex process than a simple elaboration of raw materials with the use of machinery which could be performed by a single labourer, since it now requires intellectual effort too. The relations of appropriation have always been using methods like the fragmentation of the overall production to secure or even intensify the separation between the labourer and the means of production. This fragmentation takes, amongst else, the form of distinction between manual and intellectual labour in contemporary capitalism. The technological innovation is only one aspect of the wider issue. A whole array of knowledge is related to the Capitalist Mode of Production from pure science and research to personnel and *clientèle* management, logistics etc. This knowledge becomes exactly the “know-how” in every field which in the course of fragmentation is hidden from the actual labourer. It could be said, then, that every specific form of labour which includes any kind of knowledge from which the actual labourer is excluded falls in the category of intellectual labour<sup>281</sup>. This hidden knowledge creates fragmentations among the intellectual labourers too, given that each group holds the “know-how” in a specific field.

In several cases the “hidden knowledge” is not actual but rather cultural construction which reveals the consequences of the politico-ideological relations upon the relations of production *ex post facto*. For example, the use of sophisticated machinery in a factory requires intellectual interference from the side of the actual labourer like the understanding of basic or even advanced physics. Nevertheless, he/she is considered deprived from this knowledge - as manual worker - in contrast with his/her supervisor. Therefore, sometimes it seems that this knowledge is not an

<sup>280</sup> Proceedings of the conference “Poulantzas today, 30 years after his death” in Athens 18-19.12.2009. See also N. Poulantzas 2001b, p. 312.

<sup>281</sup> N. Poulantzas 2001b, pp 290-295.

actual border between those who know and those who ignore but an “ideological invasion” in some knowledge protocols from which manual labourers are convinced that they don’t have<sup>282</sup>. On the other hand, the work of shop assistant is almost completely manual; he/she is not considered, though, manual worker. In those cases the manual labour is injected with some protocols, rituals, capabilities and cultural elements that discern it from other forms of manual labour. The specific use of oral and written language, the capability of marketing (in contrast with marketing as science) etc. are neither knowledge that falls in the wider field of science, nor hidden from manual labourers. Nevertheless, they have risen to a certain degree of cultural symbolisation that legitimises the difference of those who use them from those that don’t. The element of knowledge here is deemed as introduced by the process of apprenticeship either in the school or through experience<sup>283</sup>.

The role of the educational system in the reproduction of the petty-bourgeois class position is now more apparent. The main Ideological Apparatus of the State is placed in the centre of this distinction between manual and intellectual work as the provider of “knowledge”. Its role is in the first instance to reproduce class positions and in the second to allocate agents in those positions by promoting proficiency in both manual and intellectual labour<sup>284</sup>. It seems contradicting to write that although the school is the main provider of knowledge at the same time promotes proficiency in manual labour. Nevertheless, this will become clear by taking into consideration the fact that the educational system excludes any preparation on manual labour. Given that the school is the provider of knowledge whatever is not learned there falls in the field of manual labour. On the other hand the internal hierarchy of the petty-bourgeoisie which depends upon the level of knowledge one has, is also reflected upon the educational system with the various degrees that a student can get. As a matter of fact, the placement of an agent in the relations of production is directly connected with his/her degree.

Closely connected to the ideological relations as exemplified in the “hidden knowledge” are the political relations of subordination. Firstly, some cases where fractions of the new petty-bourgeoisie are positioned in apparent relations of

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<sup>282</sup> N. Poulantzas 2001b, p. 314.

<sup>283</sup> See also N. Poulantzas 2001b, p. 321.

<sup>284</sup> N. Poulantzas 2001b, p. 329.

imposition against the labour classes should be mentioned. Supervisors and other types of foremen are at the top end of an imposition relationship irrespective of the fact that they don't exploit themselves labourers' surplus work. It could be argued that this kind of relations in this case are not reflecting the social division of labour but an objective need created by the complexity of the contemporary production process. In other words, the need to supervise labour is attributed to the specificity of means of production like sophisticated machinery. Nevertheless, science is not sterilized and neutral from the each time Social Formation. Productive powers have absolutely no meaning without the relations of production. In other words means of production would have been neutral only if they didn't need the interference of labourers to function. Therefore, since technological innovations (or science in general) are conceptualized with the prerequisite of relations of power that means that they are right from the beginning in the service of the dominant ideology. The relations of production are already there dressing the each time innovation with the mantle of exploitation<sup>285</sup>. The lower State Personnel falls also in those cases. They play a major role in materializing the political subordination relations since the hegemonic class dominates through the State<sup>286</sup>. The personnel of services like police, judiciary, prison system, tax collection have an obvious role in "passing" the subordination which they undergo upon other classes. On the other hand, other sections of the State Personnel have a more sublime but still apparent roles which materialize power like in the case of teachers, social workers or even clerks where the so called inflexible and unwieldy bureaucracy is a sign of imposition upon the everyday non-expert civil service user.

The last case could become more understandable if seen in connection with the political relations in which the rest of the new petty-bourgeoisie participates. Those political relations - being a reflection of the social division of labour - have the distinctive characteristic to inductively internalize the main political relations of the capitalist Social Formation. It's inductive because the agents themselves impose

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<sup>285</sup> N. Poulantzas 2001b, p. 292. This could become clearer through an example. The fact that a technological innovation requires, as soon as its conceptualisation, the existence of an actual labourer and of a supervisor means that it follows the existing power relations and thus cannot be seen as neutral.

<sup>286</sup> N. Poulantzas 2001b, pp 336-338.

upon them those political relations as the preponderant in the Social Formation<sup>287</sup>. This becomes clear through the concept of bureaucratisation which is different from bureaucracy as such because it refers to the tendency which materializes ideological influences upon the non productive labour. More specifically, the issue of the “hidden knowledge” in the framework of power devolution means that those agents although they are subordinated under the top rank of the each time hierarchy they reproduce these conditions in their intra-class relations. This is the essence of hierarchy, namely everybody is at the same time dominated and dominating. The legitimisation of this image comes exactly from the imaginary secret of knowledge, namely that each level in the hierarchy knows something that the subordinated levels don’t know and at the same time knows less than the levels which dominate it. The difference, though, with bureaucracy is exactly that what has been described is a tendency rather a specific system of organisation. Furthermore, the inductiveness appears exactly because there is no actual domination but only a mirage of it. This is why Poulantzas in those cases uses on purpose the term imposition instead of domination<sup>288</sup>. An important characteristic of bureaucratisation is that the agent can make a career. By “acquiring” the hidden knowledge he/she can ascend this hierarchy which means that more and more levels will be then subordinated. This can be used as an incentive towards providing more surplus-labour. At the same time it furthers the individualisation of the agents by enforcing competition among them. Most importantly, though, by “confirming” the effects of hidden knowledge it justifies the bureaucratisation system.

The previous analysis revealed the structural determination of the new petty-bourgeoisie in the relations of production first and then at the politico-ideological relations. This determination plays significant role as will be seen in the specific ideology and political position held by this class. It should be reminded that in the Capitalist Mode of Production and due to the specific relations of production the main classes are that of the proletariat on the one hand and of the capitalists on the other. That means that their ideologies are systematized and present internal

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<sup>287</sup> N. Poulantzas 2001b, p. 339. From this point of view the petty-bourgeoisie is a median class between the bourgeois and the proletariat not because it’s a middle point in the transfer of domination/subordination but because it’s the field where domination/subordination is successfully tested and thus legitimized.

<sup>288</sup> N. Poulantzas 2001b, pp 338-345.

consistency. The petty-bourgeois ideology doesn't exist as such but rather as a fusion and therefore it's always polarized between the previous two. The capitalist one being the dominant in the Social Formation also prevails in the class in question with the proletariat ideology playing also important role since the petty-bourgeoisie is a subordinated and exploited class as well. Those influences, however, do not exist as such but always filtered and intermingled with elements related solely to the new and traditional petty-bourgeoisie. This class then seems to be a field in which apart from its distinctive ideological elements capitalist and proletariat influences struggle also for leverage. On the other hand it should be mentioned that the petty-bourgeois ideological subtotal is not only a receiver of influences but can also influence the labour class<sup>289</sup>.

The fact that the petty-bourgeoisie ideology is a field of struggle between the two main ideologies would become obvious if its specific elements were seen in detail<sup>290</sup>. Those elements refer to both the new and the traditional fractions; there will be though a focus on the new one due to its significance in relations with the State Personnel. Agents of this class have an anti-capitalist ideology because they are being exploited. Nevertheless, the distinctive way of their exploitation, namely by receiving less salary regarding their surplus-labour, along with the hidden forms of subordination direct their demands to salary increase. On the other hand, though, they insist in the stipendiary hierarchy and therefore the maintenance of the exploitation system. They tend to question the political relations in which they participate as subordinated by asking for higher level of contribution in the decision making process. The fact, though, that they don't question the hierarchy reveals their desire to climb up the political relations climax rather than reversing the imposition relations. The latter, though, goes beyond their collective demands. As individuals they desire to ascend this hierarchy, to make career; in other words, they are trying to become agents of the bourgeois class. The main way to achieve that is exactly what discerns them from the proletariat or other fractions of the new petty-bourgeoisie,

<sup>289</sup> N. Poulantzas 2001b, pp 358-360.

<sup>290</sup> It must be reminded here that the ideology is difficult to be seen in *abstracto*. The fact that it coexists with the relations of production means right away that ideology influences and is influenced at the same time. Therefore, the only way were we can conceptualize ideology is in class practices with the caveat, that ideological positions should be seen in relation with the conjuncture. See also N. Poulantzas 2001b, p. 359.

namely through knowledge. This is why these agents see education as a neutral apparatus which can be the stairway to their desired destination. Their demands therefore are for “democratisation” of the educational system in order to give opportunities to agents willing and capable to ascend<sup>291</sup>.

The last ideological element, though, is not only related with the educational system. The new petty-bourgeoisie because of the fact that it's a median class polarized between the bourgeoisie and the proletariat in combination with its endemic individualisation, understands the State as a neutral power whose role is to be the referee between the contradicting classes. The exploitation and subordination which this class experiences from the upper classes usually through the State Apparatuses seem to be a deformation which can be cured through “democratisation”. Nevertheless, the relationship between the State and the new petty-bourgeoisie is much more complicated. It has been shown earlier that the main characteristic of the class in question has been the possession of a “hidden knowledge” which is then directly related with the distinction between manual and intellectual labour. The State itself is placed in the side of the intellectual labour either by reproducing this distinction in its Apparatuses like in the case of school or by reproducing this distinction in itself since the State is the exemplary case of bureaucratisation that has become an actual system of organisation, namely bureaucracy. The new petty-bourgeoisie acquires a possessive approach towards the State. The State “belongs” to that class as the institution which organizes as well as protects those agents<sup>292</sup>. The State cannot have under any circumstances class character which is seen as deviation. It should instead protect the common will but most of all the common interest. It is easily now understandable that the “common interest” for which the petty-bourgeoisie is struggling usually coincides with its very interest<sup>293</sup>.

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<sup>291</sup> N. Poulantzas 2001b, pp 360-362.

<sup>292</sup> Poulantzas refers to the State as being the party of the petty-bourgeoisie in the same way in which the labour party organizes and protects the labour class. In reality, though this class exactly because of its polarisation lacks any stable party representation. It moves between the two poles of the political scene according to the conjuncture. It can also interfere in an autonomous way depending exactly on the conjuncture since it is actually a social force. Usually, though, their fractions are separated between the two poles.

<sup>293</sup> N. Poulantzas 2001b, p. 363.



This ideological elements are even more apparent in the case of civil servants, namely of the State Personnel. As already shown, its lower levels in the hierarchy belong to the new petty-bourgeoisie. They need to embrace this ideology in order to be ready to execute their responsibilities. Their belief in the State as protector of the common interest is not just a characteristic derived from their class allocation but mainly because of their function in the State Apparatuses. Justice as beyond classes, police as guarantor of public order and civil rights, administration as the promoter of efficiency and welfare constitute this internal ideology of the State Apparatuses as incorporated in the minds and actions of the State Personnel. These ideological elements create their internal consistency and at the same time allow Apparatuses to reproduce the ideology of the neutral State in the wider Social Formation<sup>294</sup>.

It has been shown, though, that the State Personnel is a social category which cuts vertically the Social Formation. It is constituted by bourgeois class in the upper levels of the hierarchy, petty-bourgeois class in the majority of the positions and labour class in some productive jobs<sup>295</sup>. The bonding element in this category is the aforementioned State ideology which they embrace and at the same time apply in their responsibilities. The other side of the coin, however, is the fact that they are not secluded from the rest of the Social Formation. From a horizontal point of view they remain agents of their class but they also have a vertical factor (the social category) which in combination with the previous determines their ideological and finally their political position. Therefore, the contradictions in the power bloc have effects among the heads of the State Personnel hierarchy. More interesting, though, is the case of the majority of the civil servants who belong to the new petty-bourgeoisie. As mentioned above, this class tends to be a struggle field between the dominant capitalist ideology and the counteracting proletariat one. As a result the class in question is polarized between the two both in the ideological as well as in the political level. As a result the labour class struggles influence the State Personnel in demands that are related to their particular position in the division of labour within

<sup>294</sup> N. Poulantzas 2001a, pp 221 and 223. See also N. Poulantzas 2001b, pp 232, 364 and 404 and N. Poulantzas 1978, p. 45.

<sup>295</sup> N. Poulantzas 1978, p. 44.

the State<sup>296</sup>. More specifically, the struggles of the labour class exert great influence upon the State Personnel through the alliances and coalitions of the petty-bourgeoisie with the proletariat. The contradictions then within the State Apparatuses are highlighted and especially between the lower and the higher rank of the State Personnel. The immediate result of this form of class struggle is that it reveals the class character of the State laying underneath the ideology of the State beyond classes. Nevertheless, the intra-State struggle takes specific forms that correspond to the cohesive factor among the social groups of the State Personnel, namely the ideology of the neutral State; this is why the demand for “democratisation” of the State appears. The State Personnel’s belief in the State beyond classes sees the existing situation as deformation of its true nature and even when the politicisation of the personnel has gone that far in order to organize a more generalized struggle, as for example in the case of general strike of the civil sector, there is a weakness in connecting their demands along with that of the labour class. Additionally, the relative autonomy of the State gives specific forms in the struggle making it usually to appear as contradiction between Apparatuses or departments between the same Apparatus. Therefore, the State Personnel experiences its struggles within the limits of the dominant ideology<sup>297</sup>.

### Repression and ideology

Althusser divides the institutions in question in Repressive State Apparatuses - which are also the most apparent – and include indicatively the army, the police, the judiciary, the prison system etc. and in Ideological State Apparatuses consisting of the school, the mass media, the church, the family etc. Although traces of this approach could be seen in Gramsci’s *Letters from the prison* Luis Althusser was the one who systematized this concept<sup>298</sup>. Poulantzas has serious objections in this distinction to the analysis of which we now turn<sup>299</sup>.

<sup>296</sup> See also N. Poulantzas 1978, p. 45.

<sup>297</sup> N. Poulantzas 2001a, pp 218 and 222-226.

<sup>298</sup> N. Poulantzas 2001b, p. 31. In order to complete the exploration Poulantzas also adds the Economic Apparatuses like the factory or any other kind of enterprise where the appropriation of work takes place, the importance of which has already be seen.

<sup>299</sup> See for example N. Poulantzas 2001a, p. 42

The concepts of ‘repression’ and ‘ideology’ and specifically the relationship between them is neither simple nor easy. The first one should be understood as the organized physical violence, namely violence against bodies. Power relations are already dependent, for their establishment and maintenance, on the corporal repression as well as its threat. Nevertheless, the body is not just a biological entity but a political concept too<sup>300</sup>. The body as such as well as the management of it can be conformed or fit in specific dictates or expectations. The role of the State is equally supported both by the corporal repression and the way it manages bodies by moulding or “locking” them in institutions and apparatuses<sup>301</sup>. The core of the functions of State Apparatuses is to materialize the power relations endemic in the each time Social Formation by subordinating the body and the mind. It would be a mistake, though to crudely correlate Repressive or Ideological Apparatuses to the distinction between corporal obligation and mind dressage.

The reason is that such a crude distinction between the two is highly questionable and valid only in a descriptive way. More specifically, had State Apparatuses been limited in repression and ideology would mean that the State in achieving subordination either obliges by corporal enforcement or influences by deception. The materialisation of the latter doesn’t change the delimitation of State’s practices in two functions in which the State’s interference in the Social Formation has a passive character; it only forbids or hides reality. What is really missing is State’s proactive role. It’s missing because it’s in economic approaches that economy is a self-reproductive structure in which the State, and therefore class struggle, is not interfering; the State only safeguards economy’s smooth function from external threats. Nevertheless, the State also creates and transforms realities. The reason is that in the course of its attempt to establish the domination of a power bloc through social consensus acts in a field of unstable equilibrium of compromise. The State then takes a number of positive measures for the subordinated classes which have the form of concessions. In the relationship, therefore, between dominated classes and State there is also a material factor (different from the notion of materialisation of ideology or repression because of State’s Apparatuses). The other side of the coin would be that if State Apparatuses, namely the incorporation

<sup>300</sup> N. Poulantzas 2001a, p. 40.

<sup>301</sup> An illustrative example of body moulding is the several codes of behaviour.

(to discern it from the material character of the relationship between the State and the subordinated classes) of its functions, were solely the repressive and the ideological one, there would be some difficulties in explaining the fascist phenomenon. The wide support they faced could only be explained under the idea of people's lust for repression or that they were simply misled. Generally, the bipolar system of repression-ideology leads inescapably to the subjectification of consensus disregarding the material reasons<sup>302</sup>. As a matter of fact fascist regimes took popular measures which contributed to the national support they had<sup>303</sup>.

In parallel, the crude distinction between repression and ideology assumes that the State acts uniformly towards one direction either by repression or ideology. In reality, though, the need to compromise the organisational role for the dominating classes with the unifying role for the totality of the Social Formation complicates State's actions. As shown above, there are as many directions of State policy as many State Apparatuses because each State Apparatuses has different class destination. For example trade unions refer to working classes while employers' unions the dominating classes both of them though are State Apparatuses. This also explains why there is not always need for deception through ideology. Sometimes policies in favour of the dominating classes are openly acknowledged while some other times there is only silence because the final State policy is only the resultant of many contradicting tactics in the framework of State Apparatuses. This is what Poulantzas refers to as 'bureaucratic silence'. Therefore, the *index of ideologisation* of State's policies differs from case to case regarding to whom the State refers to<sup>304</sup>.

Finally, insisting in the repression-ideology bipolar system results in disregarding the role of the State in the economic apparatus and more specifically the State Economic Apparatus by dispersing it between the repressive apparatuses. Furthermore, it has already been suggested by Althusser himself that the distinction between repressive and ideological apparatuses should not be understood in an excluding way<sup>305</sup>. That means that Ideological State Apparatuses have distinctive

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<sup>302</sup> Subjectification here could be seen as the counter-part of economism in the approach of the functions of the State in the same way in which voluntarism is the counter-part of economism in the field of Mode of Production.

<sup>303</sup> N. Poulantzas 2001a, p. 42-44.

<sup>304</sup> N. Poulantzas 2001a, pp 45-46.

<sup>305</sup> L. Althusser 1999, p. 85.

repressive features or the other way around; for example schools have a special system of punishments while police and prisons have special symbolic meanings. Furthermore, there are some Apparatuses that fall equally in each category (even that of the Economic State Apparatus) like in the case of the army<sup>306</sup>. Therefore, the distinction is not valid even if we were using the criterion of “mainly ideological” or “mainly repressive” function<sup>307</sup>. The case described in a previous chapter<sup>308</sup> regarding the historic economic role of prison as neglected by Rusche, Kirchheimer, Melossi and Pavarini explains exactly that. Prisons have always been *loci* of wealth accumulation, either directly as in the past or in a quasi way as appears from the major investments taking place for their operation or privatisation. This is even more important, as will be seen in the next chapters, in the course of an economic crisis where investment outlets are desperately needed.

Michel Foucault provides a distinctive and interesting account for the previous distinction. The application of power in contemporary societies is based less on violence or other forms of repression and more on methods of discipline. There is a distinctive internalisation of repression which results to the consensus. The Repressive State Apparatuses then exist not as disciplinary mechanisms but rather as symbols of exactly the internalizing repression. Thus, power seems to function either through ideology or through repression. Furthermore, ideology and repression are in a zero-sum relationship in which every deterioration of repression equals to increase of internalisation of discipline. However, this is only a little different from the previous view since it results at the same counter-effects. More specifically, Foucault fails to ground the concept of “Resistances” to power. If the internalisation of discipline is enough for building a consensus and Repressive State Apparatuses have a symbolic role, then why there are social struggles? Foucault answers that by residing on the concept of “resistance” to power. Therefore, power itself is the cause of struggle. What could be concluded then is that consensus is just the product of “love” for the authority and this is why Foucault’s approach coincides with the

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<sup>306</sup> *Ibidem* p. 96.

<sup>307</sup> N. Poulantzas 2001a, p. 47.

<sup>308</sup> *Ibidem*, Chapter 1.

previous one. It misses the positive material reasons behind consensus, namely concessions or actual physical violence<sup>309</sup>.

The existence of concessions and actual repression bring forward the need for a different understanding of the relationship between repression and ideology. Unlike the Foucauldian approach, power exists because of the class struggle and not the other way around. This explains why the modern State irrespective of its unquestionable monopoly of violence tends to reside often to that. One just has to see apart from the criminal procedure and punishment systems, dictatorships and wars too. In other words, the need for State violence resides in the contemporary society and it is the same need that pushes for the monopoly of violence by the State<sup>310</sup>. It is true, though, that violence doesn't appear in the same frequency as it used to. The reason for that should be sought exactly at the monopoly which allows for multiple consensus building methods. To understand this, the schema where repression and ideology are supplementary concepts should be discarded. As a matter of fact, from the previous exposition of approaches, it doesn't seem to appear any such relationship between the two. What Poulantzas suggests instead is that violence and ideology co-exist. The monopolized State violence exists permanently at the basis of consensus building; it belongs to the net of disciplinary and ideological Apparatuses and forms the materiality of the Social Formation even without direct violence. Given that power is practically class relations, the organisation of the former needs the organisation of violence as a guarantee of class reproduction. The vast network of ideological apparatuses requires the monopoly of violence by the State not only from a genealogical point of view but also from a developmental one. In other words, the existence of "violence-free" apparatuses requires the permanent assumption of repression by other institutions. Given that the State incorporates the concept of the "common will" the application of violence can take place in a legitimized field. Therefore, the class struggle from literal war between classes becomes political clash in the framework of the State, something which is a precondition for the smooth operation of capitalist exploitation. Thus, power and class struggles are mutually caused and determined<sup>311</sup>. This is not contradicting the phrase at the begging of the

<sup>309</sup> N. Poulantzas 2001a, pp 108-113.

<sup>310</sup> *Ibidem* p. 87.

<sup>311</sup> N. Poulantzas 2001a, pp 113-117.

paragraph, namely that power exists because of the class struggle. The reason is the primary importance of class struggle which sets initially in motion the cycle of action and reaction between class struggle and power.

### **Repressive State Apparatuses**

The peculiar intermingle between ideology and repression as shown in the previous section already implies the difficulties in differentiating the Ideological from the Repressive State Apparatuses. The visibility of the latter as well as the fact that it was the first kind of State Apparatus that has been mentioned already from Marx make their existence almost self-understandable. The side-effect, though, was that focus on those apparatuses has also been removed and this is why Poulantzas attempts to provide proper attention back to them<sup>312</sup>. In searching a definition that would set the criteria of distinction between the two Poulantzas takes a rather strange position. He deconstructs both the descriptive definitions as found in the Classics and the functional ones including the Foucauldian and the Althusserian approaches for the aforementioned reasons. He refrains, though, from clearly presenting a new definition. Few references, as in the case of *The Social Classes in Contemporary Capitalism* where he mentions that the main role of the Repressive State Apparatuses is exactly the repression apart from a secondary ideological role and the other way around for the Ideological one<sup>313</sup>, cannot and should not be understood as definitions because his aim is to describe their role in the reproduction of classes and not to distinguish them from the Ideological State Apparatuses. In any case the use of the word “main” does not contribute to a sound definition, something that he himself shows in the later book *The State, power, socialism*<sup>314</sup>. It seems then that he takes the distinction as self-understandable and this might be a theoretical drawback in the structure of his work. There is a point, though, that should be taken into

<sup>312</sup> See for example Anderson's remarks in P. Anderson 1976-1977.

<sup>313</sup> N. Poulantzas 2001b, p. 41. Althusser (L. Althusser 1999, p. 88) holds the same. Additionally, he points that the Repressive State Apparatuses is an organized total whose members are peripheral to the central leadership from the political representatives of the dominant classes which results to its uniformity; in contrast with the ideological apparatuses whose organisation is rather autonomous with internal contradictions. Nevertheless, those positions as far as they lack specific connection with the main theory of the State remain just a descriptive definition with functional elements.

<sup>314</sup> N. Poulantzas 2001a, p. 47.

consideration. He avoids an institution-based analysis throughout his work. His point is that a range of apparatuses, that use either methods, contribute to the social division of labour. He doesn't need to show which apparatus uses which method and therefore a methodological separation like the one researched here would be superfluous.

Indeed, a second view of the previous analyses would show that a general and diachronic definition would be impossible exactly because of the role of the class struggle. The specific dynamicity of the class struggle is the factor that determines the role, the position and the function of each apparatus and finally its very existence. The example of the church or of the army as previously explained are illustrative on how an apparatus may change roles throughout the years. Additionally, the example of the emergence of the organized police, as a relatively new development which replaced the army in the field of internal security, shows the contribution of the class struggle in the appearance and disappearance of apparatuses. Therefore, defining the distinction between Ideological and Repressive State Apparatuses cannot be placed beyond the articulation of the relations between the State and the Social Formation in a given temporal instance. Additionally, an attempt to give the differentiating definition between the two kinds of apparatuses doesn't need to go beyond the already mentioned approach, namely that Repressive apparatuses use mainly repression and secondarily ideology. The coexistence of the two concepts in class reproduction as shown in a previous section hinders a more specific differentiation between the apparatuses because they can also intermingle in the same institution. As already mentioned for example the prison system has apart from the repressive, a symbolic and therefore ideological role.

The crucial detail, though, lies with the State monopoly of violence. Ideological State Apparatuses may physically repress the body in the course of communicating the dominant ideology. For example the system of punishments and awards in schools responds to the facilitation of communicating the ideological as well as subordination relations through the educational system. The monopoly of violence here doesn't play any direct role. Of course schools (either public or private) are allowed to punish because they are legitimized as "impartial" institutions by the State itself. Nevertheless, they don't exercise this power to subordinate the



agents but to make them understand that they are or they should be subordinated. The other side of the coin is those institutions that repress bodies or threaten to do so as a direct consequence of the State monopoly of power. Those apparatuses will mould and incapacitate bodies and/or minds because at some point those agents stopped understanding themselves as subordinated. Their ideological role is also related to the monopoly of violence. The symbolism of their existence - irrespective of their actual use - is depended on that specific feature of the State. In other words both their use and the threat of their use are directly legitimized by a neutral State which acquires the power of violence in order to transfer the struggle solely in the politico-ideological field. Hence, Repressive State Apparatuses are those institutions that physically repress the human body or threaten to do so as a direct consequence of the State monopoly of violence.

The role of the Repressive Apparatuses of the State has already been touched allusively in the course of analysing the State Apparatuses in general. If seen in more detail, though, significant details will be revealed<sup>315</sup>. In the extended reproduction of the social classes they present an important contribution in a twofold way. Firstly they interfere pro-actively for the conservation of the direct exploitative conditions. This could be done with the civil or penal condemnation of strikes and other forms of insubordination in the workplace<sup>316</sup>. Additionally, they may preserve pro-actively the general conditions of the smooth operation of the relations of production, which includes either the suppression of an uprising or the protection of agents in both ends of the exploitation relation and thus allowing their reproduction. This already implies that the actual imposition of violence takes place at the last instance, namely when the subordination by the Ideological State Apparatuses has not been successful. Secondly, their very existence is enough for the threat of all the above interferences and thus, they can also passively conserve the relations of production. The last case is apparently the most usual one. This is attributed to the fact that labourers are deprived of any means of production apart from their own labour; therefore violence is not needed for the extraction of the production; in

<sup>315</sup> N. Poulantzas 2001b, pp 40-41.

<sup>316</sup> See S. Spitzer *et al.* 1977 for a historical analysis of the role of police on the extension of capitalist control over the labour process and J. Simon 2007, chapter 8 for a historical analysis of the proactive interference of Repressive State Apparatuses in “policing” the workplace in the USA.

contrast with feudalism, where the direct relationship between the labourer and the means of production, often required violence for the extraction in question.

The total of all these domination/subordination relations are usually approached and communicated as “public order” from the State Apparatuses ranging from the legislature to the various executive institutions<sup>317</sup>. Public order is then correlated with “peace” or “justice” which further means that any attempt to reverse this order, namely the specific constitution of the current power relations as reflected in the relations of production, is a breach of peace and thus a wrongful or unjust act<sup>318</sup>. As a result violence is required - either the actual one by police and prison or the symbolic one by court hearing process – to deal with those acts. Violence, however, is legitimized only when it’s directed from the State, given its monopoly, and specifically dispersed among its institutions. Therefore, the role as well as the function of the Repressive State Apparatuses is to impose the “public order” on citizens and at the same time to promote its internalisation.

Repressive State Apparatuses play also significant role in the allocation of agents. As mentioned above in this field of class reproduction the role of apparatuses is case-specific. This is apparent in some public bodies where hierarchy is their internal feature like in the case of the army or the police. The internal subordination in those cases reflects the wider one in the Social Formation<sup>319</sup>. The difference here is that its acceptance is “forced” by specific disciplinary provisions. Especially in States where the army service or any other temporary public service (in police, fire brigade etc.) is obligatory, the allocation of agents according to the internal hierarchy of the service is widespread and inescapable. Additionally, the right of officers to strike is widely debated. Finally, there are also some cases where the agent allocation

<sup>317</sup> L. Althusser 1999, p. 89 and N. Poulantzas 1984, p. 91.

<sup>318</sup> In pro-actively maintaining the production conditions by the Repressive State Apparatuses, one can see how the insubordination of labourers was directly translated into breach of public order in the Victorian Acts or later (J. Simon 2007, p. 233). In pro-actively maintaining the general conditions of the smooth operation of production a very recent example is that of the 1754/2010 resolution of the European Parliament for combating the rise of extremism in Europe which mentions in paragraph 68. “The current financial crisis and its consequences on poverty and unemployment in Council of Europe member states might aggravate the present trend of resurgence of extremist movements. On the one hand, extremist groups reviewed in this memorandum will find more and more fertile ground for recruiting new members; on the other hand, other radical protest movements might become more virulent and better organised. I am thinking, in particular, of the anti-globalisation movement, some members of which have been condemned for vandalism due to their behaviour during demonstrations, or to the street protests and disorders which took place in Greece during several weeks in 2009”.

<sup>319</sup> N. Poulantzas 2001b, p. 43.

is related to class position itself within the Repressive State Apparatuses leading to the internal reproduction of their personnel. It is currently rare but formerly more usual to come across families who see careers in the army, the navy or the police as a family custom<sup>320</sup>. As a matter of fact, in Greece there are still laws in effect promoting the preferential enrolment of officers' children in military academies (Act 3648/2008 which updates law from 1982 and 1970). The same happens with soldiers after finishing long term army service (longer than the usual) which practically means that a temporary agent allocation is transformed into a permanent one.

As an important continuation of the previous chapter, the current one specified the specific way in which the condensation of class struggle forms the State and the latter further forms the class struggle in a continuum. This constitutes the framework in which the hegemonic strategy takes place. Two crucial points need to be stressed before the following chapter. The State Personnel constitutes an important knot in the realisation of the aforementioned strategy. A separate social category in its own, needs to be separately handled to allow the smooth operation of the State Apparatuses. The other point is the Repressive State Apparatuses that have mainly a dual function. On the one hand, they facilitate subordination at the last instance by actual violence and on the other hand by their very presence, namely the threat of violence imposition. At the same time, as economic apparatuses, they are places of capital accumulation.

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<sup>320</sup> L. Althusser 1999, p. 89. Nevertheless, it must be acknowledged that in this case the influence of a different State Apparatus, namely of the family, is extended. Therefore, this phenomenon is not attributed solely to the phenomenon that a class position reproduces agent allocation.

## Chapter 4

### The State in the Crisis and the Crisis of the State

The previous chapters approached the State and more specifically the underpinned relationships in connection to the role of the Apparatuses by mapping the relationships on the one hand among the levels and on the other among the social forces. This is certainly not a static image but the dynamicity as described up to now reflects the normality<sup>321</sup>. In other words, what have been presented were the contradictions inherent in this network of relations and the way that they are eased through the function of the State Apparatuses and possibly the modification of the latter when they are not enough. The question then arising is what would happen if those relationships were taken to their extremes. More specifically, what would have been the reaction of the State – as a set of relations - in such a case? The importance of this analysis is that privatisation and prison out-sourcing as its part appeared in England and Wales during or right after a period in which social relations in Western Europe have been at their extremes. The British society constituted part of the wider image as it is suggested that it was facing a crisis period<sup>322</sup>. Therefore it is crucial to analyse this concept before the research embarks on a more detailed connection with prison privatisation. A proper analysis, however, would require approaching a specific Social Formation. Under this caveat, this chapter will focus on the concepts of crisis and State as they were formed in the last quarter of the 20<sup>th</sup> century in Western Europe.

#### The multiple levels of the crisis

Delimiting crisis is a rather difficult enterprise since it refers to the social relations, namely the Social Formation as a ‘Whole’, and what appears as crisis is “distilled” in the economic, political and ideological levels. The economic crisis is

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<sup>321</sup> “Normality” is used here as a synonym of “usual”, the non deviation from the average.

<sup>322</sup> See for example different approaches that nonetheless coincide in the presence of crisis in B. Jessop *et al.* 1988 and S. Hall *et al.* 1982.

the most prominent of the three and the most cited by a variety of theoretical traditions along with the Marxist one. The political and the ideological, though, constitute also significant appearances of the basic concept not as researched as the previous. Poulantzas, with his structuralist persistence in depicting the interconnection between the levels, provides valuable insights in the weave of the crises. Exactly this interrelation allows the differentiation between the cyclical and the structural crises with the first one referring to the economic level and the second to a combined appearance of crisis in all levels.

- The economic crisis<sup>323</sup>

In the economic level, the crisis is periodic. This could be seen from a combined approach of the two norms appearing in Marxian economics the most prominent of which is the falling tendency of the rate of profit. The basic idea is that the more constant capital is invested, namely infrastructure, less profitable becomes the investment. This phenomenon should be seen in conjunction with the norm of the secular tendency of capitalist accumulation. The essence of that theorem is again the falling rate of profit although for a different reason. In that case the capitalist production reaches an objective point beyond which the increase of the organic composition of capital, namely infrastructure and labourers, is not translated into a higher increase of the surplus value and therefore the rate or profit is decreasing. The inverted view is that, the pressure upon surplus value from the growing competition is not accompanied by higher cutbacks in the organic composition of capital.

Against those two tendencies, some counteracting influences are employed. They range from austerity measures to keep the rate of wage increase low and subsidisations over the organic composition of capital, to intensification of labour by increasing the duration of the working day, the reduction of the unused periods of production (e.g. between shifts), the promotion of economies of scale, the promotion of socially combined labour and economisation in the conditions of labour in the expense of workers' safety. Most importantly, though, technological innovation is promoted either by supporting basic research or by facilitating the dissemination of technological achievements.

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<sup>323</sup> See analytically in the Appendix.

Technological innovation constitutes a counteracting influence against the secular tendency of capitalist accumulation not only because it increases productivity but also because it tends often to increase unemployment and therefore to reduce the variable capital, namely the amount for the compensation of employees. Nevertheless, the other side of the coin is that unemployment reduces the overall spending capability of labourers which runs counter the capitalist interests. Exactly because the capital produced remains unabsorbed by the market, under-consumption is the counterpart of capital over-production. Therefore, technological innovation tends to aggravate to accelerate the crisis in the long-term.

Against the problematic reproduction of capital, the solution lies with capital purging. The removal of some of the invested constant capital from the production process would increase the market share for the rest. Moreover, the unused constant capital would also mean the reduction of the overall variable capital as well as the increased pressure upon salaries and wages for the still employed labourers because of the increased unemployment. This illustrates, however, the difficulties in driving the economy away from a capital over-accumulation crisis. The short-term solution, namely the reduction of the variable capital, is one of the factors that brought the economy in a state of crisis in the first place. It prohibits in the long-term, therefore, a proper recuperation. If this ascertainment was taken further it would reveal why economic crises are periodic. It's the secular tendency of capitalist accumulation that leads inescapably almost every fifty years to a capitalist over-accumulation crisis. The very same articulation of factors that structure the way that surplus is produced lies at the heart of the over-accumulation crisis as well as at the solution that needs to be delivered. That further means that economic crises are not a "black out" of the Capitalist Mode of Production. They are rather much needed opportunities to "reshuffle the playing cards" and reaffirm the relations of property and appropriation that are the crux of the capitalist class relations.

- The political and the structural crisis

The characteristics of political crisis should be sought at the role it performs in the articulation of levels in the Capitalist Mode of Production. More specifically, it appears to be appointed with the dominant role while, in reality, the latter coincides with the determinant level, namely economy. This is attributed to the function of the

dominant sector of the ideological level which is the juridico-political. The result is that the political level becomes the field where the appropriation of surplus value is related with legitimacy and “common will” of the People. Direct consequence of this is that class positioning and agent allocation are established as processes that reflect the reality of the political system. The same field is also the end point where all the tensions and contradictions of the Mode of Production are channelled and smoothed through the operation of representative Democracy. In this context, the much needed subordination to conform to the previous processes is categorized as peace, justice or public order. In short, the role of the political level is situated in the expanded reproduction of the social classes as an internal element of the continuation of the Capitalist Mode of Production. Therefore, the political crisis reveals a period in which the level in question is unable to perform those functions and consequently its supposedly dominant position in the articulation of structures is doubted.

Following the analyses made in previous chapters it could be seen that the political crisis is the other side of the coin of an ideological crisis and closely related to a crisis of the State. Starting from the ideological level, the direct and crucial role in the delusion of the “common will” of the People, of the mandate to the government through elections and opinion polls but most importantly of the inversion between the promotion of individualisation and at the same time unification of citizens under the nationality or citizenship instead of class have already been discussed. Those processes allow exactly the phenomenal displacement of domination from the economic to the political level and by that they perform a fundamental role in the articulation of levels in the Capitalist Mode of Production with further consequences in the constitution of social forces<sup>324</sup>. The ideological crisis, being the decreased efficiency of the relevant structure in performing the aforementioned functions, along with the “misrecognition”, namely the ability to obscure its very delusive role, constitutes a sine qua non supplement of the political crisis. The State due to its role in the relationship between political and ideological crisis may be faced with crisis emerging in its own field. Nevertheless, because of its distinctive objective role in the expanded reproduction of classes, its own crisis will be analysed at a later section in this chapter.

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<sup>324</sup> N. Poulantzas 1978, p. 28.

Up to this point, the economic and the political crises had been approached as separate phenomena. Earlier, though, the differentiation between cyclical (economic) and structural crisis has been underlined with the latter pointing a crisis that penetrates all levels of the Mode of Production. In an attempt to investigate the possibilities of a structural crisis, it's essential to turn to the tenacious bond between the economic and political crisis, namely the class struggle. The latter has been conscientiously not mentioned in the previous analyses, despite being practically an active element in the crisis of each level, in order to present exactly the connection between the different crises.

From the previous presentation of the economic crisis, one could conclude that economy is an autopoietic system with its own norms, cycles and methods of stabilisation. Nevertheless, this ascertainment would ignore the most significant factor interacting within economy, namely classes, their fractions and social categories. If, therefore, an economic approach is to be avoided the class struggle should be taken into account<sup>325</sup>. It has already been shown how the division of labour reflects at the class formation. The determination of classes by structures, however, is not a single-dimensional relationship. The contradicting class interests and class power to capitalize gains or resist losses in their struggle transform the economic level itself. As a matter of fact, competition – a constant pressure on the rate of profit - is a sign of contradicting interests that transform the economic level; in another example, the struggle for higher wages occurring in the expansion of the business cycle and the resistance against firings, wage decrease and generally loss of labour rights occurring during the contraction are also signs of the conflicting class interests and powers that might trigger, accelerate or decelerate the crisis. Nevertheless, isolating the economic class struggle in a bipolar system of reciprocal effects only within the economic level would have been equally economic. Given that both the political and the ideological levels are present along with the economic in the formation of classes (either at the stage of class positioning or in the allocation of agents) the effects of the class struggle cannot be isolated in only one level. In short, there is reciprocal influence between the articulation of structures as a Whole and the articulation of practices (the struggle in each level) as a Whole.

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<sup>325</sup> See for example N. Poulantzas 1978, p. 30.



This fact is translated, during the economic crisis, into alteration of the composition of classes as well as of the relationship between them. The over-accumulation crisis leads consequentially to considerable pressure upon the variable capital, namely the wages, and to purging unprofitable constant capital which furthermore equals to increased unemployment. The loss of trade union power either from the diminished membership, due to unemployment or to the fact that they negotiate in an economically negative environment, proves collective bargaining ineffective. Labourers then may turn to alternative ways of securing their rights. Examples range from striking, rallying, picketing, squatting and “work-in” to extensive rioting. This radicalisation of the dominated classes brings them against the juridico-political system either directly in case that their actions breach the each time legal provisions or indirectly due to the ineffectiveness of their struggle - if they keep it within the given legal boundaries. As a result, the insubordination towards the continuance of the established class reproduction, either actual or intended, practically reveals the non-existence of the hegemonic “common interest” and doubts the juridico-political system as such.

But it's not only the proletariat or the petty-bourgeoisie affected by a crisis. The falling rate of profit and as a consequence the need to constitute some investments inoperative means that the initial competition between the capitalists leads to “casualties” which change the composition of the dominant classes but most importantly the power relations in the power bloc. It has already been shown that Hegemony within the power bloc is constituted by reserving the central position in the relations of production for a specific class (the hegemonic) among the dominant social forces. For example in monopoly capitalism the finance capital becomes the hegemonic group due to its central role in the liquidation and circulation of capital as well as in funding new investments and covering their risks. As a result, its interests appear to be if not common between the classes of the power bloc, then at least of major importance. Nevertheless, during the over-accumulation crisis it's the productive capital that is primarily affected due to the combination of increased investments in the organic composition of capital and under-consumption which lead to the falling rate of profit. The finance capital is affected only in a second level and to a large degree indirectly because of the diminished rate of circulation and

liquidation capital since the productive sector of the economy is in recession; needless to mention that finance capital is much more transferable between sectors of economy as well as among Social Formations which allows the avoidance of its own recession. During the economic crisis, therefore, the variety of interests that formed the power bloc in the first place does not present a pressing need for collaboration any more at least and at most they might have even opposing directions. Thus, the Hegemony of the finance capital among the power bloc could be also questioned.

Hegemony indicates how the interests of a specific class or fraction of class appear as representative of the general interests of the dominating classes. At the same time it allows the power bloc to present its interests as the common will of the populace. The concept in question, being practically a set of strategies in the political practice which consequently transforms the political level, shows the specific way according to which the economic crisis may become political. More specifically, the economic crisis, as shown before, changes the equilibrium of power in the power bloc and dismantles the phenomenal power relations – practically their absence – in reference to the dominated classes. It is exactly this rupture of the established social relations that may obstacle the political system from securing the dominance of a specific class, which is further the crux of the crisis of the political level.

The previous analysis on the relationship between the economic and political crisis reveals a significant issue. The concept that triggers as well as aggravates the political crisis, namely the class struggle, is always present in the political practices irrespective of the occurrence of crisis<sup>326</sup>. Tensions and contradictions between classes, their fractions and social categories exist continuously on political issues. The fact that they are channelled and masked into the *stricto sensu* political system - what in other words Marx calls political scene - is exactly a verification of their existence. Of course the function of political parties does not always prove the existence of the social force that is supposed to be represented by them, since the operation and the very existence of a multi-party system is conditioned from the general function of the political level. Nevertheless, exactly the need for many parties that would operate within specific boundaries is a sign of the need to smooth social contradictions by their “representation” in the

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<sup>326</sup> N. Poulantzas 1978, p. 24.

“electoral struggle” instead of the class struggle. In a similar way, therefore, with the economic crisis, the components of political crisis are always present. Political crisis is nothing else but the specific condensation of those contradictions in a specific Social Formation.

In another similarity with the economic crisis, the significant condensation of the ever-present elements of the political crisis should not be seen as a moment of unexpected rupture of the established relationships or as a “black out” of the otherwise normally functioning political level. Under specific conditions the political crisis may reveal the actual power of social forces and by that reaffirm the political domination of the hegemonic class. It may also purge the political system from parties that either obstacle the aforementioned domination or do not perform effectively the function of channelling the contradictions in a “safe” environment. Poulantzas even sees in political crises that subvert the whole political system leading to dictatorships the only way to establish the domination of the hegemonic class as in the case of the “emergency States” of Greece, Spain and Portugal dictatorships during the 1960s-1970s<sup>327</sup>.

In contrast, however, with the economic level, no circularity of the political crisis could be observed. It should be reminded at this point that the peripheral structures in the Capitalist Mode of Production are privileged with relative autonomy exactly as a means to support the expanded reproduction of social classes and channel their contradictions away from the smooth operation of the economic processes. This is the reason for the consistent use of language pointing on ‘possibility’ in the previous analysis regarding the transformation of an economic crisis to a political one; in contrast with the economic crisis whose emergence is cyclical and therefore predictable. As a matter of fact, an economic crisis may be never expressed as its political counterpart. On the other hand, a political crisis cannot be but the result of economic and political class struggle; nevertheless, it may be not related to a specific economic crisis. Finally, there is also the case of direct connection between an economic and a political crisis. This last case is exactly what

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<sup>327</sup> N. Poulantzas 1978, p. 23 and further in N. Poulantzas 1976a. It must be noted that both the economic and the political crises may establish and reaffirm the previously hegemonic class domination under the prerequisite that they don’t lead to a completely different Mode of Production as in the case of socialist revolutions of the early 20<sup>th</sup> century.

structural crisis stands for. It must be stressed, though, that structural, as concept, in this case doesn't imply any stability, as structures in the Whole do, but it rather means that it's a crisis that permeates the totality of structures. If therefore, economic and political crises are periods of condensation and aggravation of the internal contradictions in the relevant levels, similarly the structural crisis is a period in which the social contradictions in their totality are condensed and aggravated in the context of a Social Formation<sup>328</sup>. A further consequence of the relative autonomy between the levels is their autonomous historicity. This means practically that on the one hand there is no temporal correlation between the political and economical crisis in their structural appearance and on the other each crisis has its own tempo. For example the great recession of 1929 was followed by political crises but in different time points and with different chronicity in separate Social Formations. In the United States both crises were almost parallel, while in Germany or France there was a significant time gap between the two in which the economic environment was almost reverted. The opposite order may also be witnessed. According to Poulantzas, May 1968 in France and the political crisis which marked Allende's presidency in Chile came prior to the economic crisis of the 1970s although they had been closely related. Especially for the latter example, it is asserted that political crisis as such was one of the factors that boosted the economic one<sup>329</sup>.

### The State in the crisis

The role of the State in the Capitalist Mode of Production has already been described in the previous chapters. Its importance could be summarized in the following arguments. Unlike the delusion of the 'liberal' State, the latter has always been present in the constitution and reproduction of the class relations in all Modes of Production. What has been changing is the specific relationship between the two concepts. In the Capitalist Mode of Production there is a relative separation between economy and the State which facilitates the individualisation of the agents, the extraction of surplus value and at the same time the unification of the populace under a concept unrelated with class separation (e.g. citizenship). This relationship has

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<sup>328</sup> N. Poulantzas 1978, p. 25.

<sup>329</sup> N. Poulantzas 1978, p. 26 and p. 27.

been changing according to the various stages of capitalism with the view of promoting always the expanded reproduction of classes and their relations. In monopoly capitalism the specific position adopted by the State in the economic level is characterised by continuous expansion<sup>330</sup>. Due to modifications in economic sectors like the relations of production and the extraction of surplus value (capital invested in circulation and liquidation), the labour division and the reproduction of classes (emergence of the new petty-bourgeoisie class or the need for technically specialised labour) the importance of a series of sectors that have been irrelevant or at least peripheral to the economy arose to such level during the 20<sup>th</sup> century that became part of the capital accumulation process. They range from some directly supportive sectors like education and specialisation of labour power and infrastructure development to more peripheral ones like health system and general welfare provision, mass transportations, urban planning and many others<sup>331</sup>. The fact that those sectors were covered from the State is not a random development. There was a pressing need after the Second World War to support the general conditions of capitalist reproduction by offering services at low prices or for free and it was only the State that could operate in low or no profit basis<sup>332</sup>. This is the context, therefore, in which the modifications of the State on the one hand and on the other the specific role of the latter during the economic crisis are determined. What is most important, though, is the fact that the peculiarity of the relationship between the State and the economy (continuous expansion but relative autonomy) indicates also the limits of the State's intervention in the economy as well as the way that the economic crisis is transmitted in the field of the State<sup>333</sup>.

<sup>330</sup> It must be stressed, though, that this "geographic" approach hides the danger of understanding the relationship between the State and the economy as one entailing moveable borders or limits. In reality both the State and the economy are coexisting and mutually influencing each other. Therefore, the use of wording like "expansion", "intervention" etc. should not imply any externality between the two concepts. See further N. Poulantzas 2001a, p. 238.

<sup>331</sup> See for example N. Poulantzas 2001a, p. 239 and N. Poulantzas 1978, pp 32-33.

<sup>332</sup> S. Sakellariopoulos *et al.* 2004, p. 38 and pp 104-105. See also N. Poulantzas 2001a, p 260 *et seq.* where he points that the State intervenes in those sectors not just because they are not profitable for the private capital. In reality the State intervened also in highly profitable sectors as in the case of oil industry. The crucial criterion is the general and longitudinal interest of capitalists since the involvement of private capital in some sectors in a specific conjuncture would lead it to high rates of profit and abrupt decline of the same rate for other classes and fractions of the power bloc.

<sup>333</sup> See also N. Poulantzas 2001a, p. 275.

Starting from the role of the State in the economic crisis an important feature of the latter should be reminded. The components of the crisis in the economic level are always present in its reproduction. It could be assumed then that the role of the State in the economic crisis during monopoly capitalism, given its expanded role, cannot be separated from the role of the State during its reproduction. If the counteracting influences for both the tendency of the rate of profit to fall and the secular capitalist accumulation were taken into close consideration it could be seen that the State is more than a passive factor. In reality it employs policies that focus either on the production process as such or on the liquidation and realisation of profits. On the first level one could mention generally the promotion of class subordination through State Apparatuses which is essential if the hierarchy in the site of work should be respected. Aside any abstract constructs, this is actualized in the image of the “conscientious” worker who doesn’t work recklessly as mentioned above. Most importantly, though, the State determines through legislation and implements through inspection agencies the standard conditions of labour which are directly related with the intensification of labour, the working hours and the cost of labour safety affecting accordingly the production of surplus value and the organic composition of capital<sup>334</sup>. On the second level, where the State focuses on the side of liquidation and realisation, one could mention the facilitation of profit extraction through a series of international actions ranging from bilateral and multilateral inter-State treaties to agreements that form international organisation which often are accompanied by a relevant decrease of sovereignty (European Union, World Trade Organisation etc.). Additionally, the State fosters economies of scale through a range of measures that include low taxation for enterprises or even special urban planning to accommodate their needs. Regarding the most important counteracting influence, the technological innovations, again it’s the State amongst else which promotes research and development projects either through universities or with direct funding. What is more significant and illustrative of its role, though, in this field is that government funded research is usually directed towards basic research which although needed, it doesn’t have immediate turn out. Thus, it’s usually avoided by the private sector.

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<sup>334</sup> Obviously this analysis cannot take into consideration the case of intentionally or unintentionally deficient inspections.

In all the previous examples the role of the State in the capitalist production is also an indicator of its role in the economic crisis. More specifically, the occasion for the emergence of the crisis is the prolonged inability of capitalists to economize in constant capital investments. In other words the fraction of constant capital to the aggregate value of surplus and variable capital rises. The abovementioned counteracting influences show exactly the fields in which the State intervenes to reverse the economic environment either by enabling direct cut backs in constant capital investment for private companies or by raising the rate of profit indirectly through interventions outside the productive process as such. Nevertheless, given that the role of the State in capital reproduction is similar during the expansion as well as the contraction of economy, the very occurrence of the crisis implies that its involvement is finite. The need for more drastic State interventions during that period appears in the subsidies and nationalisation policies. As shown earlier integral element of the relative accumulation crisis is the under-consumption caused either by unemployment or decreased real wages. The investment, however, in variable capital by companies themselves, would lower significantly the rate of profit which is the very crux of the problem. The State, therefore, intervenes to subsidize wages in a number of ways ranging from diminished taxation, decreasing or removing the obligation of companies to pay national insurance for their employees to actual subsidisation partial or not of salaries for companies in financial difficulties<sup>335</sup>. Nationalisations constitute the most drastic among the proactive measures. The State intervenes and takes over companies that cannot handle their financial situation with any other relieving measure as for example decreased taxation<sup>336</sup>. The State may also establish close relationship with a company buying its services or products in prices higher than the market average, which, although legally not the same, the case still remains. The similarity lies exactly at the purpose of the State which is to allow companies operating, keeping job positions and ultimately restraining the tendency of unemployment to rise.

As mentioned in the beginning of this section, the peculiar relationship of continuous expansion and relative autonomy between the State and the economy

<sup>335</sup> See for example N. Poulantzas 2001a, p. 263.

<sup>336</sup> See also N. Poulantzas 2001a, pp 255-256 where he adds nationalisations in the wider spectrum of measures for the invigoration of consumption.

indicates also the limits of the State intervention. In a context of extended decrease of the rate of profit the State involvement is finite<sup>337</sup>. *Prima facie* this is related with its limited capacity in subsidizing wages or nationalizing companies. The strains on the finances of a State that has a capitalist formation, its functions within a capitalist economic environment and employs itself capitalist policies are obvious<sup>338</sup>. It may provide much needed services at low rate or no profit at all but this is at odds with the ideology of functioning in an efficient and effective way. Nevertheless, given that the role of the State in Capitalist Mode of Production has always been that of supporting the reproduction of capital and the relevant class relations, it seems that the reason for the delimitation of State's intervention lies somewhere else. What happens in reality is that on the one hand the involvement of the State prevents under-consumption by restraining the unemployment rates but on the other it also increases the competition pressure upon non-governmental investments by slowing the "capital purging" process which would increase in the long-term the rate of profit for the remaining invested capital. What happens, therefore, is that the role of the State during the crisis in the form of intervention is like a double edged sword since it can be a factor of deepening the crisis itself.

The question then remains what would have been the role of the State in the economic stabilisation and subsequent expansion - given the cyclical character of the economic crisis - aside its continuous function in the counteracting influences. The extraction of a firm conclusion from an empirical point of view would have been difficult due to a number of factors. On the one hand, over-accumulation crises are more visible in the 50-year Kondratiev economic cycles because the latter include the highest peak as well as the deepest trough in a long period of time which mark exactly the start and endpoint of the cycle<sup>339</sup>. On the other hand, the latest phase of the current Mode of Production, that of monopoly capitalism became gradually dominant at least in Europe only after the First World War. As a result, there are not many examples of the role of the State in the deepest point of the contraction of the economy. As a matter of fact the few examples that can exemplify this are the great

<sup>337</sup> See for example N. Poulantzas 1978, p. 33.

<sup>338</sup> N. Poulantzas 2001a, p. 277.

<sup>339</sup> Shorter cycles include also growth and recession points that are part of the long-term economic movement marked by the 50-years cycles. In those cases the role of the State is efficiently described by the previous analyses.



recession at the end of the 1920s and the 1970s crisis marked by the 1973-1974 stock market crash and the oil crisis of the same years<sup>340</sup>. The same could be said for the 2008 crisis, although with some caveats as its full extent is not seen yet.

It is suggested that in the first case the crisis didn't "fade away" but it came abruptly to an end because of the Second World War which combined the increased industrial demand and the absorption of unemployment in the armies<sup>341</sup>. Thus, the State had a particular role, although not the expected one in terms of direct economic intervention. The second crisis which is of particular interest in this research was reversed amongst else with the introduction of privatisation policies. During the 1970s, in the looming of the crisis, State policies focused on nationalizing companies in financial difficulties to prevent the rise of unemployment and the consequent under-consumption as described before. Nevertheless, those policies were soon withdrawn as they didn't offer the expected results<sup>342</sup>. Afterwards, the capitalist economy was left loose to purge the unprofitable capital with the State having a dual approach. On the one hand it created a framework to reduce the cost of variable capital. More specifically, there has been a consistent effort of inverting the traditional rights vested with labour as well as the protective net of social security regarding unemployment. The result was that the increase of unemployment increased also the pressure upon salaries<sup>343</sup>. On the other hand it not only stopped the direct interventions in the economy but also it started vigorously withdrawing from its previous economic investments and from fields that used to fall into its purview even before the short-termed first approach, namely nationalisations, in combating the crisis. Nonetheless, a solely empirical-historical approach on the facts that cover the period of the 1970s over-accumulation crisis would obscure the non-visible aspects of the economic upturn. In other words, it would leave unanswered the question why the State had to intervene in the purging process when this is an internal tendency of the economy based on competition. The answer is fairly simple. A purging process that would be up to economy itself would have possibly been

<sup>340</sup> That the 1970s crisis has been a capital over-accumulation one is generally accepted. See indicatively R. Brenner 2006, B. Fine *et al.* 1987, S. Sakellariopoulos *et al.* 2004 and E. Ioakimoglou 2000.

<sup>341</sup> J. Gillman 1957, chapter 9.

<sup>342</sup> S. Sakellariopoulos *et al.* 2004, p. 38

<sup>343</sup> See further in R. Brenner 2006, p. 146 *et seq.*

fierce resembling to the contradictions inherent in primary capitalist accumulation. The State, however, is able to promote a political “solution” which concentrates the advantages of centralized decision-making, of legitimisation of the monopoly of violence<sup>344</sup> and the apparatuses needed to smooth any contradictions like the mass media for the propagation of the necessity and law enforcement for the subordination at the last instance<sup>345</sup>.

Indicatively the new economic strategy was comprised by the following actions. The secession of the State from entrepreneurial fields, in which it was running under low or no profit rate to allow the smooth reproduction of capital, increased the rate of hoarding capital (money-capital in this case) which is in any case an internal capitalist tendency<sup>346</sup>. This caused unexpected demand for ready-money which increased its cost and was partly covered by further bank lending. As a consequence, on the one hand the turnover of financial capital was increased and on the other companies were obliged to increase the rate of profit in order to repay their loans; something which boosted the overall purging process<sup>347</sup>. Additionally, large sectors of markets have been deregulated to decrease the non-productive costs of profitable investments and withdraw the protectionism from problematic capital with the view that the pressure of competition will purge the latter. Nevertheless, probably the most effective State intervention has been the selling out of State companies and services, what is otherwise called privatisation. This development provided outlets for profitable investments to increase the rate of profit during an over-accumulation crisis which indicates exactly the low or non profitability of the increase of the organic composition of capital. This has been coupled with the changing environment in which the remaining sectors of the State are functioning. The doctrines of capitalist economy - efficiency, effectiveness etc. - apply there as well.

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<sup>344</sup> Monopoly of violence is not a superfluous addition among those advantages in this case. Obviously violence turns against bodies. But when the threat of direct or indirect violence is central requirement for the application of an order the latter could also be coined as violence or repression. Expropriation or involuntary bankruptcy which could be used in the process of purging unprofitable capital for example are exactly cases of legalized violence since they are taking place under the provision of direct violence against the body of the subject who would not subordinate.

<sup>345</sup> See also N. Poulantzas 2001a, p. 263.

<sup>346</sup> See further in the Appendix. In this capital restructuring period the increased rate of hoarding could be attributed not only to the need of tackling competition by increasing the organic composition of capital and consequently the productivity but also to the need for entrepreneurs to bid for the public companies under privatisation.

<sup>347</sup> S. Sakellariopoulos *et al.* 2004, pp 38-39.

The State, therefore, through the contraction of its economic role allowed the expansion of the economic cycle in the sense of the expanded reproduction of capital. Modifications in its form and more specifically at its apparatuses, correspond exactly to these developments.

In the political crisis, the role of the State is much more clear-cut due to the fact that the latter is an internal element of the political level, although presenting a distinct objective reality. As in the case of the economic crisis, the basic element of the political one, namely the struggle between classes or their fractions is always present, which further implies that the role of the State doesn't change between the periods of crisis and normality. More specifically, the State through its apparatuses seeks to smooth the contradictions between the various social forces and establish the Hegemony of one of them in the power bloc and furthermore the Hegemony of the latter upon the dominated classes. In other words, the role of the State in the political level during and aside any crisis is the successful realisation of the hegemonic strategy. Due to the fact that the State in terms of class relevance is nothing else but the focal point in which all class interests condense, its objective reality is in no way settled in a set of apparatuses with established functions but in practice it's a continuously developing (or unfolding in Poulantzas' terms) array of class interests and practices that contribute to its dynamicity. The consequences of this reality have been discussed in previous chapters and could be summarized in the fact that apparatuses change roles, positions, functions and powers according to the specific development of the class struggle. Therefore, it's those modifications of the State Apparatuses that correspond to the need of overcoming the politically turbulent period. A detailed analysis would require the close examination of a specific Social Formation during political crisis. Nevertheless, the general direction of modifications in Europe during the 1970s political crisis would boil down to the centralisation of those bureaucratic apparatuses that correspond to the interests of the hegemonic group regarding the power bloc and to the intensification of expanded class reproduction through ideology but mainly repression regarding the dominated classes. What should be stressed, though, is the fact that the special architecture of the capitalist State is generally able to absorb the political crises and smooth the

contradictions. A more detailed approach will follow after the next section regarding the crisis of the State.

### The crisis of the State

The transmission of the crisis in the field of the State has been mentioned earlier as closely connected to the political crisis. Nevertheless, as the last part of the previous paragraph implies, a political crisis is not necessarily interpreted into State crisis. The State is only an element, although central one to the political level<sup>348</sup>. So for example a crisis of the political scene, namely a deteriorated representation of class interests by parties may not cause a crisis of the State much more so that the latter has the ability to smooth the problem by promoting its unifying role. What lies, instead, at the heart of the crisis of the State is the decreased ability or even inability for its apparatuses to establish and protect the unstable equilibrium of compromises needed to continue the expanded class reproduction and consequently the long-term profit accumulation. Although, a crisis of the State as part of the political crisis may occur independently from an economic, it's the case of structural crisis and especially its emergence during monopoly capitalism which brings the crisis of the State at its extremes and thus makes it easier to analyse. Additionally, the emergence of such a crisis as related to a structural one is particularly important in this research due to the implications of the 1970s over-accumulation crisis in Europe.

More specifically, that period was marked by the uneasy relationships between the various State reactions in combating the economic and political crises. As shown earlier the central point where the State interventions merge and interact with each other is the same point which connects the economic and political crises, namely the class struggle. The falling rate of profit during that particular crisis increased the contradictions between classes and fractions comprising the power bloc which would possibly lead, depending on the specific expression of the crisis in each Social Formation, to doubting the Hegemony of the leading social force. On the other hand the increasing unemployment or the deteriorating labour rights from the side of the dominated classes doubted the Hegemony of the power bloc in total. The

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<sup>348</sup> N. Poulantzas 1978, p. 27.

“arsenal” of the State in monopoly economies at this point included, in the economic field, the counteracting influences which – when they became insufficient – were replaced by subsidies and nationalisations of companies in financial difficulties in the first instance or privatisation policies in the second. In the political field the expanded class reproduction was intensified. Different governments followed different commixtures of the previous options which led to variations in the consequences. There were cases, therefore, that the combination of some of the above modifications came in conflict and subverted the aforementioned unstable equilibrium of compromise as the politico-economic upheaval during the 1970s not only in Europe shows. More specifically one could assume that had a State followed the subsidies and nationalisation policies in order to protect job positions and therefore the long-term profitability of the capital it would break irreversibly the specific form of alliance in the power bloc due to the adulteration of the competition caused by companies running in low or no profit. On the other hand, had a State followed privatisation policies then the widespread and boosted purging of capital would increase unemployment in such degree that the smooth class reproduction of dominated classes would be endangered. Practically then, subordination and consensus would depend on the function of Ideological and Repressive Apparatuses in a context in which the economic role of the State would be largely revealed.

An attempt to bring the aforementioned general schema under the light of specific consequences would entail the analysis of the crisis of the State in relation to the power bloc, to the dominated classes and the State Personnel in order to identify the relevant modifications. Starting with the first case, the political crisis could be summarized in the general questioning of the ability of the State to organize the very power bloc, namely the consonance of the capitalist interests under those of the hegemonic class or fraction. Given that State Apparatuses are loci of power in which some classes – usually likely exactly those which participate in the dominating alliance - dominate upon others, the contradictions in the power bloc are expressed in the form of conflicts between the State Apparatuses or between the centres of typical power and centres of real power in each apparatus. Apart from overt conflicts between sectors of the State administration, covert movements like overlapping competence or unwillingness to deal with an issue may also occur. The most

significant modification, however, is a general displacement of the functions of the apparatuses. On the one hand, apparatuses themselves may change role or emphasize on their ideological or repressive function unlike the traditional one. On the other hand, a general displacement of the organizing functions of the State may occur - for both the power bloc and the dominated classes - from the expected apparatuses (parties, trade unions etc.) to other like *stricto sensu* administration, financial expert committees, the army etc. The essence of those modifications reveals a contradictory aggregate of State policies<sup>349</sup> caused by the diminished organisation ability which is further caused by doubting the Hegemony of the leading social force in the power bloc<sup>350</sup>.

The same modifications indicate the crisis of the State in relation to the dominated classes, although for a different line of causes. On the one hand the cracks in the power block have a direct consequence regarding the dominated class or fraction that participates as ally social force there - most frequently the petty bourgeoisie. The political autonomisation of the class in question may result to its emergence as considerable force in the political scene<sup>351</sup>. On the other hand, the ideological crisis as essential requirement of the political crisis endangers the consensus of the dominated classes which alters their relationship with State Apparatuses both as loci of class struggle and as promoters of the consensus in question. Especially with regard to the Repressive State Apparatuses the ideological crisis has further consequences upon the dominated classes because the monopoly of violence is directly related to its legitimisation<sup>352</sup>. Generally, therefore, the intensified political and class organisation of dominated classes, as in the case of movements that surpass the political parties, result to those abovementioned modifications that reveal a State crisis. It must be noted, though, that the dominated classes have also an indirect role in the emergence of the crisis of the State. It's the intervention of the State in the first instance to prevent the economic crisis which brings forward the contradictions in the power bloc. In other words, the very existence of the wage-demand factor, originating in the dominated classes assertive

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<sup>349</sup> The aggregate considered here as the vector of the different policies employed in the various loci of power, namely State Apparatuses, by the dominating in each one class.

<sup>350</sup> N. Poulantzas 1978, p. 40.

<sup>351</sup> N. Poulantzas 1978, p. 43.

<sup>352</sup> See also N. Poulantzas 1978, p. 29.

movement, in the discussion over the State approach shows the contribution of the dominated classes in breaking the power bloc.

The previous analyses over the State modifications as well as the role of the State Apparatuses reveal already the connection between the crisis of the State and the State Personnel. Most importantly, though, the crisis of the State recycles and multiplies because of its personnel involvement. As shown in the previous chapter the State Personnel is a social category which, however, corresponds to the social stratification of the Social Formation. Therefore, the upper levels are part of the dominating classes, while the lower levels are related with the petty bourgeoisie and the proletariat. It was shown as well that the class struggle reflects in the struggle among the levels of the State Personnel. The case of the crisis of the State illustrates the exact way according to which this happens. In a direct way, the modifications of the State and consequently the alterations of functions between State Apparatuses reflect to the first recipients of those policies, namely the State Personnel. Their reaction is derived by a number of changes including transfer of personnel, different requirements or new functions for the service they have to perform, reduced salaries as well as a complete change of labour status if the privatisation policy is followed. In an indirect way the fact that their position in the social category corresponds to a position in the wider social classes, means that the struggle between the latter reflect in them. Contradictions between the leaders of the State administration reflect the contradictions in the power bloc, while the break of the petty bourgeoisie from the ideological bonds of the power bloc reflects to the civil servants. Finally, a distinct reference should be made for the personnel of the ideological apparatuses since they are affected immediately by the ideological crisis. Exactly because the State Personnel are the communicators of the dominant ideology and of the supposed role of the State, the politico-ideological crisis unmasks subordination and brings them in a situation of questioning their role<sup>353</sup>. If this is an ongoing process caused by the social struggle, during the crisis it gets at its extremes. The already mentioned lack of legitimisation regarding the application of violence affects additionally and foremost the relevant State Personnel. The ideological role of the State and the expanded reproduction of classes, therefore, are endangered by its promoters.

<sup>353</sup> See also N. Poulantzas 1978, pp 28-29.

The crisis of the State is expressed among its personnel in a distinctive way. The contradictions between the upper levels have already been pointed. In addition to that, one should mention the contradictions between the different administrative sectors. Exactly because the State Apparatuses constitute loci of power dominated by different classes, the contradictions in the power bloc are translated into friction and problems among personnel from different apparatuses. The modifications resulting to function overlapping between different administrative sectors in an effort to establish the dominance of a class or fraction bring the very contradiction among the personnel *per se*. One should also not dismiss the power of the assertive movement of the State Personnel. The economic crisis rarely leaves untouched the real wages of the civil servants either because of the increase of the cost of life or more directly because of the changes in salaries due to the modifications they are going through. As a result the State Personnel increases their struggles during a structural crisis in which the crisis of the State plays an important role. Nevertheless, all the previous expressions of the crisis of the State regarding its personnel converge to the major consequence which is the fracture of its cohesion; a unity which is built through - and because of - the ideological role of the State. Adding to that the specific consequences of the ideological crisis upon civil servants, it would become clear that the crisis of the State, although caused externally by a structural crisis, is internally amplified and furthers the wider social turbulence which was supposed to smooth<sup>354</sup>.

### **Authoritarian Statism and State modifications**

The previous analysis over the crisis of the State as an internal factor of the structural one, which aims to solve it in the first instance but ending in multiplying it, is combined with Poulantzas' concept of Authoritarian Statism. The context in which it applies is already described; the involvement of the State in numerous sectors of the economy before the eruption of the economic crisis politicizes the economic class struggle in a much stronger way which further increases the possibilities of the economic crisis turning to a State one. Poulantzas then endorses the concept of Authoritarian Statism as the chosen solution by the hegemonic class or fraction for

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<sup>354</sup> N. Poulantzas 1978, pp 44-46.



the reinstatement of its dominance in the political level. This notion refers to a new form of State which is descriptive of the general trend of the developments in question; in other words the State tends to monopolize several sectors within the economic and social life. Nevertheless, the counterpart is that those movements are articulated with the decadence of political democracy and limitation of freedoms. Authoritarian Statism constituted in the 1970s the answer of the State in monopolistic economies towards the political crisis and furthermore their own institutional crisis. Aim of this set of modifications has been the restitution of subordination and smooth reproduction of capital at the last instance by using repressive functions of the State. The latter reveals that Authoritarian Statism has been practically only one aspect in the general fluctuation of State's power which on the one hand was diminished by its crisis and on the other strengthened through this distinctive authoritarianism. It must be stressed, though, that Authoritarian Statism is not caused by the structural crisis as such but rather because of the permanent presence of its elements in the expanded reproduction in the economic and political levels. Therefore, crisis is only triggering the emergence of the concept in question rather than causing it. This also shows why Authoritarian Statism should be distinguished from fascist regimes or dictatorships since those cases designate a rupture with democracy while Authoritarian Statism actually represents the specific version of democracy that monopolistic economies of the last quarter of the 20<sup>th</sup> century were prone to<sup>355</sup>.

The latter shows the reason of this concept's importance in this research. Given the permanent character of Authoritarian Statism in the political level and of the phase of monopoly capitalism in the economic one, State modifications attributed to them could be distinguished from those related with the respective crises under the idea that the former present an embedded reality. On the contrary, State modifications that appeared due to economic, political or State crises depend on the extremity of the class struggle development in a given conjuncture. Therefore they have transient character<sup>356</sup>. In designating the State modifications, in relation to the reason of emergence, Poulantzas is not really helpful. It seems that Authoritarian Statism was an idea in the making since he repeatedly states, in his contribution at

<sup>355</sup> N. Poulantzas 1978, p. 27 and N. Poulantzas 2001a, pp 294-302.

<sup>356</sup> See N. Poulantzas 1978, p. 52.

the book *The crisis of the State*<sup>357</sup> and in his last work *State, power, socialism*<sup>358</sup>, that he is writing about a general framework without entering in details. Leaving aside this contextual issue, Poulantzas deals with those State modifications appearing during the 1970s with a descriptive approach as he did with the definition of Authoritarian Statism.

In *The crisis of the State* Poulantzas explicitly mentions that due to the general level of the discussion it's not feasible to show those modifications attributed to the structural and State crisis and those representing a stable transformation of the State<sup>359</sup>. As a matter of fact they largely coincide with the analysis he made previously regarding the crisis of the State. Therefore, he points some State developments that fall in large into three groups without any distinction regarding the cause. In the most abstract level the first group of modifications deals with the general polity. More specifically, powers are concentrated to the executive in the expense of the representative function of the State which, however, is not limited in the parliament. Aim of this modification is to cover decision-making from democratic scrutiny. As a consequence, the phenomenal distinction of powers in bourgeois democracy is unmasked.

On a different group of modifications, the increasing curtailment of freedoms triggers a redefinition of the division between public and private sphere. State's repression is intensified; a development which is combined with the gradual transfer of the ideological role for the consensus building from the pertinent apparatuses to the repressive ones. In addition to the previous, the repressive mechanisms are expanded through a network of multiple-linked services (police, prison system, psychiatric clinics, social work services etc.) which identify and dislocate the "abnormals-deviants-dangerous" in Poulantzas' words. The expansion of this network generalizes suspicion against the entirety of society. This further relates guilt to the *ante factum* estimation of criminal intention which is exactly the reason for the redefinition of public/private spheres. Consequently, this causes a whole disturbance of the related traditional legal theory regarding the rule of law.

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<sup>357</sup> N. Poulantzas 1978.

<sup>358</sup> N. Poulantzas 2001a.

<sup>359</sup> N. Poulantzas 1978, p. 53 *et seq.*

Additionally, a number of administrative changes are inscribed in the whole array of State modifications. The common hierarchy in State Apparatuses is informally disturbed with the creation of covert nexuses between those mechanisms and central administration, aside the formal-typical ones. What is most significant, however, is that implementation of actual power is gradually transferred to the new connections. The latter gives rise to new State networks, either formal or not, aiming to organize the application of power between central decision-making and knots of governance, typical or not, within the apparatuses. This multiplicity of typical and actual centres of power along with the variety of nexuses between them contributes to the lack of general social planning. In a parallel development, political parties gradually lose their organisational role in the Social Formation, which is moreover diverted to the administrative mechanisms. This development politicizes further the role of State Personnel.

In *State, power, socialism* Poulantzas analysed only specific State modifications that are explicitly attributed to Authoritarian Statism rather than the crisis of the State in the 1970s<sup>360</sup>. The decadence of the parliament, the strengthening of the executive and the politicisation of the public administration reflect to a large degree the exposition of the previous book. What is added in his last book is firstly the rise of a dominating mass party in the framework of the political scene. In an environment of general lack of “representativeness” between political parties and social classes, which is further coupled with loss of intervention power of representatives in the central administration mechanism as well as an epiphenomenal autonomy of the latter from the executive which obscures exactly the opposite, a mass party, or as Poulantzas states a State party, dominates the political scene. The rotation of ruling parties in a bipartisan political system doesn’t change at all this image. This development should also be seen under the light of the transfer of the role of organizing the classes and generally the society from the parties to the central administration. The mass party presents a strict hierarchical structure, is run by de facto or de jure rules and is separated in fractions depending on the intra-party division of labour just like the State mechanisms. This party then becomes an extension of the State which performs ideologically the same functions, namely

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<sup>360</sup> N. Poulantzas 2001a, pp 308-311.

agent allocation in classes, consensus building etc., in a much more flexible way than State Apparatuses. The other side of the coin is that exactly because it's an extension of the State it provides its apparatuses with personnel. This allows the realisation of the new knots and the new networks in the administration weave and extents the politicisation of the State Personnel not only because to a degree they are themselves members of the party in question but also because the administrative networks reflect the party organisation and ideology and thus they polarize towards them practitioners of the day-to-day application of the dominant ideology<sup>361</sup>.

In the same book Poulantzas adds the role of Authoritarian Statism in the Janus-faced State which seems to strengthen and de-strengthen at the same time<sup>362</sup>. For example, the planning and performance of policies from the administrative mechanism as coupled with the loss of organizing role from the side of political parties transfers the contradictions of the power bloc among and within State Apparatuses. Leaving aside the fact that the ponderous public administration is not the ideal place for the organisation in question, this modification by upgrading the role of the State, at the same time makes administration more chaotic and unable to perform its functions. The contradictions among State mechanisms filter the initial decisions in multiple levels and finally transform their intended field or scope of application etc. This is of course a general characteristic of the capitalist State especially during the dominance of monopoly economy. Authoritarian Statism, however, tends to extend it.

Politicisation of public administration is not limited in the relations among State Apparatuses. Its consequences are expanded among the State Personnel with much more important implications. The osmosis between the mass State party and the administrative mechanism which establishes the new informal networks of power has detrimental effect upon the higher levels of the State Personnel. They experience Authoritarian Statism as diminishing their actual powers upon the administrative mechanisms which are replaced or mediated from new knots in the pertinent network. Formal or informal – but still embedded – rules of conduct, hierarchy as well as more trivial issues just as promotions or salary increase are overturned either

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<sup>361</sup> N. Poulantzas 2001a, pp 312-346.

<sup>362</sup> N. Poulantzas 2001a, p. 347 *et seq.* See also at the same book p. 305.

because of a new typical administrative formation or because of informal interpersonal relations.

In the lower levels of State Personnel, however, the implications from the politicisation of public administration are much more complicated. The assimilation of Hegemony organisation by the *stricto sensu* State obscures the boundaries between political decisions and administrative acts. Nevertheless, State Apparatuses retain their core ideological function regarding the protection and promotion of the general interest. To a degree this comes in contrast with the new ideology of efficiency, effectiveness and rationalisation of function<sup>363</sup>. Apart from actual operational problems caused, it's questioned whether efficiency can act as unifying element for the function of the State Personnel which is the first part of the society to be confronted with this change of principles.

Additionally, it must be reminded that civil servants - part of the petty-bourgeoisie themselves – are also dominated in the distinctive hierarchy of the public sector. The exploitation of their work takes unprecedented levels due to both the financial crisis and the new operational approach of public administration. This raises the assertive movement among State Personnel which, however, should be seen in conjunction with the wider class struggle and the demands of the petty-bourgeoisie. The break of the power bloc, in which this class plays an important role as allied social force and as promoter of the social consensus to the rest of the Social Formation, influences the lower level of the State Personnel<sup>364</sup>. This is far from just an ideological construct. The centralisation and strengthening of the State brings it exactly in the core of the class struggle which is practically directed towards the State Apparatuses and its practitioners<sup>365</sup>. Therefore, they find themselves in the position of having to promote or defend administrative actions that cover political decisions when the particular tenacious bond of their social category, namely the

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<sup>363</sup> Parenthetically it could be argued that in this phase of monopoly capitalism the economic role of the State is not just diluted in the ideological and repressive functions as in previous phases of the same Mode of Production but it becomes an objective reality whose dictates should be met by the State Apparatuses (the repressive and ideological themselves) too. This is another manifestation of the distinctive role of the State in the monopolistic phase of capitalist economy (continuous expansion and relative autonomy). See further in N. Poulantzas 2001a, pp 240-241.

<sup>364</sup> See also *ibidem* p. 101 *et seq.*

<sup>365</sup> It must be reminded that for Leninist revolutionary theory the State is the object of the political struggle (*ibidem* p. 70). Authoritarian Statism, however, makes the State and its apparatuses central in the totality of the class struggle by revealing their connection to the capitalist reproduction.

general interest, is itself questioned. If legitimisation of the practice of State Apparatuses has always been questioned in the contour of the class struggle, Authoritarian Statism brings that problem in the heart of the State.

- Authoritarian Statism and privatisation

Poulantzas never had the opportunity to analyse further the concept of Authoritarian Statism nay the emergence of privatisation policies since they appeared after his death. The question then arising is whether privatisation constitutes a derivation from the previously described situation, especially since it seems to represent abatement rather than strengthening of the State unlike Authoritarian Statism which increases the number of roles attached to the State. Resolving this *prima facie* contradictory relationship is crucial for this research because both privatisations and Authoritarian Statism indicate State modifications that became endemic in monopoly capitalism after the 1970s.

It could be argued that Authoritarian Statism, being a political concept, describes either the reaction of the State to the political crisis or the transformation of the State during the corresponding phase of monopoly capitalism. In contrast with that privatisation policies indicate the economic role of the State; As a result their coexistence doesn't pose any problem. This is, however, not a sufficient approach since the political role of the State is directly rather than indirectly related to economy especially during its monopoly phase as the previous analyses show. Following this understanding of the economic and political level would annul the relationship between the levels of the Mode of Production and moreover the connection between the economic and political struggles. Neither the wider dualistic nature of State modifications (strengthening/de-strengthening) could prove to be a satisfactory explanation. Specific alterations in the weave of State Apparatuses mark an enforcement of its array of roles as well as devotion of increased resources for that reason. De-strengthening and generally the inability to perform the functions with which the State is charged appear at the end and as a consequence of that process. Privatisation, however, follows the opposite order of developments and is not related with functions that the State cannot perform.

The last argument, however, should be further examined because it takes for granted the fact that privatisation points a de-strengthening process of the State

which abandons civil services. What happens in reality is that privatisation removes only the visible aspect of the State; it leaves, however, intact the actual governmental management<sup>366</sup>. For example privatisation of services reaffirms that their provision “belongs” to the public sector which has the “right” to contract it out. Other examples show that privatisation was in reality a further expansion of the State. In the case of public corporation selling-out, of de-regulating markets as well as in the previous case of contracting out of services the State confirmed and to a degree expanded its role by the parallel introduction of controlling mechanisms. Aside any particular example, it should be reminded that the State *per se* is beyond any boundaries between public and private sphere. The latter take as prerequisite and are therefore constructed by the delimitation of the *stricto sensu* State, namely of the public administration. This explains why institutions like the family, the Church or the mass media are considered by Althusser and Poulantzas as Ideological Apparatuses of the State<sup>367</sup>. Therefore, the State in an effort to open outlets for profitable investments, promoted privatisation policies regarding the domain of public administration without, however, affecting its general characteristic in terms of intervening in the economy in favour of the continuation of the expanded capitalist reproduction and of the long term capitalist interests. Thus, privatisation instead of being contradictory to Authoritarian Statism, it constitutes a substantive element in its application.

Following the depiction of class relations in the previous chapters, this part of the Thesis presented the dynamicity of the class struggle in the extremity of a structural crisis. What is especially important is the very creation of the structural crisis namely its transmission from the economic to the political level in which case the economic counter-acting measures of the State are not enough. The crisis of the State has especially important manifestations in the inability of the State Personnel to function as knot of transmitting subordination from the State Apparatuses to the dominated classes. Hegemonic strategy in that case is realised in State transformations that assure exactly the continuation of class domination. The

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<sup>366</sup> J. Martin proceedings of the conference “Poulantzas today, 30 years after his death” in Athens, Greece 18-19.12.2009.

<sup>367</sup> See for example *ibidem* p. 115.

European political history of the last quarter of the 20<sup>th</sup> century presents a distinctive set of State modifications which formed what is coined as Authoritarian Statism. This is in essence the form of State that corresponds to the economic crisis of the period. Substantial part of those transformations is the privatisation policies that emerged towards the end of the economic crisis.





## Chapter 5

### A Structural Marxist Account on the Asynchronies of Privatisation

In the previous chapters a series of acknowledgements and conclusions have been established. The Social Formation, the Mode of Production and the class struggle constitute forms of a Whole in which different levels interact among each other. In each form of Whole the matrix of their relationship is determined at the last instance by the economic level without the latter being at the same time the dominant. The constitution of classes is determined by their position in the relations of production. In monopoly capitalism exactly due to the new articulation of the relations in the production process a new class emerges in between the bourgeoisie and the proletariat, that of the new petty bourgeoisie. The State Personnel falls exactly into this class and constitutes at the same time a social category, namely a social force with its own bonding element apart from the common position in the relations of production. The role of the State in this context is multiple. It has to unify the contradicting classes with its self-presentation as an all-inclusive institution beyond classes. The monopoly of violence reflects this supposed reality. Additionally it has to promote the domination of the social forces that constitute the power bloc upon the dominated classes and preserve their long term interests. The organisation of the cohesion of the power bloc and at the same disorganisation of the dominated classes, for the exploitation to be continued, is feasible through the hegemonic strategy. The latter takes the form of the centralisation of the interests of the hegemonic class or fraction regarding the power bloc and the supposed promotion of the general interest regarding the dominated classes.

These roles are realized in the State Apparatuses from the State Personnel which, therefore, becomes a crucial knot in the transmission of subordination from the power bloc to the exploited classes. Especially the Repressive State Apparatuses are institutions with a dual function. They are set to safeguard the general or specific operation of the extended class reproduction in Capitalist Mode of Production passively, namely just by their presence and the mere threat of violence, and actively, that is when the Ideological State Apparatuses have been unsuccessful in promoting

class subordination, at the last instance. Nevertheless, Repressive and Ideological State Apparatuses do not constitute just a tool in the hand of the power bloc. They are rather loci for the application of class power which means that the dominance in those institutions is not ascribed to a specific class but rather contested between the contradicting social forces. In mapping these relationships, the State Personnel represents a distinctive factor loosely connected with the rest of the social forces and more coherent internally exactly because its existence as social category. Practically, that means that they are the first recipients of the dominant ideology and at the same time the practitioners of its dictates. As a result, the wider class struggle is translated into separate demands from that of the other subordinated classes and within the framework of their specific status.

These set of relations do not represent a fixed image. The constant pressure towards the direction of each class interest is vested with victories and losses. The dominance of the power bloc or its questioning from the side of the dominated classes unfolds constantly the hegemonic strategy which is reflected in the modification taking place in the very “battle field” of the political level, namely the State. The chaotic ensemble of governmental policies that seem self-contradicting from a wider spectrum reflects exactly the constantly changing form of the class struggle. Authoritarian Statism as a set of policies related with monopoly capitalism incorporates exactly the contemporary hegemonic strategy which is further translated into a number of State modifications. The eruption of crisis, however, designates the emergence of newly arisen and extreme conditions that previous modification didn't manage to prevent. If the economic crisis is predictable and manageable, then the political crisis and the crisis of the State set new challenges. The new policies set to deal with those new conditions, either economic or political, are again transmitted in the organisational corpus of the State as modifications. The difference in this case is that the temporary character of the crises implies also the passing character of the pertinent State modifications. In contrast with that, modifications attributed to the contemporary phase of capitalism demarcate a permanent change in the State's structure of policies and apparatuses.

This last argument, however, needs to be thoroughly examined because the interrelation between the transient character of the crisis and of the relevant State

modifications is not self-understandable. In other words, it would have been too simplistic to assume that modifications that appeared due to a crisis would wither away automatically when the crisis is absorbed. Poulantzas<sup>368</sup> deals with that issue only peripherally regarding the connection between the political crisis and Authoritarian Statism. He states that modifications appearing due to the former may not be removed after the end of the crisis because they correspond also to Authoritarian Statism. But again, this doesn't give the right to assume the opposite, namely that if a modification doesn't correspond to Authoritarian Statism would be withdrawn automatically. The core of the problem rather lies at the "automatic" reversion of the modification because it would presume that the political level operates according to some internal norms which are therefore unaffected by class struggle as in the case of economism regarding the economic level.

What happens in reality is that every modification in State Apparatuses represents a strategic movement in the hegemonic policy which was further the result of the victory of a class and the loss of another in the framework of the struggle within the specific apparatus or in the general vector of the class struggle. It must be reminded that apparatuses neither are tools in the hand of a class, nor a class has established a stable dominance in them. The struggle for dominance is constant. Under this light, a modification means that a class' "lost ground" becomes part of its interests (in the class struggle sense) to which it directs its powers<sup>369</sup>. In the case of modifications resulting from crises, the end of the extremity of conjuncture's social relations implies that the "ground taken" from the dominating class in the apparatus in question is not any more of central importance. From this point of view the dominating classes in the course of the unstable equilibrium of compromises would prefer to strategically withdraw from the ground taken to secure their position in more crucial parts of the "battlefield". But movements like this are not the result of unilateral power relations. In other words, the concessions by the dominating classes are not the result of their magnanimity. They take place exactly because the dominated classes pressed for those concessions. To bring a concrete example, censorship which is common characteristic of dictatorships – exemplar of modifications due to a State crisis – is withdrawn by the time the regime in question

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<sup>368</sup> N. Poulantzas 1978, p. 52.

<sup>369</sup> See further *ibidem* p. 73.

is overthrown, namely by the end of the political crisis. The curtailment of human rights is not of crucial importance any more since the hegemonic strategy is able again to establish the dominance of a class and at the same time the dominated classes demand the repossession of their rights.

In an attempt to bring the asynchronies of privatisation and specifically that between the introduction of the general privatisation and prison privatisation policies under the light of the previous approach would reveal an interesting inversion of the previous schema. It has already been shown that privatisation was the chosen State policy to invert the economic environment after the 1970s economic crisis by opening outlets for profitable investments in fields that used to be in “State’s purview”. Moreover, privatisation does not signify a withdrawal of the State but a reaffirmation of its involvement in the economy. Thus, it’s compatible with Authoritarian Statism in the political level. The general privatisation policies, therefore, reveal State modifications that are related with the phase of monopoly capitalism during the last quarter of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup>. As a matter of fact, the wave of privatisations has not been reverted; on the contrary it’s still being promoted which shows exactly that it’s a permanent characteristic of the current phase of monopoly capitalism.

The issue of structural relevance between general and prison privatisation policies has been touched earlier<sup>370</sup>. The essence of that approach had been that there is such a close relationship between the two which allows understanding the absence of one of them as exceptional condition. Nevertheless, a step deeper in the analysis of this relationship is necessary since the presentation of only the common characteristics or even the intended goals of the two *categoria* shows at best an affinity and at worst a coincidence between them. What really matters, however, if an inductive reasoning is to be avoided, is to present the inescapability between the two. The latter cannot but be grounded on the concept of internal consistency, namely the need to privatize the prison system exactly because the privatisation policies have been introduced. On the one hand, it must be clarified that the pursuit for internal consistency in politics from a macroscopic point of view is necessary to avoid any relativistic approach which would dilute any attempt to explain facts into

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<sup>370</sup> See *ibidem* p. 12.

agnosticism. In other words, finding the internal consistency in politics is crucial to avoid cancelling political science as such. On the other hand, because of the structural-Marxist stance adopted in this research, the concept of internal consistency should be discerned from abstract idealistic approaches. More specifically, there is a danger that the concept in question might sound close to an Aristotelian *telos* or a Hegelian *werden* of the phenomenon since it implies that prison privatisation is a stage in the course of general privatisation. The up to now analysis, however, shows exactly the concrete reality to which privatisation policies including the prison one corresponds. It's the need to create an economic environment for profitable investments which dictates "rolling back the frontiers of the State" without any obvious reason for exceptions<sup>371</sup>, preferences or delays.

The previous discussion over the modifications can now take a new significance. If economic, political and ideological consistency is to be retained, the introduction of general privatisation makes prison privatisation a *sine qua non* and therefore the need for consistency allows understanding the delay of the latter as a modification too. In this case it's not a modification of what was there, namely of the State as formed in modernity, but a modification of what was supposed to be there, namely of the State under Authoritarian Statism. Explaining this modification requires referring to two basic arguments previously mentioned. The basic role of the Repressive State Apparatuses, is to secure the smooth operation of the Mode of Production by violence or its threat at the last instance, namely when the Ideological Apparatuses have failed. On the other hand privatisation policies appeared as a solution towards the over-accumulation crisis of the 1970s which turned to (or threatened to turn in reference to different Social Formations) a structural crisis. Putting those arguments in the political context of the pertinent period would reveal that in a process in which capital purging and privatisation as such target amongst else wages or labour rights and increase unemployment, social upheaval could easily be forecasted. Even if the economic crisis is not transmitted to the political level, the intensification of economic class struggle is highly possible. Exactly because the

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<sup>371</sup> See for example the presentation by Andrej Sotlar, Maj Fritz, Jaroš Britovšek and Dejan Ulcej in the proceedings of the 2009 conference of the European Society of Criminology in Ljubljana, Slovenia addressing the issues of military and intelligence privatisation seen as options or challenges rather than prohibited areas.

preservation of the unstable equilibrium of compromise by concessions becomes more and more difficult, the hegemonic policy has to focus on subordination caused by the ideological and repressive apparatuses. Hence, the key importance of Repressive State Apparatuses is apparent in protecting the general capitalist reproduction. From a wider point of view the importance of the repressive mechanisms is present not only during the transformations' period or the crisis but also during Authoritarian Statism with a more permanent character. More specifically, Poulantzas notes that the form of State in question is expected to build a whole preventive institutional framework to deal with the rise of social struggle and the consequent dangers of Hegemony. As in the previous period this framework is not at the front line of measures but thoroughly covered as a reserve ready to be set in motion<sup>372</sup>. The importance of the repressive mechanisms, however, is still not enough to explain the peculiar unfolding of privatisation since it doesn't explain why their outsourcing would obstacle in any way their role in the conjuncture.

To answer the last question one should turn to the analyses over the State Personnel. Under the previously described conditions, the power bloc cannot risk losing the support of civil servants, which are exactly the practitioners who realize the hegemonic policies. This becomes even more important in reference to those employees that are active in the Repressive State Apparatuses as the "last line of defence". The previous question then should be restructured. Would privatisation of those mechanisms affect the performance of their personnel? It should be reminded that the lower levels of civil servants from a class point of view, which also constitute the vast majority of the total number of the State Personnel, belong to the petty-bourgeoisie. This class due to the general lack of representative party in the political scene tends to rely on the State for the protection and promotion of its interests. This is why usually their political demands for transparency, justice and meritocracy are interpreted in the promotion of their own class interests. If this is a political peculiarity of the petty-bourgeoisie in general, it is more apparent in the State Personnel due to its position. The general interest – being the State's dominant ideology - is their tenacious bond both because of their status in the mechanisms of the State since they are supposed to promote and protect the general interest and

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<sup>372</sup> N. Poulantzas 2001a, p. 301.

because as practitioners of this ideology they are its first and more affected recipients. Privatisation, however, marks a radical change in the dominant ideology posing dangers in several fronts.

From one side, the State Personnel would be practising policies that clearly differ from the previous conception of the general interest ideology. The public ownership of enterprises like coal mining or steel industries was promoted due to their centrality in economy while in the provision of services like electricity, water supply, transportations etc. the State intervention was grounded on the fact that private capital could not afford the cost of building such networks. Later, other industries were nationalised to reduce or halt the rise of unemployment. The common denominator in public ownership of enterprises as well as public provision of services has been the social welfare. This has been the specific interpretation of the general interest. Towards the end of the 1970s that particular approach of general interest was replaced with the mantra of economic efficiency of the State. Considerations on cost existed of course in the previous period as well but they referred to the cost of service or product for their user and not the State as if the latter had been the final consumer. This change could directly or indirectly affect the State Personnel by changing what used to be their distinctive characteristic as social category. It must be stressed, though, that what is under discussion here is not whether public ownership of enterprises corresponds to social welfare or if privatisations really constitute the State more efficient. It's the change of dominant ideology, instead, with which the State Personnel is vested, that really matters. From the other side – and this is the most crucial one - the State would have been turning against State Personnel's direct interests by changing their labour status. It should be reminded that privatisations do not happen in *abstracto* but in conditions of wide capital purging which further means that labour powers remain unused. Even more, privatisations are exactly part of the wider purging process; therefore, under the idea of efficiency, job places and conditions of labour are not secured even in the public sector. In other words due to privatisations the State Personnel were risking at best their conditions of labour and at worst their work places as such.

It could be assumed, then that the promotion of the wider privatisation policies would require a hegemonic strategy in which the interests of the personnel of



the Repressive State Apparatuses would be protected in order to avoid undermining the subordination by repression in the Social Formation. That means that the crux of the asynchrony between the introduction of general privatisation and prison privatisation policies lies at the possibility of demoralisation of the personnel of police, prison system etc. The alterations of the unifying element of their social category, the promotion of the general interest that is, exactly because they are questioned from the other dominated social forces leads to their entrenchment from the wider socio-economic developments.

This approach, however, seems to leave open some other questions. One should understand for example why prison privatisation appeared at the end of the day. Although, there seems to be no reason for exceptions, preferences or delays in the privatisation process according to its guiding principles, there are some strategic reasons. The entrenchment and protection of the State Personnel's interests that is occupied in the Repressive State Apparatuses is crucial as long as there is a threat of social upheaval, namely as long as the social struggle in the economic and political levels is increased. The eventual decrease of strikes, conflicts, insubordination and maybe trade union membership designates the time point after which the privatisation of Repressive State Apparatuses may begin.

Moreover, a country's prison system was never totally privatized not even in the case of the State of Victoria in Australia with the highest number of prisoners held in private prisons in the advanced capitalist world. This should not be seen as a drawback of the previous approach since the actual target of prison privatisation has already been accomplished by partially out-sourcing the prison system. The aim of privatisations, namely opening up outlets for profitable investments by the private capital is not only fulfilled by outsourcing services as such; the same happens through a series of measures that as a matter of fact followed prison privatisation. Most notable examples are the organisation of prison service as such which usually takes the form and the status of a private company, procurement process which is liable to various market-testing schemes in search of the greatest efficiency and employees' salary whose increase depends on the achievement of set goals etc. Nevertheless, the exemplar of profitable investment in the carceral system without the *stricto sensu* privatisation of services is the underpaid prison labour which is not

as rare as widely believed<sup>373</sup>. Therefore, prison privatisation in the sense of profitable investments is multilevelled in contrast with other narrow outsourcing approaches.

Another question arises from the fact that the prison system is only part of the total Repressive State Apparatuses. Privatisation in those mechanisms then should follow a similar course with the most notable example being that of police due to its importance in the repressive system and its size in terms of budget and personnel. Unlike the prison system, the private involvement in policing never ceased to exist. Private guards, alarm systems or private detectives played a peripheral role but they were never effaced. Policing privatisation therefore was essentially privatisation of security rather than of police as such. In other words, instead of outsourcing the public sector's policing services a combination of developments transformed the relationship between the public and private policing. During the 1980s the expansion of space (either in the public or in the private sphere) that was deemed to be in need of protection was coupled either by contraction of the State policing services or by their expansion at a slower pace in comparison with the private sector. Nevertheless, this "subtle" 'rolling back of the frontiers of the State' is not enough to firmly establish conclusions for the wider transformations in the Repressive Apparatuses of the State.

Contrariwise, what is more important is the deliberate suggestions for the contraction of State policing services that came more or less in the same period and under the same circumstances at least in Britain with prison privatisation. For example the *Sheehy Inquiry into Police Responsibilities and Rewards* which came out in 1993 recommended fixed-term contracts, performance-related pay and a general connection between police salaries and the private sector. This report might

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<sup>373</sup> See further information in <http://www.prisonlabour.org.uk/index.htm>. Of course prison labour (and not penal servitude) existed in prisons throughout the 20<sup>th</sup> century and irrespective of any privatisation scheme. In the British context, however, is important to note that the white paper *Custody Care and Justice* published by the Home Office in 1991 as a response to the Woolf Report notes explicitly that prison governors should increase the involvement of private employers in the prison workshops in contrast with the Woolf Report which suggested private involvement as a possibility. As a matter of fact in the Prison Service annual report for 1993 describing the new developments it's announced that pilot schemes involving private firms employ directly inmates; something that the aforementioned data prove to have remained the existing practice until now (see further in F. Simon 1999, pp 14-15 and 17). One could bring forward the counterargument that the linkage of prison labour with private employers may ease the process of finding a job after the release. Nevertheless, the basic point remains, namely that it was only in 1991 that in-prison employment recommendations focused amongst else in private involvement in prison labour.

not inquire the private involvement in policing as such but it's certainly a sign of a new understanding of policing under the ideas of efficiency. More specific has been the *Review of Police Core and Ancillary Tasks* which was published by the Home Office in 1995 and intended to 'examine the services provided by the police, to make recommendations about the most cost-effective way of delivering core police services and to assess the scope for relinquishing ancillary tasks'. According to Jones and Newburn, the review as such was a sign that the Treasury was pressing for a large-scale abandoning in favour of the private sector of police functions<sup>374</sup>. Going back to the initial issue, it must be reminded that privatisation of the prison service was introduced in Britain by the 1991 Criminal Justice Act and was first implemented in 1992 namely around the same period in which police privatisation takes proactive rather than passive character.

### **Critique and counter critique**

Before closing the theoretical part of this Thesis, this section will review objections against structural Marxism and different approaches on the issues touched. The first theory to be reviewed is that by Antonio Gramsci which forms Poulantzas' intellectual basis. Gramsci's most interesting work was not a consistent piece of research but a collection of notes written during imprisonment and under censorship. His writings, therefore, are a "canvas" upon which different theories and political practices are projected<sup>375</sup>. In this case, Gramsci will be approached through Perry Anderson's article *The Antinomies of Antonio Gramsci*<sup>376</sup> which is critical towards both Gramsci and Poulantzas. Anderson identifies three Gramscian positions regarding the relationship between the State, namely the Political Society, and the Civil Society; one in which the State contrasts the Civil Society; another in which the State encompasses the Civil Society and one in which the State merges with the Civil Society<sup>377</sup>.

For Anderson, the Gramscian idea of Hegemony, which is implemented on Civil Society, is the proletariat's effective leadership upon dominated classes; not as

<sup>374</sup> See further in N. South 1988 and T. Jones *et al.* 1998 especially chapter 4.

<sup>375</sup> See for example P. Anderson 1976-1977 or M. Thomas 2012 and T. Kampagiannis 2011, p. 99.

<sup>376</sup> P. Anderson 1976-1977.

<sup>377</sup> P. Anderson 1976-1977, p. 12.

a materialistic compromise of interests but as consent through cultural ascendancy of the former. Simultaneously it's the dictatorship against the bourgeoisie. The compilation of those predicates leads to three scenarios regarding the Gramscian State. In the first one, as long as Civil Society is preponderant against the State, the “cultural ascendancy” of a dominant class is enough for the continuation of its rule by consent. Civil Society exists in equilibrium with the State, in the second scenario, therefore, Hegemony is distributed between the State and the Civil Society both of which function by coercion and consent. In the third one the Civil Society and the State merge into a single unity. Anderson takes the opportunity here to criticise structural Marxist State theory by holding that extending this argument would constitute different forms of State unimportant<sup>378</sup>.

What is missing from all three scenarios, is the importance of the material nature of consent, beyond any ideological or coercive source of subordination. Specifically for the second scenario Anderson falls in a *petitio principii* taking as given the State's monopoly of violence. But apart from this sociologically uninformed thesis<sup>379</sup>, perceiving the State as separate from, although in equilibrium with, the society resolves to voluntaristic views on the former, since it appears as “custom-made”, rather than structural construct, in order to balance coercion and consent. Anderson's criticism against the third scenario is as limited as the analytical capacity of the metaphor between base and superstructure<sup>380</sup>; the Civil Society is considered to be an array of superstructural institutions. Nevertheless, “merging” retains the categorical difference between the two concepts. For Poulantzas, however, the State is a relationship congenital with the society; the public aspect of class relationship. But the diffusion of State and society doesn't mean that the materiality of a particular condensation of the State is unimportant. Poulantzas avoids a general theory of the State, exactly because it needs to be seen within each conjuncture. The same misunderstanding reflects in Ernesto Laclau's commentary. He asserts that identifying the State with institutions promoting social cohesion and private interests would lead the State Personnel in schizophrenic condition<sup>381</sup>. He

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<sup>378</sup> P. Anderson 1976-1977, pp 18 et seq.

<sup>379</sup> See indicatively J. Simon 2008, chapter 8, E. Wilson et al. 2009, D. Ganser 2005, S. Wright 2002 and T. Newburn 2003.

<sup>380</sup> N. Poulantzas 2001a, p. 20.

<sup>381</sup> E. Laclau 1977, pp 67-69.

neglects, however, the importance of ideological identification between general welfare and specific private interest. Moreover, for Poulantzas, the material condensation of the State doesn't coincide with the power dynamics which are employed in the apparatuses the domination in which is contested. Therefore, class contradictions are inherent and this is how the chaotic ensemble of policies is created.

In contrast with Poulantzas, Ralph Miliband holds that the State could be theorised and this is what he is doing in his book *The State in Capitalist Society*<sup>382</sup>. He identifies the existence of a ruling class whose cohesiveness is materialised in a recruitment process open to specific class origin<sup>383</sup>. This class controls the State which is the aggregate of particular number of institutions including the administrative, military, judiciary, local administrative and party/parliamentarian elements. Among them, 'State power' resides in administration and the army. The permeability between State and specific classes is explained by the skimming role of higher education that is available only to higher incomes. The State Personnel is characterised by general conservatism regarding the protection of the particular class hierarchy. The consequence is that no government threatens the capitalist economy while it functions in favour of the direct or indirect interests of corporations<sup>384</sup>. The proletariat cannot apply effectively any political leverage, since it's fractured and has a more difficult task than capitalists. The reason lies with Hegemony which is a pervasive effort deliberately conducted for a national supra-party consensus. In the process of political socialisation, ideas are “skimmed” and then internalised, disappearing by that every different “subversive” concept. It takes place in the Civil Society and specifically from the conservative parties, the Church, nationalism, businesses, mass media and education. Most importantly, however, capitalism is “mentally reproduced” by capitalist production itself. Aside cultural Hegemony the expansion of capitalist is its own legitimation and the reason for labour self-subordination<sup>385</sup>.

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<sup>382</sup> R. Miliband 1969, pp 7 et seq.

<sup>383</sup> R. Miliband 1969, pp 23-47.

<sup>384</sup> R. Miliband 1969, pp 55 et seq.

<sup>385</sup> R. Miliband 1969, pp 182-264.

The main issue in Miliband's work is methodology which, in a constant deduction from actual facts, refutes bourgeois political theory and then structures a new one. Although it's not mistaken to assess theories in their own premises, the same tools are not usable in structuring a new theory, since concepts are not "innocent" of implicit ideas<sup>386</sup>. This undermines the consistency of the theory and, as a matter of fact, his work is vulnerable to exceptions. He constantly brings forward the possibility of a different development without, however, explaining the reason behind that. It seems that he is committing the classic 'is/ought fallacy' as in the case of the *numerus clausus* of State elements without further explication. In general he seems to be presenting as social theory a sociological research that has not been grounded on a previous social theory. The second point to be raised is voluntarism that leads to a conspiratorial perception of history. If the decisions in the elements of the State depend on particular individuals or a self-conscious class, then the whole theoretical construct collapses under its own randomness; especially since Hegemony is considered as deliberate effort.

Poulantzas appears also indirectly in the debate between Stuart Hall *et al.* and B. Jessop *et al.* which was triggered after the publication of *Policing the Crisis*<sup>387</sup> by the former. By analysing the criminal phenomenon of mugging, they ended up in a social theory encompassing social subordination, State and crisis. They identify a working class "common sense", formed by the British empiricism<sup>388</sup> and defined antithetically. This dominant ideology is negotiated through contextualised judgements leaving the former intact<sup>389</sup>. The Gramscian view by Hall *et al.* differs from the Poulantzian in that the State is not a relationship, neither its apparatuses *loci* of power. It expands within the society without losing its categorical difference and administers Hegemony as consent and coercion in a zero-sum relationship. Therefore, the crisis of the State is reciprocal to the crisis of the Hegemony and interconnected to the economic crisis, since the State intervenes in that field. During crisis, class domination is exercised by a tilt of the index of Hegemony from consent to coercion; not in the sense of coercion into consent but consent around coercion<sup>390</sup>.

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<sup>386</sup> N. Poulantzas 1969, pp 69-70.

<sup>387</sup> S. Hall et al. 1982.

<sup>388</sup> See Perry Anderson and Bentham in S. Hall et al. 1982, p. 151 and N. Poulantzas 1976b, p. 65

<sup>389</sup> S. Hall et al. 1982, pp 154-156.

<sup>390</sup> S. Hall et al. 1982, pp 208-217.

A critical approach to Hall *et al.* would identify an over-ideologisation. Acknowledging the British proletariat as a self-conscious class is incompatible with identifying its ideology since the mystifying function of the latter would be self-cancelled. The antinomy caused by historicism becomes obvious in the fact that Hall *et al.* reserve hegemonic ideology only to the dominated classes<sup>391</sup> implying that it's a conscious lie from the side of the dominant classes. As a consequence, just like Anderson's third scenario, voluntarism becomes a necessary resort<sup>392</sup>, in order to accommodate the lack of structural exegesis that an economic analysis would have provided, especially if implemented in the perception of Hegemony.

Further to *Policing the Crisis*, Hall and Jacques published an analysis of the Thatcher governments which triggered a debate with Jessop<sup>393</sup> on crisis and the new form of State<sup>394</sup>. The new hegemonic project, Authoritarian Populism, mobilized popular support for a rightwing solution to the economic and political crises around authoritarian solutions. For Hall *et al.* Authoritarian Statism is incompatible with privatisations and weak in explaining the ways that power bloc mobilizes popular consent<sup>395</sup>. Although this is not the case as already shown, the descriptive approach by Poulantzas gives indeed rise to those allegations. But descriptive is also Hall's approach in addition to the lack of structural underpinnings in support of Authoritarian Populism. It's merely a discursive analysis that ignores the reception of "message" of the government. Hall argues that this is not a general theory; nevertheless, a Marxist political analysis cannot be but total, since all levels coexist in class reproduction. Therefore, Hall seems to transform the relative autonomy of the levels to complete autonomy. It is exactly this fractured analysis of the Whole that leads Hall in factual problems since he is obliged to take the Thatcherite rhetoric for granted. As an alternative to Authoritarian Populism, Jessop suggests the Two Nations theory according to which Thatcherite rhetoric separates Britain in the productive and unproductive nations, the first of which is rewarded by the market and the second punished. Repressive Apparatuses' personnel is not productive but is

<sup>391</sup> S. Hall et al. 1982, pp 153-154.

<sup>392</sup> See for example S. Hall et al. 1982, pp 214 and 215 et seq.

<sup>393</sup> B. Jessop et al. 1987.

<sup>394</sup> S. Hall et al. 1983.

<sup>395</sup> S. Hall in B. Jessop et al. 1987.

protected due to their role in the unobstructed capital reproduction<sup>396</sup>. Jessop's approach, although less, remains discursive and institutional. This is why the supposedly protected prison officers finally lost their job status. The most worrying issue, however, is the way that Margaret Thatcher appears as key role player; an autonomous factor<sup>397</sup>.

The de-construction of the critique against Poulantzas' work doesn't mean that his work is complete. Although analytically significant and responsive to adaptations, is far from perfect. The first issue is the problematic definition of the conjuncture. It could have a topical, temporal or any other meaning but appears as a generic phrase depicting the specific condensation of the class struggle. This might be a theoretical gap, but it has only a “programmatically” revolutionary relevance. It leaves, however, the analysis of history unaffected. The same applies to the second issue. By rejecting class consciousness altogether, Poulantzas rejects the capability of a revolutionary party to reveal the role of ideology in covering the existence of classes. Class consciousness, instead, does exist in the individual level; nevertheless purged from Lukacsian mystifications.

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<sup>396</sup> B. Jessop et al. 1987, pp 71 et seq.

<sup>397</sup> See for example in B. Jessop 1987, p. 92 and elsewhere.





**PART: B**

**Empirical Approach**



## Chapter 6

### A Retrospection of the Role of the State in Imprisonment

The previous theoretical part, following a progressively deepening analysis of the structural Marxist theory of the State, presented a pertinent approach to the time gap between the introduction of general privatisation and prison privatisation policies. The detection of the particular components of this approach in the concrete reality of the British Social Formation requires a relevant progressive analysis. The first step in this process is to determine whether prison privatisation constitutes a transformation of a State Apparatus or not. That would allow bringing the discussion over Authoritarian Statism in the field of criminal justice system. More specifically it allows associating the discontinuity of the governmental role in imprisonment, represented in the emergence of prison privatisation, with the discontinuity of the form of the liberal State, represented in the emergence of Authoritarian Statism. This discussion has been touched earlier under the issue of breakthrough or re-emergence of prison privatisation but it's only now that obtains a substantial position in the framework of this research instead of a mere intellectual exercise.

Although such a research enterprise would require the examination of the existing practices some years before the introduction of prison privatisation and their comparison with the changes brought forward with the Criminal Justice Act 1991, a further retrospection would particularize some important conclusions from the previous chapters ranging from the relationship between the private and the public sphere to the nature and origins of the State itself. Therefore, this chapter will review the State's role in imprisonment as early as the medieval times. An important issue should be noted right from the beginning. The periodical notions (medieval ages, early modernity and modernity) that are used pose more problems than they solve since they have multiple readings and none of them remains unquestioned. They could – to name the most common - have chronological meanings; for example the period from the transfer of the Roman capital from Rome to Constantinople for medieval times or from renaissance to mid-20<sup>th</sup> century for modernity. They could also have intellectual reading; for example the period of mystical philosophy instead

of systematic thinking for middle ages or the period in which rationality has definitional and aetiological role for modernity. Even under those approaches, the actual time limits could not be strictly defined. On the other hand, that problem doesn't seem to affect the coherence of any argument in this chapter, since the intention is not to strictly correlate specific developments at specific time points but rather to locate deeper and wider changes in imprisonment as opposed to the current reality.

This chapter following the analytical framework as explained in the previous part of the research will employ a tripartite analysis. In an attempt to account for the actual role of the State in imprisonment in each era, its description will be followed by an analysis of the cognate socio-political, ideological and finally economic developments that dictate the relevant transformations in imprisonment. In terms of the retrospection a brief mentioning to the medieval times will be followed by early modernity. Modernity as such will follow up to year 1877 and the important changes taking place at that time point. Finally, there will be a brief description of the changes brought in prison system by the Criminal Justice Act 1991. The focus will be on Britain but with some substantial parallelisms with developments in the rest of Europe. It should be noted, though, that the purpose of this chapter is not to provide a detailed historical analysis which means that the juxtaposition of facts and linkages between them refer to the average image of the punitive field in each period according to the available sources. Hence, it's understandable that there will be some exemptions that, however, don't affect fundamentally the conclusions.

### **The medieval times**

The aforementioned problem of defining eras in chronological limits puts in this case possibly biggest constraints. Conventionally, medieval times in Britain usually refer to the period between the Anglo-Saxon conquest and the reformation parliament in 1529<sup>398</sup>. Practically, however, continuous written documentation of British criminal justice exists since the 12<sup>th</sup> century. Aside this issue, in this period, it's perceived that imprisonment was not punitive since this kind of incarceration is

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<sup>398</sup> See for example R. Purgh 1968, p. 1.

rather an invention of modernity. Although admittedly present in criminal justice systems as early as the Roman ages, it is believed that imprisonment had mostly a pre-trial detention purpose for suspected offenders to secure their presence in trial<sup>399</sup>. Different bibliographical sources, though, without reversing this image, reveal that punitive imprisonment was more frequent than assumed<sup>400</sup>. For example, in England and Wales pre-trial detention was not fixed and could last for several years. As a result, irrespective of guilt or innocence of the suspected offender, the years spent waiting for a trial could be decided as sufficient punishment<sup>401</sup>. On the other hand the Saxon tradition of compensation regarding offences of lower significance (*Wergeld* in German or *Wergild* in old English) was present and widespread at least in early medieval ages<sup>402</sup>. When the corporal punishment gained ground at the expense of compensation later in the same period, punitive imprisonment was suggested for juvenile thieves, abuse of legal process, or breach of oath. Additionally, imprisonment is suggested as the appropriate punishment for new statutory offences such as wrongful taking of goods from wrecked ships, spreading seditious slanders, suspected felony, for felonious clergymen or for civil debtors<sup>403</sup>. On the other hand, corporal punishment remains for crimes with the status of felony. Hence, it seems that punitive imprisonment was not uncommon in medieval ages.

It would have been apparently difficult to retrieve specific figures for the number of carceral institutions or the number of their inmates irrespective of how much the scope of such research is restricted. A classification of those institutions could be demonstrated, instead. General instructions issued between 1165 and 1166 stipulated that gaols should be built in every county; it should not be assumed, though, that county gaols didn't exist before that ordinance<sup>404</sup>. County gaols were under the control of local sheriffs who were appointed by the King. The actual administration of prisons was in the hands of gaolers. They were either tenants in sergeanty or common gaolers. In the first case they were noblemen who had also

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<sup>399</sup> See for example D. Melossi 2008, p. 20, L. Fox and C. Dobb in S. McConville 1981, p. 2, S. & B. Webb 1963, p. 4 and D. Howard 1960, p. 4.

<sup>400</sup> R. Purgh 1968 pp 2-47 for a detailed analysis and especially pp 16-17. Purgh mentions that the assertion of King Edward I (1272) marks a substantial increase of punitive imprisonment.

<sup>401</sup> C. Harding *et al.* 1985, p. 6 and B. Hanawalt at the same.

<sup>402</sup> C. Harding *et al.* 1985, p. 7 and D. Melossi 2008, p. 22.

<sup>403</sup> C. Harding *et al.* 1985, pp 7-10.

<sup>404</sup> R. Purgh 1968, p. 58 and G. Ives 1914, p. 10.

hereditary rights on the custodial powers of the specific prison. In the second case, common gaolers were appointed initially by the sheriff. Nevertheless, the sheriff soon lost this right due to gradual concentration of powers to the central (royal) administration. Thus, the appointment of gaolership since mid-13<sup>th</sup> century was made by the Crown by breaching statutes stating explicitly that sheriffs should not be deprived from this right. In those cases gaolers used to be former (low rank) royal officials or civil servants<sup>405</sup>.

A different case was that of franchisal prisons. Some jurisdictional powers have been delegated to local landowners by the King. They included the apprehension of the offender, the arrangement of trial, sentencing and execution of the punishment. Therefore, the appointment of the gaoler was in that case in their hands. It should be mentioned, though, that franchisal prisons were not considered as outside of the royal justice system. This institution gradually deteriorated because of the increasing uniformity of criminal justice administration. Franchisal prisons seem to be the development of a similar institution, namely the jurisdictional powers of feudal lordship, across Europe. The lord had the right amongst else to imprison serfs who breached rules of the manor. Although the latter disappeared because of the abolition of serfdom, few franchisal prisons remained as late as the 19<sup>th</sup> century. Finally carceral institutions were also administered by local bishops. They were holding non felonious clergymen responsible for either secular or ecclesiastical wrongdoing. Monasteries also reserved rooms to immure errant monks<sup>406</sup>.

In terms of financing, the Crown had the burden of constructing and repairing the gaols either directly or through the sheriffs. The same applies to franchisees for the relevant prisons. Gaolers were usually paid directly from the prisoners for their release or the provision of basic catering and other services. On some occasions, though, the gaoler received a fee from the Crown<sup>407</sup>. In return they were responsible for safekeeping the inmates. If the convicted person didn't have

<sup>405</sup> C. Harding *et al.* 1985, pp 17-20 and R. Purgh 1968, pp 140-152. Their rights were sometimes inheritable and transferable. See for example S. McConville 1981, p. 12.

<sup>406</sup> C. Harding *et al.* 1985, pp 17-20. R. Purgh 1968 adds the municipal prisons administered by sheriffs (or the mayors in some occasions).

<sup>407</sup> S. McConville, 1981, p. 10 and R. Purgh 1968, p. 140. In the cases where the gaoler was tenant in sergeanty the fee was in the form of land.

personal assets, he/she was supported by relatives. In this framework, charities played also a crucial role<sup>408</sup>.

The identification of the role of the State in this context is illustrated *prima facie* in its absence. The basic feature of the abovementioned administrative framework is the delegation of powers to actors that today would be described as privateers. Only Sheriffs seem to be connected somehow with the central administration. Gaolers, landowners, lords and bishops are closer to what today would be part of the private sector. At the same time, however, the central administration gradually concentrates the previously delegated powers. This takes the form either of central appointment of gaolers or of circumscription of the specific rights and obligations regarding the interfering actors<sup>409</sup>.

It should be noted, though, that the use of the notions “privateers” or “private sector” as mentioned above is problematic. They both require an existing separation between Civil Society and central administration. In those times, however, the division between State and Civil Society, namely between the public and the private sphere, was not clear; there was significant overlapping, instead. More specifically, the division of labour – what structures the internal and external limits of the Civil Society - was based on relationships of “natural” character; something which was giving them a substantial public status<sup>410</sup>. The social status (for example kingship, gentry or serfdom) was hereditary instead of acquirable as in the case of the modern years. Especially the status of administrative elites required either land ownership (hence hereditary too) or higher education. The latter was rather expensive, since even achieving simple literacy required spending substantial amount of money. Given that the dominant Mode of Production of the era - feudalism – was based on land as means of production, the primary source of wealth was again land ownership. Higher education, therefore, doesn’t seem to occur in abstracto but being exactly the result of the Mode of Production. The division of labour in the medieval society as a result is firmly circumscribed in advance; something which mantles social relationships with public status. Not only the reproduction of classes but also –

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<sup>408</sup> C. Harding *et al.* 1985, pp 26-30.

<sup>409</sup> For example since Henry’s III middle years the delivery of franchisal gaols had been hold by the same way county gaols were delivered. His successor Edward I further restraint the powers of franchisal prisons. R. Purgh 1968 p. 93.

<sup>410</sup> N. Poulantzas 1984, p. 48.



and more importantly in this research – class practices are expected to function in a specific and well known way. This is exactly why what is understood today as private sphere is actually part of the public one. In the ideological field, personal, political and economic relationships in order to accommodate their “natural” character, they are presented as forming a “sacred hierarchy”.

Following the previous analyses, the political level in the feudal society is not vested with autonomy as in the case of capitalist Social Formations because a person’s existence in the community coincides with its function in an economic total (royal family, gentry or serfs). The person is not the individual of the Capitalist Mode of Production who “deliberately sells” his/her labour power for a wage but somebody who is obliged to function in a specific way according to the position he/she inherited in the “sacred hierarchy”. Accordingly, the Royal family and the totals of gentry or the serfs apart from constituting classes, they also form political casts which prevent any movement between them. Consequently, the State – as incorporation of the public sphere – is associated with the specific structure of the Social Formation by validating the social hierarchy “as it is”. In the sense of public power, the State reproduces and protects exactly this specific inflexible class separation<sup>411</sup>. Thus, it wouldn’t be an exaggeration to conclude that the totality of social relations are included in the limits of the State and the opposite, namely that the totality of social relations constitutes what is the State in medieval ages.

By bringing the specific features of imprisonment under the light of the previous understanding of the Social Formation, it could be seen that the State is not at all absent but rather the most important actor in imprisonment. The delegation of the power to imprison in privateers is a misnomer since the private sphere is absent. The State by embodying the public sphere is omnipresent in the social relations. In practical terms, that means that the “privateers” have the power to imprison because

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<sup>411</sup> N. Poulantzas 1984, p. 48 *et seq.* The previous analyses over the organically present violence in the relations of production in the framework of the feudal Mode of Production might be helpful at this point. Violence constitutes substantial part of those relations in order to allow the extraction of the product in favour of the owners of the means of production (see *ibidem* footnote 234). The fact that violence is not “naked” from its non-political dimension but directly linked to it doesn’t obscure the argument brought forward here but completes it. Violence is able to be directed and applied in a hierarchically descending line of social classes exactly because class separation has public status and the State has a direct and organic role in both class reproduction and violence application. In other words, the fact that violence is not directed from a State deemed as beyond class (as in the case of capitalism), doesn’t mean that could not be directed from a State which validates the class division of society.

their personal status, which also reflects their economic, political and de facto powers, is associated with the public status of their position in the labour division. In other words they constitute the medieval analogy of the contemporary State Personnel as every person in that society did. In the ideological level, given that those power relations are pronounced and established through the “sacred hierarchy” of social stratification, there is no specific theory behind the interference of the State in imprisonment, other than the general that runs through the Mode of Production; in other words the idea that there is a natural inequality embedded in the human nature. The role of the State, however, is further illuminated in the way that gaols were financed. The profits from the provision of catering reproduced the reason for which the gaoler was appointed in the first place. In other words, the profits from the custodial services reproduced the economic as well as the socio-political status of their holder; the same public status that allowed him to be appointed with the gaolership. In this framework, the role of the State in imprisonment should be seen as part of its role in class reproduction.

The second feature of the State’s interference in imprisonment, namely the gradual concentration of powers to the upper levels of the administration, reveals the slow passage to modernity. The political significance of the centralisation of powers and the correlated economical developments will be approached in detail in the next sections.

### **Houses of correction**

Before, the analysis of the early modern period, a special reference should be made for the period comprised by the Elizabethan (1558-1603), Jacobean (1603-1625) and Caroline reigns (1625 – 1642) up to the end of the civil war and the subsequent restoration (1660). According to the previous arbitrary periodisation they constitute part of the early modern period; there is, however, a significant penological experimental breakthrough which lasted more than a century between 1553 and 1660<sup>412</sup>. The establishment of Bridewell in London and of Houses of correction round the same period in other cities marks not only a different

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<sup>412</sup> S. McConville 1981, p. 39.

penological ideology but also a different method of administration. It's, however, the discontinuance of the scheme which makes it distinctive for the period in question and requires a separate observation.

The increase of citizen mobility due to the decline of feudalism, the increase of population and the introduction of new agricultural techniques created a new class of landless labour vulnerable to job availability and wage rates. As a consequence, vagrancy and beggary increased significantly<sup>413</sup>. Various methods to deal with this phenomenon having failed<sup>414</sup>, the Royal Palace at Bridewell was provided by Edward VI to house an institution for the treatment of vagrants. The nature of the treatment was both punitive and welfarist. Thus, children and younger inmates were receiving some education while older offenders were sent to work (e.g. beating hemp). Soon after Bridewell, other cities followed suit even before the establishment of houses of corrections be suggested in every county by an act of 1575<sup>415</sup>. Their character, though, started being modified by 1609 and definitely after 1630. An act of that year ordered the establishment of houses of correction next to gaols. The result was practically their administrative unification<sup>416</sup>. After the end of the civil war they served as cheap custodial punishment for minor offenders<sup>417</sup>.

One of the fundamental principles of houses of correction was the end of the profit-based custodial system<sup>418</sup>. Therefore, it was initially planned that the scheme would be financed by the inmates' labour. In practice, however, this source of income was only a part of the overall revenues. The rest were coming from the local authorities which levied special taxation on local inhabitants<sup>419</sup>. This allowed the staff to be salaried from external sources instead of the inmates. A minimum amount of fees were actually taken from inmates but keepers didn't rely on them for their livelihood. In any case, the financial situation of the inmates didn't allow for wider extortions<sup>420</sup>.

<sup>413</sup> C. Harding *et al.* 1985, p. 66 and C. Hill 1940, p. 13.

<sup>414</sup> For example alms giving, licensing beggars etc. C. Harding *et al.* 1985, p. 68.

<sup>415</sup> C. Harding *et al.* 1985, p. 69. Houses of correction became compulsory for every county in 1609.

<sup>416</sup> S. McConville 1981, p. 45 and C. Harding *et al.* 1985, p. 72.

<sup>417</sup> S. McConville 1981, pp 44 and 47.

<sup>418</sup> S. McConville 1981, p. 33.

<sup>419</sup> C. Harding *et al.* 1985, p. 68.

<sup>420</sup> S. McConville 1981, pp 37 and 43 and C. Harding *et al.* 1985, p. 69.

In terms of administration the City Council of London was appointing a corporation of 66 governors comprised by aldermen and “grave commoners”. They were drawn after elections for biennial inspectorship. In each appointment only half of the governors’ body was changed to allow continuity in their service. The governors had under their inspection not only the Bridewell but also the four hospitals of London city. Apart from some pure functional roles (president, treasurer etc.) the rest of the governors had departmental responsibilities related to their interests and expertise; for example, the nail-house of the Bridewell was run by an ironmonger. Audits and inspections were undertaken by the governors to ensure staff compliance and prevention of corruption. The real administrative breakthrough, however, lies with the fact that governors were collectively responsible for payments and accounts. They checked and rechecked each other and according to the regulations every payment should be done under the consent of at least six governors two of which should be aldermen. The honorary character of this position was underlined by the fact that interested citizens, in their nomination for the City Council, should prove that they didn’t have any economical interest but their application was solely on altruistic grounds. It seems, however, that in the pursuit of such a position the applicants had actually personal interests but other than financial since almost all lord mayors of London and the majority of high rank public officials had been governors at some point. Outside London, houses of correction didn’t have the same complex structure. Hence, the governors were substitute by a keeper (Bailie) who had general administrative duties and was salaried by the City Council<sup>421</sup>.

As shown from the previous description, in contrast with gaols, the interference of the State was unquestionable. Both in terms of their establishment and of their function, the State either through the municipal authorities or through the Sheriffs and Justices of the Peace was the main regulator. What should be more thoroughly analysed then is the exact nature of that interference. In addition to that, it must be stressed that not only the emergence of the new penological experiment but also its transience poses some important questions. Therefore, the role of the State

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<sup>421</sup> S. McConville 1981, pp 33-42 for a detailed presentation.

should be seen not only regarding the establishment of the houses of correction but also in reference to their practical disappearance.

From a political point of view houses of correction was an invention of the Elizabethan era (although Bridewell was introduced by Edward VI, few years before he dies). Elizabethan social policy was essentially conservative emphasizing stability and integration<sup>422</sup>; on the other hand Stuart social policy encompassed the same aims although partly influenced by puritan Protestantism<sup>423</sup>. Houses of correction worked towards the integration end and against the will of the emerging middle classes which adopted more puritan understanding of poverty<sup>424</sup>. In this framework, Privy Council became a crucial instrument of governance. It established an administrative hierarchy by which effectively controlled Sheriffs and Justices of Peace towards obedience to the letter and the spirit of legislation<sup>425</sup>. The “vigilant” Privy Council was also one of the reasons for the civil war; this is why the end of it (1660) marks not only the end of a specific administrative architecture but also the end of a specific social policy<sup>426</sup>.

From an ideological point of view it has been already mentioned that Elizabethan social policy used houses of correction as a means of integrative reaction towards the rising numbers of vagrants and beggars. One can assume that the existing experience with the appointment of gaolers from public local authorities (Sheriffs, City Councils etc.), highly connected with extortion, would not serve the aim of conservative integration. Therefore, the penological breakthrough presents a distinctive perceptual differentiation with the previous experiences<sup>427</sup>. More specifically, the sound auditing methods of houses of correction and the transparency

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<sup>422</sup> S. McConville 1981, p. 23 “Bridewell and the other houses of correction arose from and were an integral part of broader Tudor social policy; and this policy was conservative. The enemies of the Privy Council were disorder and the restless appetites which since they led to encroachment of class on class, were thought to provoke it... their aim was to crystallize existing class relationships by submitting them to the pressure, at once restrictive and protective of a paternal government, vigilant to detect all movements which menaced the established order, and alert to suppress them. This search for stability engendered wide-ranging social and economic legislation extending from the regulation of prices and labour to the relief of distress and the suppression and reform of the idle and dissolute. This was a corporatist society: there was little social anonymity; everyone had a place and a duty to which, for the common good, the powers – secular and sacred – strove to keep them”.

<sup>423</sup> S. McConville 1981, p. 45 and C. Hill 1940, p. 28.

<sup>424</sup> See for example Baxter in C. Hill 1940, p. 10.

<sup>425</sup> S. McConville 1981, p. 44 and C. Hill 1940, p. 31.

<sup>426</sup> S. McConville 1981, p. 47.

<sup>427</sup> S. McConville 1981, p. 34.

in their function served the ideological legitimisation of integrative social policy in a period in which the puritan approaches of social policy by the emerging middle classes would view poverty as a crime to be punished rather than to be sympathised<sup>428</sup>. Houses of correction, however, should not be seen outside the wider socio-political environment of the era. The need to legitimize the interference of the central government echoes also the need to legitimize the conservative monarchy against the progressivist gentry and the rich middle class that demanded further political powers<sup>429</sup>. From an institutional point of view again, the ideological prevalence of those classes could also be the background for the abolition of the reformatory character of houses of correction. The prevalence of Puritanism during the Jacobean and Carolinian reigns leaned towards viewing crime as moral failing instead of misfortune. Especially the able-bodied poor should be punished as criminals<sup>430</sup>.

In economic terms, the role of the State in establishing and maintaining the houses of corrections is obvious. As described above, the extensive support from the City Council in the case of Bridewell, the imposition of a special taxation, the fixed salaries of the personnel are illustrative of governmental interference. The economic reasons, however, that explain the decline of this penological innovation should be looked in the causes of the civil war. The conflict among the emerging middle classes and the King prevented the constitution of the parliament which was comprised by exactly those higher classes. Given that the parliament was only an advisory body with no decisive character, the middle classes along with progressivist gentry claimed further political power than what were given by the outmoded medieval administrative system<sup>431</sup>. The State depending on the parliament for tax collection, the public revenues suffered wide diminution. Hence, one of the first "victims" of this situation was social policy itself<sup>432</sup>. This development is the reverse illustration of the strong dependency of houses of correction from State interference.

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<sup>428</sup> That the London City leaders had not fully adopted the reformatory perception on poverty as the middle classes had is seen in McConville. They were moving between medieval and modern social thought. They sought to relieve the poor but by means which would at the same time discipline and coerce them (S. McConville 1981, p. 27).

<sup>429</sup> C. Hill 1940, pp 14-15.

<sup>430</sup> S. McConville 1981, pp 45-46.

<sup>431</sup> C. Hill 1940, p. 13 *et seq.*

<sup>432</sup> S. McConville 1981, p. 47.

The role of the State in the penological experiment of Bridewells goes beyond an institutional perspective. Their establishment could be attributed to a change of approach towards poor relief, but also – and more importantly – to the struggle of the emerging capitalist classes against the conservative monarchy for more political powers<sup>433</sup>. The newly arisen and gradually dominating Capitalist Mode of Production allows the use of pertinent terminology as well as understanding the breakthrough and consequent abandonment of the houses of correction in social struggle terms. In other words, houses of correction as State Apparatus became a locus of power and moreover a point in which the class struggle was concentrated. The specific development of the capitalist production of the period determined the interests at stake from both sides of the conflict. More specifically wealth accumulation is not based yet upon production process as exemplified by the Marxian manufacture capitalism but on merchandise<sup>434</sup>. Therefore, the emerging classes do not depend upon numbers of labourers for the production of value neither upon their disciplined work in a factory environment. The persecution of vagrancy and beggary is attributed to their interest in wider societal peace to allow unobstructed merchandising. This further explains their intention to punish in the sense of deterrence this social nuisance without any integrationist view for the future of those people. The Privy Council and the aristocracy, on the other side, in their struggle to retain their powers they are also obliged to preserve the relevant class reproduction and to deal with the consequences of the new Mode of Production in the field of human resources, namely the landless and unemployed beggars and vagrants. Houses of correction are directed towards this specific goal, namely, integrating the new underclass in the old set of relatively inflexible social relationships. Accordingly, the institutional unification of houses of correction and gaols as well as the loss of reformatory character after the end of the civil war<sup>435</sup> prove not only the class struggle character in the conflict over this penological innovation but also the victory of the capitalist classes.

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<sup>433</sup> C. Hill 1940, p. 6.

<sup>434</sup> See also *ibidem* p. 104.

<sup>435</sup> S. McConville 1981, p. 47 and D. Howard 1960, p. 11.

### Gaols in early modernity

Following the previous arbitrary periodisation, early modernity could be delimited round 1500 and 1750. The reason is that the notions of rationality, State constitution and criminal justice theories that flourished during the 17<sup>th</sup> century became influential enough to turn to particular policies after 1764<sup>436</sup>. Therefore, the mid-18<sup>th</sup> century marks a point where modernity ceases to be merely an ideological trend but is also actively promoted as official State policy. This schema already implies the basic characteristic of early modernity. It should not be seen as an era with clearly defined policies or dominant ideologies in criminal justice. It is rather a prolonged period during which the social and ideological fermentation prepares the breakthrough of modernity.

The same case could be seen in a general overview of the use of imprisonment. The lack of apparent developments in comparison with medieval ages in the organisational structure of gaols –the visible part of punishment that is - covers significant changes of State interference in ideological and financial levels – the non-visible part. Before anything else, however, the frequency and role of imprisonment should be addressed. It again serves mainly custodial and coercive goals (for example for civil debtors). After 1660 in Britain capitally punishable offences substantially increase, the actual executions, however, decrease. This seems to reflect a wider European tendency for more punitive legislations. Additionally, military service and transportation appear as alternatives to imprisonment. Nevertheless, as in the medieval times, punitive punishment was not unknown nay less frequent. The same reasons as in the previous period apply here as well; in addition to them, the abuse of clergyable offences, imprisonment for political and religious causes and the general unwillingness of the jury to impose death sentence should be mentioned<sup>437</sup>.

The categorisation of prison institutions remains unchanged from the medieval times. County gaols, municipal, franchise and ecclesiastical prisons constitute the possible destinations where an imprisonment sentence could be served. Starting from the two last variations, it should be noted that living conditions were

<sup>436</sup> As a matter of fact, Hobbes published “Leviathan” in 1651 and Locke published the “Two treatises of government” in 1689. On the other hand the policy-wise influential *Dei delitti e delle pene* was published by Beccaria in 1764 or the *Panopticon* by Bentham in 1787.

<sup>437</sup> C. Harding *et al.* 1985, pp 57-60 and 76-83.



worse than the average county gaol. Inspections were not frequent and, as suggested, that corresponds to the general need of protecting the interests of the individuals who controlled them. As a matter of fact many new statutes regarding the organisation of gaols expressly excluded franchise gaols from their scope<sup>438</sup>. One can assume that their presence reflects the survival of feudal lordship and of the de facto power of church as in the medieval ages and this is illustrative of the aforementioned character of early modernity as a mezzanine period which follows to a degree the medieval mindset. Hence, the public status of gentry and the political consequences of it (e.g. franchise gaols) remain unchanged. This might be an acceptable explanation but it would have been over-simplistic to fully rely on it given the political context of the era. It is true that the emerging middle classes along with part of the progressivist gentry invested their wealth to land ownership and to new ways of agricultural production (e.g. leasing the use of land)<sup>439</sup>. Their covert or overt (in the case of the Civil War) confrontation with the Crown created in the political level landowners of “two speeds”. Given that franchise gaols had the status of privilege granted by the King<sup>440</sup>, it would be rather strange for the Crown to further diminish the State’s central administration in favour of hostile parts of the society. At the same time the fact that franchise prisons were exactly seen as concessions brings them under the light of hegemonic strategy which practically means that they were a means of building a supportive power bloc around the Crown. Nevertheless, those concessions do not come alone but they are vested with the concept of social relationship incorporating the public status as described before. The same could be written in an analogy for ecclesiastical prisons<sup>441</sup>. Regarding municipal gaols, most towns and

<sup>438</sup> C. Harding *et al.* 1985, p. 84.

<sup>439</sup> C. Hill 1940, chapter 2.

<sup>440</sup> R. Purgh 1968, p. 89.

<sup>441</sup> In an interesting passage Hill mentions that “Bishops and priests were far more like civil servants, part of the government’s administrative machine, than they are at present; and the first to recognise this fact were the ecclesiastics themselves [...] Church, then, defended the existing order, and it was important for the Government to maintain its control over this publicity and propaganda agency. For the same reason, those who wanted to overthrow the feudal State had to attack and seize control of the Church. That is why political theories tended to get wrapped up in religious language” (C. Hill 1940, pp 8-9). It could be assumed then that the status of Ideological Apparatus of the State for the Church was much more overt by that time in comparison with the more subtle character of the later years. At the same time the status of the civil servant for the ecclesiastical administration illustrates the status of the gentry around the Crown. In other words, they constitute part of the State administration themselves.

boroughs had a gaol or a lock-up<sup>442</sup>. Unlike franchise and ecclesiastical gaols, the public character of their administration is unquestionable. In the framework of a weak State, city councils had the role of local governments with powers to shape in a way the criminal justice system. Their varying degree of autonomy from the central government doesn't seem to play any substantial role since the former were the alternative images of the latter; they both represented views of the State.

County gaols constitute probably the most interesting variation of carceral institutions in the framework of this section, since they were subject to the direct control of central administration. As previously mentioned, initially the general responsibility for their erection, maintenance and gaoler appointment was in the hands of the Sheriff. Nevertheless, this gradually changed during early modernity since their powers were diminishing in favour of the Justices of Peace. At the same time the Crown was effectively manipulating the ad hoc developments whenever that was needed<sup>443</sup>.

In all of the previous cases the interference of the State is apparent<sup>444</sup>. The most important aspect of it is that gaols were – in theory - subject to rudimentary control by the State or local authorities<sup>445</sup>. A question, however, remains on whether the State could claim not just administrative interference but absolute competence in those prisons. Before any conclusion the issue of gaolership should be reviewed. As in the medieval times, the actual administration of gaols was in the hands of gaolers (or keepers). Their appointment was dependent on the person or the public body that had the responsibility for the prison in question; in other words the sheriff, the City Council, the Bishop or the franchisee. There were, however, significant exemptions where in larger gaols the appointment of the gaoler was subject to royal patronage. The post of the gaoler was also subject to transactions and hereditary succession. In

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<sup>442</sup> C. Harding *et al.* 1985, p. 84.

<sup>443</sup> S. McConville 1981, p. 6 and C. Harding *et al.* 1985, p. 84.

<sup>444</sup> C. Harding *et al.* 1985, p. 101 notes that “there was at this time only a limited function for the State and interference with gaolers’ activities was seen as being wrong in principle and expensive in practice”. That would be partly true as far as the State coincides with central government. The question arising, however, is to what extent could the local authorities or the publicly established social stratification between gentry and ‘common gravers’ be exempted when they equally influenced developments in the public sphere. The issue in question is the perfect example of a process which produces results firmly attached to the public sphere (imprisonment) and in which local governance (for municipal prisons) and noble landowners (for franchise prisons), namely public actors other than the Crown (central government), had decisive role.

<sup>445</sup> C. Harding *et al.* 1985, p. 86 *et seq.*

most of the cases, not even the gaoler had actual role within the facility. He was supposed to live there but the day-to-day routine was in the hands of turnkeys and porters. Gaols were self-financed in the sense that gaolers and their subordinates were paid by inmates for the provision of basic catering or through extortions (e.g. relieving from fetters). If the administrative role of the State in county, municipal, franchise and ecclesiastical gaols is apparent, the question arising is if the day-to-day administration of the institution itself and more specifically the issue of fee-taking could reverse this image. In other words, irrespective of the higher and middle level public administration, could the gaolers' functions bring into consideration a potential concept of privatisation? Should gaolers be seen as entrepreneurs?

As with the analysis of the prison system in medieval ages, imprisonment should not be seen outside the contemporary socio-economic context. In early modernity, the argument of the lack of private sphere is not fully valid. Capitalist Mode of Production has already appeared in Britain especially in the second half of the 16<sup>th</sup> century<sup>446</sup>. Thus, in the relevant power relations the existence of private sphere could not be denied. Nevertheless, it would be a mistake to project current phenomena to the past; the connection between fee-taking and relations or transactions of the private sphere is a modern association. The weak State of the medieval and early modern era had to rely on petty officials who retrieved their salary from fees (e.g. constables, coroners etc.). The State didn't have the means to pay for service provision. Imprisonment could not stand out of this "rule"<sup>447</sup>. At the same time perceiving a whole array of services as privately provided or corrupted<sup>448</sup> because of fee-taking would be equally mistaken<sup>449</sup>. Specifically on the

<sup>446</sup> See for example C. Hill 1940, chapter 2.

<sup>447</sup> S. McConville 1981, p. 10, pp 68-69 and p. 72. See also an analogy with prison space in R. Purgh 1968, p. 97.

<sup>448</sup> See for example S. McConville 1981, p. 8. He asserts that prisons should not be perceived as more corrupted than other services of the period. This is also a questionable view since it generalizes the image of corruption. Those notions are defined through their contrast to the socially accepted idea of transparency. By that time, however, fee-taking was both accepted and predictable as the ratification by Justices reveals.

<sup>449</sup> C. Harding *et al.* 1985, p. 101 when referring to reform attempts during the 18<sup>th</sup> century quotes that "as the House of Lords commented when refusing to pass a bill to reduce overcrowding in the King's Bench prison any diminution in the number of inmates would lead to a situation where the profits thereby accruing will not be a proportional recompense to the officers to attend the courts so that the King's four courts at Westminster will be without prisoners and without officers to assist them". It could be assumed then that self-financing was substantial to the existence of the whole criminal justice system. By extending, however, the association between fee-taking and privatisation would

reimbursement of gaolership, although fees varied from gaol to gaol, the specific amount rested on local custom which was ratified by Justices of Peace<sup>450</sup>. This is exactly an indication of the official character of charging inmates.

From the previous analysis, it seems that the State either as central government, as local authorities or as publicly established social stratification (in the case of franchise and ecclesiastical prisons) not only interferes in the process of imprisonment but is the only actor in it. In this era the notable development lies with the dispersal of powers to multiple governmental actors<sup>451</sup>. Therefore, a deeper analysis of State's interference in imprisonment should primarily deal with that issue. The political significance of the dispersal of powers should be sought in the emergence of the new Mode of Production and consequently in the corresponding classes. The alteration of the previous societal equilibrium is overturned but not without the resistance of the feudal structure of the society. The developments in the criminal justice of the period show exactly that case. As a matter of fact, although the general tendency since Henry III's reign had been to incorporate jurisdictional powers to the central administration, some poles in the public sphere retained their rights<sup>452</sup>. Therefore, the slow and painful process of "the old that is dying and the new one that cannot yet be born", as the case of the Civil War showed, is the catalyst according to which the diversification between the parties that are granted with the power to hold a gaol should be seen. Before anything else, a central issue should be noted. Punishment of crime – either harsh or not – was viewed as prerequisite for social order. The weaknesses of policing and therefore the speculation of no apprehension by criminals provided no other choice to criminal justice policy but focus on general deterrence<sup>453</sup>. Imprisonment, therefore, played a crucial and central role in the criminal justice of a very turbulent period.

What lies at the heart of an attempt to explore the dispersal in question is the already mentioned hegemonic strategy of the Crown. Starting from the Church, it

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lead to the rather exaggerating argument that the totality of judicial processes had been under private control.

<sup>450</sup> C. Harding *et al.* 1985, p. 88 and S. McConville 1981, p. 18 where states that the Crown sought to control the fees in national prisons.

<sup>451</sup> Trevelyan in S. McConville 1981, p. 63 regards for example Justices and municipalities as actively autonomous and the actual policy makers due to the notorious weakness of the Executive government.

<sup>452</sup> See for example R. Purgh 1968, p. 93.

<sup>453</sup> C. Harding *et al.* 1985, pp 60-63.

should be mentioned that it exemplifies the connection between support to the Crown and concessions directed from it. Bishops retained many privileges and among them the administration of ecclesiastical prisons because during the turmoil of the later Tudor and early Stuart State, the established hierarchy of the Church had been strongly supporting the conservative policies<sup>454</sup>. It should be reminded that Church being an Ideological State Apparatus – possibly the strongest of that period – it became itself a locus of conflict between the rivalling parties. The clash between Puritans and the Church of England condenses in the ideological level the class struggle that was taking place in the wider society. The case of franchise gaols should be seen under the same terms. Land ownership itself was not enough anymore from the entitlement of privileges exactly because the emerging middle classes and competitive towards the royal prerogative tended to invest their profits in land. The symbolic concession of franchise prisons which offers patronage and prestige<sup>455</sup> has been restricted to the royalists; something that turned them essentially to part of the State administration as explained before. City Councils turned to be another field of conflict. The emerging middle classes managed to contribute extensively in the direction of their policies especially after the Civil War. Their organisational structure, however, secured throughout the largest part of the period into consideration that conservative policies at important topics would be followed at the last instance since the council of Aldermen (consisted by gentry) was playing the major role<sup>456</sup>. Thus, the distribution of imprisoning rights among the different competitors of political power is a paradigm of the hegemonic strategy of the Crown. Concession of principles had been possible under the prerequisite of accepting the policies represented by the royal domination in contrast with the actors who questioned it. In cases that the class struggle had constituted such fractionist policy impossible, as in the case of City Councils, where the Crown had to compromise with the emerging classes, a royalist control at the last instance had been established.

The ideological role of the dispersal of imprisoning powers among poles of the public sphere could already be drawn from the previous conclusion. The

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<sup>454</sup> C. Hill 1940, pp 4 and 7-9.

<sup>455</sup> R. Purgh 1968, p. 97.

<sup>456</sup> See for example the right of “negative voice” in cases of dispute between the Court of Aldermen and the Court of Common Council in P. Withington 2005, pp 192-193.

administration of a gaol by a party other than the central government was not only based upon the acceptance of the de facto political power of the Crown but on the ideological as well. Understanding that every prison “belongs to the King”<sup>457</sup> and therefore viewing any other kind of administration as concession, requires the acceptance of the symbolic supremacy of royal governance. Thus, the royal administration could reaffirm its dominant role in a period in which it was disputed - before the Civil War - and gradually depleted – after 1660. The slow passage to Capitalist Mode of Production makes the need for an all-encompassing ideology apparent. In an over-simplistic but still helpful comparison, one could assume that the modern ‘general interest’ is the early modern loyalty to the King not as a person but as a concept. Nevertheless, all these complex organisational structures would be superfluous if the central government actually possessed the administration of gaols. As had already been mentioned, though, the State lacked the financial ability to control the carceral institutions<sup>458</sup>. In a society that slowly moves away from feudal organisation, with no sophisticated monetaristic structure<sup>459</sup>, widespread poverty and problematic tax collection system as mentioned above and often wars or skirmishes<sup>460</sup>, judicial or social policy wouldn’t be the main concerns. This is exactly what is to be changed in the next period.

### Imprisonment in modernity

As previously mentioned, the middle years of the 18<sup>th</sup> century remark a change in penology since the developments in theory became influential in actual policies. The “pick” of this process could be found in 1877 and the wholesale transfer of the prison system from peripheral poles to the central government. It should not be assumed, though, that the transfer in question was an automatic process triggered by an Act. The depletion of imprisoning powers of peripheral administrative poles in favour of the central government was rather the general

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<sup>457</sup> S. McConville 1981, p. 11.

<sup>458</sup> See also C. Harding *et al.* 1985, p. 97.

<sup>459</sup> See for example C. Harding *et al.* 1985, p. 79.

<sup>460</sup> See for example the Anglo-Spanish war (1585-1604), the 30years war (1618-1648), the Civil War (1642-1660), Anglo-Dutch wars (1650-1674), nine years war (1688-1697), war of the Spanish succession (1701-1714) etc.

characteristic of that period<sup>461</sup>. The other trend was the increased punitiveness especially after the 1770s. For various reasons the number of indictments substantially rose exerting pressure to the criminal justice system. The result was a change of mindset regarding the role of central administration. On the one hand, the criminal law ceased to be a rare intervention in the normal proceedings of social life and became a regular means of social control. On the other hand, central government took over the responsibility of it from other actors of the public sphere (employers, socially superior classes or simply victims). The practical consequence of this process was the reformation of the criminal justice system with new prisons, modern police and more effective proceedings<sup>462</sup>.

A building program for new prisons during the period in question was accompanied by legislative activity. It started with the Discharged Prisoners' Act and the Health of Prisoners' Act both in 1774. The first one promoted the payment of acquitted prisoners' fees in order to be released<sup>463</sup> and the second included some provisions on ventilation, cleaning, sick rooms, baths and regular surgeon visit. Without directly transferring any powers, those acts revealed the intention of the government to regulate prison life. Later the Penitentiary Act of 1779 promoted a regime system following the tradition of Houses of Corrections regarding the need for reformation and the transparency of administration<sup>464</sup>. After several unsuccessful attempts it was only implemented in 1816 in the case of Millbank Penitentiary. The government's decision to build Millbank was a clear sign that central government had accepted a permanent rather than occasional role in prison administration which further required developing the relevant bureaucracy as well as national policy<sup>465</sup>. Further later, the Gaol Fees Abolition Act in 1815 sought to change what has been viewed as the major concern of reformers since the previous century<sup>466</sup>.

<sup>461</sup> See also S. McConville 1981, p. 88 according to whom the extreme autonomy and decentralisation of the early Hanoverian period had waned already from the last quarter of the 18<sup>th</sup> century.

<sup>462</sup> C. Harding *et al.* 1985, pp 120-122.

<sup>463</sup> This Act terminated the medieval policy according to which the gaoler should receive fees even for releasing the prisoner.

<sup>464</sup> For example officers should be salaried and specific provisions of diet, uniforms etc. protected the inmates from any transaction with officers.

<sup>465</sup> C. Harding *et al.* 1985, p. 134 and S. McConville 1981, p. 131.

<sup>466</sup> See for example John Howard, Elizabeth Fry, Sydney Smith *et al.* Fees were substituted by salaries or compensation for lost fees by the Quarter Session Judges. Apart from the abolition of a source of abuse, this development had several other consequences. It indirectly forced Judges to interfere with prisons, even if it was to ensure that money were well spent. In this framework, Justices began to

Most importantly, though, the Gaol Act 1823 was the first comprehensive statement of principle from central government to be applied to local prisons<sup>467</sup>. It promoted developments, already taking place in Millbank penitentiary, throughout the country. It included both specific provisions for issues like labour, healthy conditions of confinement, inspections etc. and general policy statements like the aims and purposes of imprisonment. On the other hand, it also provided fiscal assistance by the central government for the application of those reformations. The same Act required – in terms of local prisons – the visiting Judges to report to Quarter Sessions and to the Secretary of the State. Therefore, central government sought to extend its powers not only to the newly built prisons but also to the existing structures. Leaving aside the actual implementation of the legislation, the Gaol Act 1823 was surely a precedent towards extending those powers<sup>468</sup>.

During the 1830s select committees urged the need for greater uniformity in issues like prison discipline<sup>469</sup>. Some of their suggestions were incorporated in the Gaol Act 1835, the most crucial one being the establishment of a board of inspectors who in addition to the visiting justices would refer directly to the secretary of the State. The pursuit of uniformity was furthered by the Prison Act 1839 dealing with issues on prison discipline<sup>470</sup>. In 1850 the directorate of convict prisons was established to oversee the administration of the increasing governmental involvement in prisons. The Directorate as a coherent body of experts with decision making powers, helped to consolidate and orientate the general governmental policy, amongst else, towards further centralisation of the prison system<sup>471</sup>. The year 1857 marked the end of confinement in hulks. Although they comprised prisons, directly

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firmly establish their powers in gaolership appointment and definitely not based on hereditary rights (S. McConville 1981, p. 67). Additionally, it removed any impression of entrepreneurship from prison administration in regard to the gaolers; they could now be fully regarded as civil servants. Finally, it removed any possible source of institutional independence. Gaol management had to follow the rules of the funding body. Of course, fee taking remained as a custom for a period of time, but in this case it was a sure sign of corruption and not of policy as in the previous era (S. McConville 1981, p. 224).

<sup>467</sup> D. Howard 1960, p. 53 and C. Harding *et al.* 1985, p. 143.

<sup>468</sup> C. Harding *et al.* 1985, p. 144 *et seq.*

<sup>469</sup> S. McConville 1981, p. 170 and D. Howard 1960, p. 59. See for example the 1833 select committee on agriculture and the 1835 House of Lords committee.

<sup>470</sup> It should be noted that up to that point, the Gaol Acts extended governmental powers in reference to local prisons based on persuasion rather than obligation. Their effectiveness was mixed since some of the inspectors' instructions were consistently rejected. C. Harding *et al.* 1985, p. 165 and S. McConville 1981, pp 250 and 254. Nevertheless, the crucial point is the fact of the gradual depletion of imprisoning powers in favour of the central government through institutional means.

<sup>471</sup> See also S. McConville 1981, p. 215.



managed by the State, they will not be considered here because they had constantly a temporary character; that is, until the issue of transportation was finally settled. On the other hand transportation was not imprisonment as such<sup>472</sup>. In 1863 the suggestions by Carnarvon Committee became legislation under Prison Act 1865. More specifically, the closure of small local prisons was suggested as well as the withdrawal of Treasury funding from local prisons which failed to implement Home Office rules. In this row of legislation which furthered the powers of the State in the expense of local authorities, the final Act came in 1877 with the wholesale nationalisation of the prison system.

Once again the term used for the 1877 Act might be a misnomer. Nationalisation could nowadays imply that previously imprisonment has been outsourced. Nevertheless, as with the previous period, the interference of the State in imprisonment seems to be unquestionable<sup>473</sup>. Either through the local authorities (municipalities and Quarter Sessions) or through the central government institutions (Convict Service and Board of Inspectors), the State has been present in managing confinement long before the official centralisation of powers<sup>474</sup>. The question then that needs to be answered is what the leading forces towards this development are. Starting again from the political underpinnings in the tripartite analysis, a general movement of powers from the local authorities to the centre could be observed. A whole array of powers previously appointed to local governance was gradually transferred to national institutions, including amongst else the various powers of a criminal justice system (policing, imprisoning etc.). The political explanation given was that the problems were more complicated than before, exceeding the administrative competence of a single authority<sup>475</sup>. At the same time the problems in question exceeded the material capacities of small carceral institutions. This, in

<sup>472</sup> See further in S. McConville 1981, pp 105-109

<sup>473</sup> See for example D. Howard 1960, p. 62.

<sup>474</sup> In 1877 there existed a particular administrative duality in the prison system. Next to the local prisons under the actual management of Quarter Sessions but with the increasing involvement of central government in their regulation, the prison institutions under the Convict Service (penitentiaries, new prisons, hulks etc.) were increasing.

<sup>475</sup> See for example in C. Harding *et al.* 1985, p. 122 and p. 162 the case of the mobility of poor classes in connection to social policy and the need for general and uniformed changes of discipline respectively. In D. Howard 1960, p. 99 the case of the mobility of criminals.

connection to the conservative government's devotion in cutting rates, lead to a reformed prison system that could only apply uniform rules and be efficient<sup>476</sup>.

It's needless to point, that the way this gradual transfer of powers from the one administrative pole to the other reveals a change that came through wider structural transformations rather than a conscious decision by some officials. It lasted more than 150 years which means that a number of governments or high rank officials were involved in decision making throughout those years. Most importantly, though, the transfer of powers took a specific shape in which; firstly the central government created obligations to institutions (general living conditions, special provisions, specific type of discipline). Next, the same administrative pole took over the obligation of funding the new requirements<sup>477</sup>, so that finally centralizing the whole administration would seem either as a relief from an administrative burden of local authorities or as a stage in the normal development of things in public administration<sup>478</sup>. The "commonsensical" character of the previous opinion could be seen in an incident of 1854. A case of a prisoner committing suicide because of bodily and mental exhaustion as an effect of the separation disciplinary system (known as 'the Birmingham scandal'), aroused the public interest in the prison reform discourse and especially in favour of the centralisation of prison management<sup>479</sup>. Nevertheless, the maltreatment of inmates has been a constant and conscious custom since the introduction of imprisonment as punishment in the criminal justice system<sup>480</sup>.

Uniformity in practice is not only politically important but plays a crucial ideological role as well. It helped to create a common impression across Britain on criminality. More specifically, it helped in creating the popular image of the criminal

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<sup>476</sup> C. Harding *et al.* 1985, p. 161, S. McConville 1981, p. 473 and D. Howard 1960, p. 101.

<sup>477</sup> S. McConville 1981, p. 256. "The payment by central government of a substantial subsidy towards local prison expenses which began simply as a part of more general fiscal reform in the 1830s became an increasingly important means of ensuring local compliance with statutory obligations and ministerial directions".

<sup>478</sup> For example by the end of 1830s an increasing number of municipalities waived their rights for keeping a prison and preferred using the county gaol or house of correction. In the case of franchise prisons the abolition of fee-taking made their economic survival hazardous. Their "official end", however, came earlier than 1877. The Liberties Act of 1850 prohibited the keeping of franchise prisons. S. McConville 1981, pp 232-233 and D. Howard 1960, p. 98.

<sup>479</sup> D. Howard 1960, p. 93.

<sup>480</sup> Few years before, in 1838, a case of prisoners' breakdown in Millbank caused a heated discussion in the House of Lords. The public, however, remained rather apathetic. G. Ives 1914, pp 179-180.

and his/her origins. The special treatment taking place in penitentiaries, the discourse on discipline, the advanced role of inspectors and chaplains and many other features of the British prison system promoted a focus on the crime committing person itself. In the beginning of the period criminals were associated with radicalised labour class. Later on, though, it became clear that not all the members of the labour class commit crimes. Therefore, it was associated with a distinctive 'criminal class' with the subsequent stigmatizing effect<sup>481</sup>. It can be safely assumed that in a dispersed criminal justice system it would be difficult for a general concept on crime and criminality to emerge due to the secluded character of institutional practices.

The consequence of the concept of 'criminal class' and its stigmatizing effect should be seen in connection with the wider legislative developments of the era. The Factory Acts, the legitimisation of trade unions and the widening of franchise worked as concessions to the strengthened labour class<sup>482</sup>. At the same time they were a clear sign of the need to smoothly incorporate this class in the system of production and avoiding any radicalisation<sup>483</sup>. In other words concessions worked as the carrot in contrast with the stick of criminal justice system. In symbolic terms, the incorporated part of the working class was earning the status of the deserving, hard working, law-abiding class; while its alienated part was the outcasts, the lumpenproletariats, the 'criminal class'<sup>484</sup>.

The economic part in the tripartite analysis has already been implied. The main driving force in the centralisation of the prison system (which should be seen as part of the development of a modern criminal justice system) was the need for smooth operation of the capitalistic Mode of Production. The requirements for intervention into social control exceeded the capacities of both local authorities and

<sup>481</sup> D. Howard 1960, p. 99. "Miserable distorted blockheads, the generality: ape-faces, imp-faces, angry dog-faces, heavy sullen ox-faces; degraded underfoot perverse creatures, sons of indocility, greedy mutinous darkness, and in one word, of stupidity, which is the general mother of such" Thomas Carlyle in C. Harding *et al.* 1985, p. 178.

<sup>482</sup> It is suggested that towards the end of the 18<sup>th</sup> century and because of labour class pessimism due to the outcomes of the French revolution, workers became class conscious and more radical. C. Harding *et al.* 1985, p. 124.

<sup>483</sup> At a later point, the prohibition of placing goods manufactured in Prisons at the open market could also be considered as conciliation to trade unions and their strictly political demands. D. Howard 1960, p. 99.

<sup>484</sup> See also C. Harding *et al.* 1985, p 177-179.

private actors<sup>485</sup>. Furthermore, the way that the production was organized required extended mobility towards big cities and between them. That meant that only a centralized criminal justice system could accommodate the smooth operation of this kind of production, since criminality exceeded the administrative borders of local authorities<sup>486</sup>. The need to integrate the labour classes by differentiating them from the criminals also fits in this image since this process was increasing the efficiency of production.

The need to accommodate financial interests within the capitalistic Mode of Production could be also seen through the philanthropic movement which acted as a prod to the State to take over initiatives in terms of social control. John Howard and other reformers were members of those wealthy classes who saw their acts as a reaction towards a social malaise. But philanthropy is also a deeply political act since – in the case of crime – deals with a phenomenon of the public sphere but at the same time it involves a criticism against competent authorities to tackle problems<sup>487</sup>. From another point of view, philanthropy is also an act of authority that creates a relationship of dependency between the providers and receivers<sup>488</sup>. What could be suggested then is that philanthropists symbolically paved the way for the State to replace them (or simply to materialise their recommendations) and at the same time to replace them in the relationship of dependency. In other words, they legitimized the centralisation of criminal justice system which as a development was acting in favour of the long-term interests of their class.

The case of the centralisation of imprisoning powers works at the same time as exemplar of a process described in previous chapters. The advancement of the Capitalist Mode of Production in its ‘manufacture’ period not only needs a State that can provide disciplined labour ready to work in the timescale of a factory or offer rationality and uniformity in the field of social control. Most importantly it needs a State that seems to go beyond classes in order to be able to apply violence “naked” from class connotations. The individualisation of the labourer – a process required

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<sup>485</sup> C. Harding *et al.* 1985, p. 122. S. McConville 1981, p. 226 on municipal prisons. The interference of the State to facilitate the way of production in sections where the private capital would be unable or unwilling to accommodate is explicitly mentioned in C. Harding *et al.* 1985, p. 161. See also S. Sakellariopoulos *et al.* 2004, pp 70-71 for a general discussion on that issue.

<sup>486</sup> See D. Howard 1960, p. 99 for the criminal mobility.

<sup>487</sup> C. Harding *et al.* 1985, p. 112.

<sup>488</sup> Ignatieff in C. Harding *et al.* 1985, p. 112.

for his/her alienation from both the product of his labour as well as the means of production – requires a bonding element in order to avoid the collapse of the otherwise fragmented society. In this framework, the legalisation of violence, either applied or threatened, is inescapably associated with its monopoly by an institution which mantles the actual and ongoing class struggle; in contrast with the overt class violence which was anyway needed for the extraction of the labour product in the feudal society.

### **The State in prison privatisation**

The aim of the previous sections has been to show that the legislation set in 1877 is not an actual but a symbolic milestone. The State not only interfered but was the only factor participating in imprisonment during the periods under discussion. In the same way, the legislation set in 1991 is not an actual but rather a symbolic milestone, since to a large extent the previous image doesn't change fundamentally after the Criminal Justice Act of that year. In reality, what is needed is a wider view of the changes of that period in order to determine the emergence of a State Apparatus transformation.

In 1991 the Criminal Justice Act states under article 84§1 that:  
“the Secretary of State may enter into a contract with another person for the running by him of any prison which (a) is established after the commencement of this section; and (b) is for the confinement of remand prisoners, that is to say, persons charged with offences who are remanded in or committed to custody pending their trial, or persons committed to custody on their conviction who have not been sentenced for their offences; and while such a contract is in force, the prison to which it relates shall be run subject to and in accordance with sections 85 and 86 below, the 1952 Act (as modified by section 87 below) and prison rules”<sup>489</sup>.

The second paragraph of the same article interprets the previous terms as follows. “In this Part ‘contracted out prison’ means a prison as respects which such a contract is for the time being in force; ‘the contractor’, in relation to such a prison, means the person who has contracted to run it”. The rest of the articles in the same section refer

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<sup>489</sup> The third paragraph of the same article practically allows the government to contract out any prison and not only those established after the commencement of the Act or only remand prisons something which caused wide frustration in the parliamentary debates.

to the appointment of officers and their duties in the contracted out prisons as well as the power of the Secretary of the State to intervene in case “that the director has lost, or is likely to lose, effective control of the prison or any part of it” and “in the interests of preserving the safety of any person, or of preventing serious damage to any property”. Aside the specific provisions for the contracted out prisons, the same Act enables in other sections either the Secretary of the State or other administrative bodies to contract out prisoners’ escorts and court security.

A secluded from wider changes analysis of the Criminal Justice Act 1991 would conclude that any transformation in the prison system refers exclusively in the actual management of specific prisons. In other words, what changes is the interference of privateers in the basic units of the prison system. In contrast with that, the middle level administration, namely the HM Prison Service, remains in the public sector as well as the higher level administration located in the Home Office. In addition to that, one could argue that the State somehow reinforced its decreased presence through the imposition of a Crown-servant controller in every contracted out prison, the specially approved by the Secretary of the State director of the prison in question and of any officer with custodial duties and finally the provision for intervention in cases of emergency as noted above. Nevertheless, the Criminal Justice Act 1991 is only part of the picture. In the same year the White Paper *Competing for quality: Buying better public services* introduced a series of principles and guidelines to be followed in the view of more efficient administration. The most notable point in this paper was the first question that should be answered regarding each public body. The “prior options exercise”, sought the reasons why the service in question should not be abolished or privatized. This development opened the way of contracting out, apart from institution management as such, particular services like catering, education, cleaning etc. in prisons run under public administration. This peculiar question in the market testing scheme reveals that the underlying principle has been the priority of the transfer to the private sector. The presumption had been against the public ownership of services.

In addition to the previous developments, and following the recommendations of the Ibb's Report which became governmental policy under the White Paper *Improving Management in Government: The Next Steps* in February

1988, HM Prison Service became an executive agency in 1991. General goal of turning administrative departments into executive agencies has been to develop corporate culture within the administration. More specifically, the changes set to correspond to the intended business-like environment would be focusing on recruitment, internal promotion and management on the higher echelons in the administration of each executive agency. For example promotions in those positions would be seen either as reward after presenting “reformist” managerial abilities elsewhere or as test to present those abilities before being transferred to another high position. This practice resembles exactly corporate management practices. At the same time chief executives could be hired from the private sector as it did happen in several cases<sup>490</sup>. Especially the agency status of the Prison Service intended to evolve clear lines of responsibility, improve management and accountability, give more delegated powers from ministers to operational managers, enhance corporate identity, and secure better performance in the overall service. Those general principles were specified in the responsibilities of the chief executive of the agency who would be personally responsible for the day-to-day management. The Home Secretary would allocate the resources as well as key performance indicators as quantifiable targets in the wider fields of keeping prisoners in custody, produce them to the courts as required, maintaining order, control and discipline, providing decent conditions for prisoners and meeting their needs in positive regimes, assisting prisoners to prepare for their eventual return to the community and delivering all those services using the resources provided by Parliament with maximum efficiency. In a parallel development the agency status of the Prison Service allowed it to participate in privatisation processes and compete in the open market against other bidders to run establishment or provide services<sup>491</sup>.

From a formalist point of view, it could be argued that transforming prison service into an executive agency is merely an internal administrative change in the public sector since the “owner” and final responsible for the provision of the respective service is still the State. Nevertheless, if changes were closely examined, it would be seen that prison service is not just transformed into a corporate-like institution but in an actual corporation owned by the State. The budgetary

<sup>490</sup> See for example M. Ryan 2003, p. 93 for the Prison Service which is of interest here.

<sup>491</sup> J. Black 1993, pp 28-30.

independence, the goals to be met, the quantifiable efficiency indicators, the hiring and promoting based on good references even if they don't come from a relevant working culture but most of all the wide administrative independence that made the chief executive liable only to the Home Office in the same way that a CEO is liable only to the shareholders of a company made Prison Service and the rest of the executive agencies "private islands in a public sea". Even if privatisation in the form of contracting out services and management was not implemented at the medium level of prison administration, the private ethos did emerge. The significance of what is otherwise called corporatisation without privatisation could be seen through a comparison with the previously State-owned enterprises. The latter were usually described amongst else as large scale organisations with highly centralized management. This allowed on the one hand bureaucracy to make functioning rigid and unable to respond to changing technology or consumer demands. On the other hand, in the field of industrial relations centralized management enhanced unions' power by giving them "undue political influence"<sup>492</sup>. It is those attributes that corporatisation in the medium level of prison administration tried to confront by breaking the centralized hierarchy into smaller groups, setting goals and incentives, bringing forward efficiency as principle and generally by treating the Prison Service as a corporation with a single shareholder, the State.

What could be seen is that in the period between 1991 and 1993 a series of developments affect both the lower and medium levels of the administration of the prison system. On the one hand privatisation in the form of contracting out appears referring to the whole management of prison institutions or to particular services within the prison system. On the other, the administration of the latter is not privatized as such but takes the peculiar form of a hybrid between a public and private corporation. The transformation of prison service, therefore, is reaching depths further than the initially assumed from a shallow analysis of the Criminal Justice Act 1991. Bringing into consideration the concept of Authoritarian Statism would significantly facilitate the connection and understanding of those developments. As a matter of fact many aspects of the aforementioned transformations have been described by Poulantzas in his approach of the form of the

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<sup>492</sup> See indicatively T. Colling 1991, p. 117.



State that befits monopoly capitalism in the last quarter of the 20<sup>th</sup> century. Starting from the main innovation of the Criminal Justice Act 1991, it has been shown that privatisation as such exemplifies the economic developments adopted to combat the 1970s over-accumulation crisis. Contracting out, however, is not incompatible with Authoritarian Statism since it's only the visible "frontiers of the State that are rolled back"<sup>493</sup>. The other side of the coin had been that the State expanded its controlling mechanisms to ensure compliance of the private providers with the contract provisions. The intervention of the Secretary of the State in cases of emergency according to article 88, the special approval of the appointment of the director of the prison as well as of any officer performing custodial duties but most of all the permanent presence of a civil servant controller in the prison institution shows exactly that.

More revealing, however, is the situation in next level of administration, namely the Prison Service. The decentralisation of this service through its establishment as executive agency is a sign of disturbance in the official hierarchy of public administration; the appointment of Chief Executive of the agency by the Home Office especially in the case that he or she comes from the private sector is an indication of a new set of nexuses between the apparatus in question and the central administration. Most importantly, though, the creation of a two tier Prison Service, namely publicly run and private one, with different salary levels, different administrative organisation, different characteristics as in the case of prison regimes, different functional principles to be followed and different functional guarantees (see for example the "no-overcrowding" guarantee of private prisons)<sup>494</sup> in combination with the expansion of this image, namely the furtherance of prison privatisation, reveals that the implementation of actual power in this State Apparatus is gradually transferred to the connections embedded in the new setting of prison administration. As a result of the latter, the corporatisation but not privatisation of the Prison Service is exactly an indication of the need for the establishment of a new network of power within the State in order to comply with and be able to control the new knots of governance, namely the contracted out prisons<sup>495</sup>.

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<sup>493</sup> See further *ibidem* pp 151-152.

<sup>494</sup> J. Black 1993, pp 27-30.

<sup>495</sup> *Ibidem* p. 149.

It seems then that privatisation in the field of corrections either as prison and services contracting out or as modifications in the upper levels of prison system administration reveals some transformations that correspond to the wider State movements related to Authoritarian Statism. Nevertheless, the history of those developments doesn't start with prison privatisation. In the economic level, as already mentioned, privatisations were introduced, at least as coherent governmental policy, in 1979 with the partial selling of British Petroleum. In the administrative level, however, changes have begun as early as 1981 with the abolition of Civil Service department and transfer of its powers to the Prime Minister's and Cabinet Office. At the same period particular ministries have been experimenting with corporate and business planning as in the case of the Department of the Environment and Ministry of Defence. The first comprehensive strategy, however, was not set out before 1982. The *Financial Management Initiative* set for the public administration similar principles as those explained before. Efficiency, corporate planning and targets to be met served again as guidelines for wider transformations in the civil service. In 1984 the principle of comparable salaries between private and public sector was abandoned to be replaced with performance-related payment. 1988 brought the completion of the aforementioned Ibb's Report under the title *Improving Management in Government: The Next Steps* which initialized the policy of executive agencies, while market testing scheme was introduced in 1991 with the White Paper *Competing for quality: Buying better public services*. The guiding principle in all those cases has been the achievement of efficiency by using managerial expertise from the private sector, setting targets, allowing budgetary autonomy and decentralizing functions from the main administrative mechanism. Especially in the case of Prison Service agency its "hiving off" from the Home Office meant a distinctive preoccupation with efficiency since individual prison boards were working under the threat of competition and market discipline. As a consequence, corporate and business plans along with 'Key Performance Indicators' were regularly published outlining objectives related to improving quality of services and increasing value for money<sup>496</sup>. The effect of "corporatisation without privatisation", therefore, was significantly similar to privatisation as such. The reason

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<sup>496</sup> D. Evans *et al.* 2009, pp 178 and 184.

behind that is that both developments present indicators of Authoritarian Statism. Therefore, the theoretical conclusion of the previous chapter that the time gap between the introduction of general privatisation and prison privatisation policies is a transformation by absence, namely a transformation of what was supposed to be there, seems to be ascertained in the concrete reality of the British Social Formation.

## Chapter 7

### Crisis, Privatisation and Political Strategy

The previous chapter pointed the emergence of prison privatisation as a State transformation by absence. As already stressed, transformations should be explained with reference to the peculiarities of the class struggle. In order to direct the discourse towards that direction and before reaching the specific analysis of the class contradictions in reference to the prison system, a general overview of the class struggle in the conjuncture is much needed. The particular characteristic of the period at the last quarter of the 20<sup>th</sup> century has been the manifestations of another economic crisis. It is generally accepted by the international bibliography, at least the part following heterodox economics and especially the Marxian ones that in that period capitalist economy were going through a capital over-accumulation crisis<sup>497</sup>. The British economy could not form any exemption<sup>498</sup>. In an attempt to identify the characteristics of the class struggle, what is especially important is to connect the State responses to the economic crisis with an account of the society's reaction. This would allow understanding whether the cyclical economic crisis has turned to a structural one; a necessary process before accounting for any State transformation. From an international point of view, it has been suggested that the counteracting influences of that period differ between the early stages of the crisis and the later ones<sup>499</sup>. This chapter therefore, will examine the possible emergence of purging and anti-purging policies in the British context but most importantly the reason behind their interplay. Special focus will be placed on the detection of any political crisis as well as the gradual introduction of privatisation.

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<sup>497</sup> See indicatively R. Brenner 2006, B. Fine *et al.* 1987, S. Sakellariopoulos *et al.* 2004, E. Ioakimoglou 2000.

<sup>498</sup> For a particular analysis regarding the emergence and manifestations of the capital over-accumulation crisis in the British economy see the Appendix.

<sup>499</sup> R. Brenner 2006, p. 157 *et seq.*, E. Ioakimoglou 1987, p. 150 *et seq.* and S. Sakellariopoulos *et al.* 2004, p. 38.

- The second half of the 1960s

1958 constitutes the turning point in which the rate of gross value added to the value of constant capital invested became negative and this is an index of the wholly decreasing productivity. In addition to that, other indexes were implying that after 1959 economy was turning from “go” to “stop”. They were comprised by the increasing deficit at the balance of payments, the inflationary pressures and the rising tendency of unemployment. It’s significant to mention that, regarding the first factor, within a year the surplus of £132 million in 1959 gave way to £273 million deficit in 1960. The combination of pressures on sterling and increasing inflation were attributed according to the Bank of International Settlements and the OEEC (the later OECD) to the constantly rising wages. More specifically, it was argued that wages exceeded the productivity gains with immediate consequences on the cost of production and the prices. The gradually deteriorating role of the UK in the polarized from the cold war international affairs prevented an economic boost through military expansion, while the decolonisation was decreasing the markets with preferential relationships<sup>500</sup>. Therefore, the 1961 budget and an emergency package that followed three months later employed deflationary policy with a balanced mixture of increasing bank rates and a pay-pause at the public sector with the view of being extended at the private one<sup>501</sup>. Those policies, coupled with a later reflationary tax cuts in 1963 created a short bust-boom cycle (otherwise called the ‘Maudling Boom’ from the Chancellor of the Exchequer Reginald Maudling) that retained the GDP at a fairly satisfactory level of 3.1%<sup>502</sup>. The third among the previous factors remained, however, relatively uninfluenced by those policies. Unemployment – largely concentrated in Scotland and Wales – reached 573.000 or 2.6% of the total working population in 1963. Such numbers may seem negligible at current standards but they represented a break with the mid-20<sup>th</sup> century conditions with unemployment being close to 1%<sup>503</sup>. Only towards the end of the short expansion cycle in 1964 unemployment fell temporarily to 1.7%.

<sup>500</sup> D. Porter 1993, p. 21 *et seq.* and N. Woodward 1993, p. 76. See for example the case of the Skybolt missiles, the Suez crisis or the French veto at Britain’s entry negotiations at the EEC.

<sup>501</sup> D. Porter 1993, p. 18.

<sup>502</sup> N. Woodward 1993, p. 73.

<sup>503</sup> D. Porter 1993, p. 12.

In the second half of the 1960s, however, indexes present a more difficult image. The Maudling boom increased the deficit to £373 million in 1964 by rising the imports and diverting the production to the internal market. This furthered the sterling crises of the 1950's and 1960's. The interpretation given was that rapid growth could not be sustained as balance of payment problems were arising in the way explained before. To tackle this situation, deflationary measures employed undermined investment, new techniques and scale economies. This development aggravated further the overall problematic competitiveness. To avoid this vicious cycle the State-led modernisation of the production was suggested which was understood as support for exporters, encouragement of industrial investment, restructuring of the existing industry or creation of new sectors directly by the State and investment in education and training<sup>504</sup>. By late 1964, however, the deficit in the balance of payments reached £800 million and given that there was no devaluation until November 1967 a hard incomes policy was implemented with the intention to manipulate demand as well as inflation. The same policies were followed after the devaluation and the eventual balancing of external payments. At the same time two more deflationary packages aiming to reduce the demand were employed. Inflation, however, remained high retaining its increasing tendency reaching 6.3% in 1970 and 9.4% in 1971.

The prominence of the balance of payments problem did not prevent in the second half of the 1960s decade the implementation of the abovementioned plan for the modernisation of production that in any case fell short of the targets in production output<sup>505</sup>. The technology policy that came under the umbrella of the new Ministry of Technology (Mintech) promoted indeed the reorganisation of machinery by subsidizing their replacement to support new technological developments, provided services to promote R&D and the dissemination among industry of the new technological practices. Active support was also directed to high-tech industries with direct governmental investments. Along with the Mintech, the Industrial Reorganisation Corporation (IRC) was established to reorganize industry by acting

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<sup>504</sup> H. Wilson's Swansea speech on January 1964, in N. Woodward 1993, p. 79.

<sup>505</sup> N. Woodward 1993, p. 86.

as merger broker<sup>506</sup>. The Selective Employment Tax (SET) taxed employment in service sector while subsidizing employment in the productive sector in an attempt to reorganize apart from industry the division of labour as well. Furthermore, the profit tax was replaced by corporation tax with the view to encourage retaining the profits and reinvesting them. At the same time subsidies for investment were extended<sup>507</sup>.

Irrespective of those counteracting influences the total output of the economy in the second half of the 1960s remained lower than the expected and planned one. The active intervention of the State was not enough moreover to reverse the falling tendency of efficiency. In an abundance of potential explanations ranging from the external factors in international trade, the pressure upon sterling, the inflation and the measures to tackle it or the rising tendency of wages, there is an indication that although mentioned is constantly ignored. The problem of the British economy has not been one of lack of investments in comparison with other economies but one of their relative inefficiency which should be seen in conjunction with the falling industrial capacity's utilisation<sup>508</sup>. From this point of view, the inactivity of capital and the decreasing growth of output as well as the consequential inflation in relation to which the increasing - in face value - wages should be seen, suggest a different explanation of the economic conundrum, that of over-accumulation crisis. The apparent result has been the rising unemployment as such as well as of the rate of its average duration<sup>509</sup>. Against this crisis, however, the overall State intervention aimed towards decelerating the capital purging process.

The emergence of the first signs of the economic crisis, by bringing the social forces' relationships gradually in opposition, presents a distinctive opportunity

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<sup>506</sup> See more analytically in R. Coopey 1993b, p. 105. It should be noted that IRC was comprised by industrialists rather than civil servants who managed a budget of £150 million to promote the promotion of scale economies.

<sup>507</sup> N. Woodward 1993, pp 85-89 and R. Coopey 1993b, pp 113 and 118. See also in D. Horner 1993, pp 65-68 the whole industrial modernisation program that was not fully implemented due to the financial constraints. It's crucial to mention that the particular measures exemplify the counteracting influences to the falling tendency of profit by the State as analysed in the appendix; most notably the expansion of higher education to support industry with scientific manpower, the establishment of a ministry of technology to ensure rationalized deployment of resources and State promotion of R&D.

<sup>508</sup> N. Woodward 1993, p. 85 and p. 89.

<sup>509</sup> N. Woodward 1993, p. 93 identifies the rising unemployment in the weak demand of labour in combination with the industrial reorganisation. The weak demand is caused by the falling profitability due to the closing gap between productivity and labour's compensation. His analysis comes from a different analytical framework; nevertheless, the data provided seem to support the existence of signs of over-accumulation.

to examine the composition of the power bloc on the one hand and of the other the hegemonic strategies employed during the 1960s. The relationship of the power bloc with the working classes was influenced by the ideological dominance of Keynesian economics. The particular set of policies connected to this was identified as the post-war consensus. The minimum standard for Labour and Tory governments has been a commitment to full employment, the welfare State and mixed economy<sup>510</sup>. The consequence has been two politically related socio-demographic changes. On the one hand, the consensus politics and most specifically the full employment mantra had created a class fraction of economic affluent labourers that were gradually obtaining a petty-bourgeois mentality<sup>511</sup>. At the same time the technical orientation of the production added considerable numbers of skilled labour, engineers and scientific professionals to the dynamicity of that class. Its significance and most importantly its political power came to light already after the pay-pause at the public sector of the deflationary package of 1961. Disillusionment among “dons, schoolmasters, school-teachers, civil servants, clerks, nurses, public utility workers, railwaymen and all the rest” was not only attributed to the expected pay rises that were not delivered but also “middle-class professionals and other white collar workers saw their differentials eroded; they felt that they are relatively ill-paid compared to the high wages which they heard about coming in the ordinary artisan’s house-hold”<sup>512</sup>. The second change has been the particular strengthening of the labour movement. The industrialised economy in combination with full employment produced a large number of workers for whom the threat was inflation rather than unemployment. The 1960s has been a period of labour militancy as seen not only in the strike activity but also in trade union density. This was particularly apparent among public sector workers<sup>513</sup>.

In understanding the relations of the power bloc with the labour classes<sup>514</sup>, the full employment and welfare policies and generally the concessions in the form of wage increases should be seen under the light of the unstable equilibrium of

<sup>510</sup> D. Porter 1993, p. 12.

<sup>511</sup> S. Fielding 1993, p. 31.

<sup>512</sup> H. MacMillan’s view after Orpington defeat in D. Porter 1993, p. 18.

<sup>513</sup> N. Woodward 1993, pp 82 and 94. This also explains why despite the rising unemployment, wages were also increasing. It should not be forgotten that the assertive movement is a crucial part of the over-accumulation crisis.

<sup>514</sup> A complete analysis of the Social Formation should also include the composition of the power bloc and the contradictions within the dominating classes. This is, however, a peripheral issue here. The following sections, therefore, will omit the relevant analysis.



compromise strategy. The concessions in question, however, could not be extended beyond a certain point given the falling profitability of capital investments. The uneasy industrial relations constituted result of this inflexibility and at the same time it worked as catalyst for more assertive struggles. In this field the State presented a mixture of responses. In the first half of the 1960s decade it didn't intervene in the collective bargaining taking place in the private sector. It did, however, implement a pay freeze in the public one. At the second half the aggravation of the crisis resulted to a change in policy. The deflationary packages were coupled by a harsh incomes policy aiming to stop the acceleration of inflation. An interesting example has been the way that seamen's strike was tackled in 1966. Although the employers were willing to settle to the pay claim raised by the strike, the proposed settlement was exceeding the percentage suggested - but not statutorily imposed - by the income policy. MI5 penetrated and surveyed the strike leadership. The strike was then alleged by the government as influenced by communists, something which had detrimental effects on its continuance in the cold war climate of the period<sup>515</sup>. More generally, the failure to devalue and consequently the only deflationary mechanism left, incomes policy that is, brought the power bloc and the working class against each other<sup>516</sup>.

Given the increasingly difficult relations with the trade unions and generally with the labourers, a new strategy was initiated, which would be constantly implemented in the following years. The aforementioned socio-demographic change that resulted in the increasing numbers of white-collar workers and freelance scientists gave the opportunity to the mass party to establish a new alliance between that dynamic social force and the power bloc<sup>517</sup>. Having in mind the economic constraints because of the looming crisis, this new alliance would serve as an outlet to support the dominant position of the power bloc. New advertising techniques were used by both parties with the view of influencing exactly this group of affluent workers and scientific professionals. The industry modernisation rhetoric was

<sup>515</sup> R. Ramsay 1993, p. 153. The effects of Authoritarian Statism in this case are more than obvious.

<sup>516</sup> See for example T. Crossland's quotation in N. Woodward 1993, p. 84: "The failure to devalue constrained public expenditure. It antagonised the trade unions and alienated large groups of workers".

<sup>517</sup> This doesn't mean of course that the power bloc-petty bourgeoisie alliance is something new. What is at stake here is the emerging alliance with the recent fraction of that class, namely the new petty bourgeoisie.

particularly embracing those social groups. At the same time the classic petty-bourgeois ideations about the State-centred egalitarianism and prospects through an all-inclusive education were deployed even from the Labour party that used to focus until that time on the manual workers. This change was particularly visible in the traditional labour class newspapers<sup>518</sup>. Aside any rhetoric, the most striking example of the hegemonic strategy change has been that of devaluation. Although suggested early enough, the government devalued sterling only in 1967 preferring instead to address the crisis by manipulating income. The official explanation was that reducing the living standards should be avoided<sup>519</sup>. Taking into consideration all the literature regarding the affluent workers it's easily comprehensible that the ones protected were exactly this allied fraction with the power bloc. Devaluation wouldn't have detrimental effects upon the less affluent workers in contrast with the petty bourgeoisie which should direct their consuming habits to non imported products<sup>520</sup>. The industrial capital would had definitely profits out of this policy by making their products more competitive, increasing their exports and job vacancies. The financial capital would initially sustain losses (a fact which may imply the dominant fraction in the power bloc) but in the second instance would minimize them through the profits of the industrial capital.

The looming economic crisis along with the changes and frictions in the power bloc created problems in the political level but definitely not a political crisis. The first sign of political unrest came in the field of the mass party. Labour's commitment to nationalisations (Clause IV in the Labour party's constitution) attracted much of the intra-party conflict during the 1960s. The party was separated after the 1959 electoral defeat between the traditionalists, mainly the left wing, who insisted on the preservation of the clause and the revisionists, the majority among the party, supporting its deletion. The importance of the Clause IV conflict is not a doctrinal one but should be seen in conjunction to the later strategic change in the

<sup>518</sup> S. Fielding 1993, pp 35, 38 and 40 and R. Coopey 1993b, pp 111-112. The results of this strategy could be seen in the gradual change of support towards the Labour party in the second half of the 1960s in S. Fielding 1993, p. 43.

<sup>519</sup> N. Woodward 1993, p. 82.

<sup>520</sup> The consuming habits affected by the devaluation are mentioned in profiling exactly those new fractions of the petty-bourgeoisie allied to the power bloc which also constitute the target group of the changing Labour party affiliated press: "It explicitly appealed to those who went on holiday abroad, were under 35 and to married women who worked; people who ate steaks and had come into recent possession of cars, houses, refrigerators and washing machines" in S. Fielding 1993, p. 41.

power bloc. Most significantly, though, is related to the privatisation policy that would emerge 20 years later. The non commitment to the nationalisations might not be an affirmation to privatisations as such but it's definitely a "stepping stone". Although divided, the party remained united through a tactical appeasement under the idea that a change of a constitutional clause would be futile, irrelevant or unrealistic political "theology"<sup>521</sup>. This shows that at least for the dominant wing in the party, the socialist goal of State ownership became nothing more than a symbolism. The internal conflict, however, continued fuelled by the opposition to devaluation, the deflationary packages, the incomes policy and the way that seamen's strike was handled<sup>522</sup>. The intra-labour contradictions culminated with the May Day Manifesto accusing the leadership of the party that succumbed to the needs of the monopoly capital abandoning its initial premises<sup>523</sup>.

Taking into consideration the way that the conservative version of the mass party lost office it seems that the political level was facing problems in reproducing its legitimacy and moreover the domination of the power bloc. Irrespective of the economic and political (not to mention the scandals and shortcomings) hitting the Tories, the Labour Party didn't manage to achieve a large majority in parliamentary seats (only four) leading Harold Wilson to new elections after 18 months. Notwithstanding the first-pass-the-post electoral system in the United Kingdom which allows for large majorities, this could be a sign that the economic crisis was gradually turning to political resentment seen also in the fact that until the end of the 1970s no government managed to be re-elected for a second full term in office (apart from elections close to each other in order for the government to secure a better majority). It should be noted, however, that the eventual formulation of governments throughout the period in question may by the left and right wings of the mass party constitute eventual affirmations of the reproduction of the political system. Therefore a political crisis could not be spotted in the 1960s.

With the view of initiating the purging process of the British economy, the first steps towards that direction took place in that very period, in the 1960s. Especially towards the end of the decade both major parties took initiatives to

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<sup>521</sup> S. Fielding 1993, p. 34.

<sup>522</sup> R. Ramsay 1993, p. 153 and R. Coopey *et al.* 1993a, p. 3.

<sup>523</sup> See analytically in N. Tiratsoo 1993, pp 164-165.

prepare for the gradual withdrawal of the State from the market to allow for investment space for the private capital. As soon as 1965 the governing Labour party commissioned the preparation of a report that came out in 1968. The Fulton Report suggested the introduction of “accountable management principles” which meant the objective measurement of the performance of individuals or units. At the same time it recommended the identification of cost centres in order to quantify the performance of the civil service as a total and in the level of units and individuals. The working status within the civil service might have not been changed, possibly due to the need to strengthen the alliance with the petty bourgeoisie of the white-collar civil servants; the recommendations of the report, however, were accepted by the Labour government. The significance of this report lies with the fact that its quantification of management objectives became the basis for the development of a policy some years later that culminated in the ‘Next Steps’ policy from the 1980s. The civil service should be separated in semi-autonomous agencies bearing specific budget, business plan and accountability to the central government. What has been implemented immediately, though, has been the Civil Service Department aiming to provide personnel management within the Civil Service. Irrespective of the fact that it has been established to rationalise the civil administration according to the previous recommendations, it ended up being a protecting shield for the status of the civil servants until its abolition in 1981<sup>524</sup>. This development reveals that the purging initiatives from the side of the State are constantly subject to the vector of the class struggle within the State Apparatuses.

From the other side, the Conservative Party commissioned a committee under Nicholas Ridley to produce a report on nationalised industries that came out in 1968. The report was more focused on the proposed relationship between nationalized and private companies it included, however, many suggestions related to privatisations, public-private partnerships and re-organisation of the civil service. For example, the government was expected to set a specific framework of operation for each industry with specified policy, pricing, purchasing and financial targets that would change every 5 years, something that resembles a contemporary business plan. That also meant that some of the business activities should be diversified as in the

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<sup>524</sup> K. Theakston *et al.* 2004, p. 211-212.

case of the National Coal Board which should abstain from North Sea gas exploration activities or in the case of British rail which should pull out from shipping and hovercraft activities. Postal services and telecommunications should split and the corresponding markets de-monopolized. Apart from the restructuring, privatizing State industries as such were also suggested ranging from steel and shipping to airlines and aviation authority or docks. Interestingly enough, the recommendations were also touching public utilities and services such as coal mining, buses, British Rail, electricity, gas, telephone service, Cable and Wireless. The receptiveness of the report was mixed among the members of the Conservative Party. It ranged from modest to sincere enthusiasm but there were objections raised regarding the way that such a project should be brought forward. Their common ground has been strikingly similar with the reason that the labour project was also not implemented. The extent of the problems in economy as well as the industrial contradictions in both the private and the public sector were prohibitive in the view of another set of reforms<sup>525</sup>. Nevertheless, Ridley's recommendation made their way to the next Tory manifesto elaborately covered under vague wording. "We will progressively reduce the involvement of the State in the nationalised industries (e.g. Steel) to improve their competitiveness. An increasing use of capital will help to reduce the burden on the taxpayer, get better investment decisions and ensure more effective use of total resources"<sup>526</sup>.

<sup>525</sup> Indicatively B. Sewill mentions that "the paper is at the moment written starting from the assumption that denationalisation is right in principle. While all Conservatives naturally agree with this I feel that the next Conservative Government is going to be faced with so many urgent problems in the economic sphere that there will be a natural desire not to upset more apple carts than strictly necessary" in L. Johnman 1993, p. 194. Ramsden's view that Heath vetoed Ridley's Report because he wasn't prepared to consider it (J. Ramsden 1996, p. 22) doesn't seem to be supported by Heath himself who warned in June 1969 that "the Conservatives should be careful in future in proposing to introduce changes in the structure of everything in which the government was now involved. There would be a number of high priority matters and we would need all our time. We would get no thanks from the public for bogging ourselves down in massive structural changes in our early years in office" (in R. Taylor 1996a, p. 145, see also p. 147 in the same). What mattered for Heath, therefore, was not his supposed disliking of the privatisation idea but the political strategy towards it. Nicholas Ridley himself in a second report of the same committee in 1969 stated that "the politics of the matter appear to suggest we should denationalize some industries but avoid using that word". Elsewhere he acknowledges the importance of political strategy by stating that "political considerations would make denationalisation of coal an unrealistic proposition at least in the foreseeable future" while he recognises that it would be "impracticable to denationalise most of State industry but thought many public corporations might be at some stage after being put on a sounder basis and covered by suitable regulatory machinery" (in R. Taylor 1996a, pp 144 and 145).

<sup>526</sup> R. Taylor 1996a, pp 142-148.

- The first half of the 1970s.

The next decade is characterized by the subsequent U-turns between intended and finally implemented policies. In the beginning of the first half of the 1970s the major problem of the previous period seemed to be finally settled. The devaluation of sterling in 1967 turned the balance of payments deficit to surplus. The inflation was decelerating at about 5% and unemployment was stabilizing. Irrespective of the positive signs in the economy, the new government was aware of the difficulties lurking in the days to come. The economic policy directions were clear and “purging” in their underpinning philosophy. Less intervention in industry, reduction in “red tape” to create a more efficient administrative machine, tax reform aiming at their decrease, legislative reduction of the trade union power, improvement in industrial relations with the view of reducing strikes and finally faster economic growth. The “purging” element in the State policy as seen in the 1971 budget resided with the intention to create a framework in which the free enterprise would flourish. That meant that there would be no active pursuit of government planning or direct investments on the one hand and on the other the State would not interfere statutorily in incomes policy and wage settlements in the private sector<sup>527</sup>. Overall, the primary policy direction was towards a mild passive rather than energetic purging in the economy. In other words, the State would not interfere in the protection of the “lame ducks”<sup>528</sup> with subsidies or wage settlements but at the same time would not extent its policy in privatisations in the public sector.

The reality, however, proved to be much more complex than expected. In the beginning of the 1970s The GDP was growing modestly at around 1.5% and unemployment was increased at around 3%. Interestingly enough, the wage rise was not affected by unemployment. Between 1970 and 1971 wages increased at 14.5% while the same rate in the next year was 13% and even faster between 1972 and 1973. This increase prevented the government from a wide reflationary policy that would increase the GDP growth and reduce unemployment. What was preferred instead was some tax cuts that didn’t bring any positive change in the previous figures. In contrast with the estimations, by 1972 GDP was stuck at 2% and

<sup>527</sup> A. Cairncross 1996, pp 109-110, R. Taylor 1996a, p. 139 and A. Roth 1972, pp 5 and 16.

<sup>528</sup> It’s not a coincidence that this phrase was introduced in British politics by the government of that period.

unemployment rising at 4%. Apart from the discrepancy between increasing unemployment and rising wages, another interesting figure is that of the value of investments that were falling in those years. Especially, stockpiling seems to have taken a nosedive<sup>529</sup>. This situation led government to a change of target. The intention since 1972 became the containment of unemployment rather than the GDP growth.

The new direction took the shape of a U-turn in comparison with the previous approach. The non-intervention stance was abandoned and replaced with active encouragement of investments in manufacturing industry especially in areas with high unemployment<sup>530</sup>. Apart from further extensive tax cuts<sup>531</sup>, the new policy included direct State investments as in the case of £100 million over some years as part of a public works programme. As a consequence, the GDP started rising reaching 3.5% in 1972 and 9.6% in the first half of 1973. Unemployment fell significantly to 2.1% by the end of 1973. Whether the economy was overheating or not is disputed. What stands out, however, is that the expansionary measures brought with them shortages in materials, components, plant capacity but most importantly labour and especially skilled labour which posed exceptional pressure upon wage increase and consequently inflation. This situation didn't leave unaffected the third part of the economic problem that seemed resolved few years ago. Partly attributed to the increased import needs due to the expansion of the economy and partly to the world commodity boom just before the oil crisis which further deteriorated the situation, the balance of payments was again in deficit reaching £1600 million by the end of 1973. It even climbed up to £3359 million in 1974<sup>532</sup>. The full deployment of the economic crisis in the occasion of the oil crisis expanded the breadth of the measures in several sectors of the economy. The restrictions like those imposed to space heating, floodlighting, supplies of petroleum, speed limit and the three-day week were extended in the financial sector. The minimum lending rate was raised to

<sup>529</sup> A. Cairncross 1996, pp 111-115.

<sup>530</sup> The labour MP Edmund Dell summarized this movement: "our pragmatic prime minister, having marched his troops up the hill to laissez-faire and disengagement, is marching them down to selective intervention on a massive scale" in A. Roth 1972 p. 234.

<sup>531</sup> Analytically in A. Cairncross 1996, p. 116 *et seq.* Apart from the total tax concessions that amounted to £1800 million per year, there were implemented special allowances regarding depreciation and investments in plant and machinery either new or second hand.

<sup>532</sup> A. Cairncross 1996, p. 118 *et seq.*

13% and restrictions on the growth of bank deposits were implemented (fixed rate of 8%); what has been coined as the “corset”. The latter reversed a previous change of policy by the Bank of England from 1971 which eased the inter-banking system market increasing cash liquidity. That increased the stock of money available and further asserted as an accelerating factor of inflation<sup>533</sup>. This change could be also recorded among the U-turns of the first half of the 1970s since it moved from a “purging” tactic to protectionism – although this time in favour of the whole economy. On a different field of action, in an attempt to counter the debt created by the State-led expansionary intervention in the economy the previous tax cuts were reversed and public expenditure were reduced by £1200 million<sup>534</sup>.

The other side of the U-turn and directly connected with the previous one has been the rise of employment and consequently of wage and prices inflation. The government was obliged to embrace what had abandoned before the U-turn, namely the statutory income policy. Between 1970 and 1971 the government stayed adamant in the initial decision to avoid interference in wage settlements in the private sector. It followed, however, the tested and failed idea from the 1960s that settlements in the public sector would affect the private one as well. Therefore in the wage claims raised in that period, it implemented the “n minus one” policy (namely offer one percent lower than the claimed increase) and managed indeed to decrease the acceleration of wages in the public sector without affecting, however, the private one. The other part of the “equation” was a settlement with the Confederation of British Industry to limit price increases for one year to 5%. Nevertheless, both the wages and production costs were rising uncontrollably. The wage increase between 1970 and 1972 were fluctuating between 13.8% and 12.5%. In the meantime even in the public sector the government was sustaining the first losses from the initial policy when settled an agreement with coal miners at 20% increase. When the settlement with CBI was about to expire, the government initiated tripartite negotiations including the CBI and the TUC. The negotiations’ impasse led to statutory control of

<sup>533</sup> See analytically in A. Cairncross 1996, pp 124-128. The policy of greater availability of cash in the inter-banking system loans is deemed to be the first monetary step in the British economy.

<sup>534</sup> Public expenditure reduction at the amount of £600 million has already been planned for 1973 and the following years. The reason, however, was different. In order to boost the expansion of the economy planned State investments, as in the case of road expenditure, local government, industrial subsidies etc. were withdrawn with the view that they would be replaced by private ones.



incomes policy in three stages. At first there has been a freeze in pay prices, rents and dividends. In the second instance a Pay Board and Prices Commission implemented and controlled wage and prices guidelines. Finally, a 7% pay increase was allowed which was increased 40p for every 1% increase of inflation. Although those measures had the potential for a successful intervention between the winter of 1972 and the winter of 1973, the oil shock along with the aforementioned international commodity price rise had their impact on wage rises which were assisted by the later stage of the incomes policy as well as by the trade unions' claims. Overall, the wage rise culminated at the winter months of 1973-1974<sup>535</sup>.

The synchronized increase of unemployment, wages and inflation, in contrast with the established knowledge of the Philips curve, and later on the decrease of unemployment and consequently further increase of wages but most importantly the nosedive of investments in the productive sector of the economy constitute aspects of both absolute and relative over-accumulation. It was, therefore, the full deployment of the crisis that begun to exert significant pressure on profitability pushing the opposed classes gradually to extreme contradiction. In response to that, the State once again employed the classic Keynesian counteracting influences - in complete un-accordance with the initial commitments - like tax cuts, subsidies or direct investments. The most prominent breaks with the initial liberal economic logic have been the Rolls Royce<sup>536</sup> and Upper Clyde Shipbuilders bailing out both in 1971. The next year the Industry Act 1972 was passed with the view of containing the soaring unemployment. Regional development grants up to £250 million were made available aside the sweeping powers of the Secretary of the State to provide any form of financial assistance to industry with some abstract criteria related to the national interest. Parliamentary approval would be needed only if the funds were exceeding £5 million<sup>537</sup>.

In an attempt to explain the governmental U-turns, one has inescapably to turn to the relationship with the dominated classes. The non interventionist policy for

<sup>535</sup> A. Cairncross 1996, pp 133-137.

<sup>536</sup> Rolls Royce was already under State management but running under private economy criteria.

<sup>537</sup> R. Taylor 1996a, p. 153 and A. Roth 1972, pp 16 and 223-224. It should be mentioned that a major field in which State capital was injected in the economy was in investments (R. Taylor 1996a, p. 155). The importance of this lies exactly with the fact that the counter-acting influences were directed exactly at that investment area which is usually the most affected by the capital over-accumulation crisis.

the “lame-ducks” soon became State investments and nationalisations. The hands-off policy towards the trade-unions soon became the industrial act 1972 and attempted consensual reduction of wages. Finally the sound public accountancy became significant increase of public expenses<sup>538</sup>. The commitment to full employment could not easily account for the change of policy direction since the initial intention to purge the economy from the stagnant capital could not come without relevant changes in unemployment. As a matter of fact, the government was alarmed about unemployment only by 1972 when it has reached unprecedented levels; up to that point it tolerated the rising figures. What, on the other hand, can account for the policy change, was rather the labour militancy especially in the public sector and the subsequent social upheaval<sup>539</sup>. It's not by coincidence that as early as the Tory manifesto was issued in 1966, it recognized the powers of trade unions as one of the problems to be addressed. The excessive use of the ‘state of emergency legislation’ and the high number of working days lost due to industrial actions are exactly signs of this development<sup>540</sup>. Illustrating examples are the cases of the infamous bail outs of Rolls Royce and Upper Clyde Shipbuilders. In the first case the government was threatened with a possible loss of about 80.000 job places. The assumed civil disorder that would follow became much more apparent in the second case. The initial refuse of the government to bail out the ship yards triggered massive reaction in west central Scotland during summer and autumn 1971. A demonstration in Glasgow was attended by around 80.000 marchers. The concern over the danger of widespread civil disorder led the local chief constable to ask for 15000 police officers to uphold the rule of law. As Margaret Thatcher recalled “there was tangible unease” and John Campbell, Heath’s biographer wrote that “the government frankly gave in to the threat of violence...UCS was saved purely to preserve jobs”<sup>541</sup>.

An interesting detail that worth mentioning is the distance between the open policies and what was privately admitted. On the one hand industrial relation policy planning was deemed to be consensual. On the other hand it was admitted that the

<sup>538</sup> A. Seldon 1996, p. 7.

<sup>539</sup> R. Taylor 1996b, pp 176-177. Taylor at this passage attributes the possibility of social upheaval to the rising unemployment rather than to labour militancy. Although this is a slightly different view from the one deployed here, the result is exactly the same.

<sup>540</sup> See for example R. Taylor 1996b, p. 161. The first strike for the Tory government was held by dock workers less than a fortnight in office.

<sup>541</sup> R. Taylor 1996a, pp 150-152.

government's industrial relations strategy was motivated, at least partially, by an attempt to weaken union powers. That was the impression created before the U-turn of the Industrial Relations Act, that, when passed, a party memorandum had to be circulated in order to explain why the legislation did not "bash" the trade unions. The law in question was symbolically consensual but in reality repressive. Trade unions were supposed to register in order to enjoy legal protections, secure tax advantages and avoid financial damages from the National Industrial Relations Court. The other side of the coin had been that this court would rule out strikes that don't fit in the criteria settled by the enabling legislation. Furthermore workers would be jailed if found in contempt of court decision in the proceedings of their industrial actions. As stated by the aforementioned party memorandum "legal proceedings and enforcement are provided only as a fall-back when the voluntary system has failed"<sup>542</sup>. Amidst the deteriorating industrial relations and financial situation a voluntary system that is subsequently followed by repression doesn't seem to include much consensus.

Unemployment, usually a factor that affects the trade union power, seemed in this case to feed their militancy rather than reduce their assertiveness. The governmental U-turns are not the only signs showing that the State succumbed to trade unionism; it was also their appeasement strategy as such employed by those policy changes that failed too<sup>543</sup>. It was early 1972 when the government failed to adhere to its "n minus one" policy regarding the coal miners of the public sector after a six-week-long strike<sup>544</sup> and two years later it was electric workers and coal miners that demanded their exemption from the third stage of the new incomes policy. Their strike was not successful in securing their claims but managed to bring down the government in January 1974. The labour movement's victorious mood developed after the successful settlement of the wage claim of the coal miners in 1972 is illustrated in Arthur Scargill's words in an article. "Here was the living proof that the

<sup>542</sup> R. Taylor 1996b, p. 168-173.

<sup>543</sup> See for example J. Ramsden 1996, p. 42 where he mentions that "it was only the entirely unanticipated ferocity of the battles over the 1971 Industrial Relations Act and the 1972 miners' strike that created the impression of a government bent on confrontation. As soon as the miners were back at work, Heath determined that 'we must find a more sensible way of settling our differences'. From that point on, Heath was as a Prime Minister a tireless advocate of a partnership or corporatist approach to running the economy, again a stance that derived from his experiences in office before 1964".

<sup>544</sup> See analytically in A. Roth 1972, pp 230-232.

working class had only to flex its muscles and it could bring governments, employers and society to a standstill”<sup>545</sup>.

The difficult relationship between the power bloc and the proletariat was repeated to a degree between the dominating classes and the petty-bourgeoisie. Especially in what regards the State Personnel, the ideological inertia towards the changes brought by the initial policies of the Tory government started making their appearance visible. For example, David Howell holds that “the reforming and anti-government zeal that had informed Conservative thinking on the civil service prior to 1970 was sabotaged by senior civil servants, infected deeply with a Keynesian ‘dirigiste’ mentality”<sup>546</sup>. The same was held by several other members of the cabinet like Keith Joseph who was concerned that “ministers planning to cut back functions and staff would have to work against inertia – and worse” or Nicholas Ridley who depicted Whitehall as an organized conspiracy against consensus that made free market policies hard to carry out. Douglas Hurd was convinced that the civil service was not a natural ally of the conservative party especially if they were trying to cut back the public sector. But more generally than the allegations of the Tories against the civil service, Douglas Hurd states that ‘the truth is that a party which believes in reducing the power of the State will always face serious problems with civil servants at all levels’<sup>547</sup>. But even if the State Personnel was resisting the change of the dominant ideology in practice, they cannot be attributed with the increase of the public sector with 400.000 more employees<sup>548</sup>. The latter, apart from being a proactive policy to reduce unemployment, could also be seen as an appeasement strategy which, however, would increase in the medium-term the power of the assertive movement within the civil service. As a matter of fact reports as early as 1971 were pointing to the anger among civil servants over pay, the growing militancy and the possible industrial action which finally occurred in 1973. The

<sup>545</sup> A. Scargill 1975 and R. Taylor 1996b, p. 177. Poulantzas’ view that class interests are determined by class power and the *acquis* is illustrated in exactly this passage.

<sup>546</sup> In A. Seldon 1996, p. 8.

<sup>547</sup> K. Theakston 1996, pp 81 and 83.

<sup>548</sup> A. Seldon 1996, p. 8.

immediate result was that the commitment to re-organize the civil service by cuts in the numbers of the personnel was “quietly buried”<sup>549</sup>.

In this environment the reproduction of the political level was faced with acute problems. The emergence of political unease could be easily diagnosed first and foremost by the very U-turns. The reasons behind those changes in policy as explained above imply already that the economic crisis was contaminating the political level. On the one hand the economic struggle within the public sector is immediately understood as confrontation with the political leadership of the State which appears as the employer. This is even more apparent in the struggles of the State Personnel in which what was at stake was not only an economic claim, but also a gradual change in the dominant ideology from Keynesian welfarism to monetary practices. On the other hand, in the private sector, the State intervention to bail out corporations or even its (initial) refusal to subsidize them connects inescapably the economic claims to the political ones. The State reactions to the crisis, especially after the collapse of a consensual solution, tended to further politicize the crisis. The statutory incomes policy or the ‘corset’ in what regards the power bloc constituted signs of both the political dimension of the economic crisis as well as of authoritarian State transformations. The most infamous, however, reaction towards the labour class militancy has been the excessive use of the “state of emergency legislation” in four occasions, one of them taking place in the very first strike of the period in question less than fifteen days after the conservative government took office<sup>550</sup>. The eventual call for elections in January 1974 took place under the pressure of another coal miners’ strike and in conditions of extreme reductions in energy consumption. The catchphrase that dominated the election campaign had been the question of “who governs” which was linking itself the industrial relations to the political developments.

The political U-turns became source of disenchantment in the conservative wing of the mass party. Although a marked crack in the unity was not easily visible,

<sup>549</sup> K. Theakston 1996, p. 99. A reduction that may appear in some statistics could be attributed to the hiving-off of some departments rather than to actual redundancies. In the same passage Theakston argues that the government was not antagonistic towards the civil service and he supports this by reference to a number of policy initiatives. Those initiatives, however, remained at the planning level apart from legislation to give civil servants index-linked pensions. Given that intentions do not compensate for reality, the government ended up being antagonistic.

<sup>550</sup> See for example A. Seldon 1996, p. 8 and R. Taylor 1996b, p. 161.

the party organisation had to fight to preserve unity among the ministers (as in the case of Nicholas Ridley<sup>551</sup>), MPs and supporters of the party especially from the middle classes – the main electoral pool of the Tories<sup>552</sup>. The implications from the political unease affected also the political scene in the electoral level of 1974. In February 1974 the general elections resulted to the first hung parliament since 1929. Conservatives, although they had the majority of votes, had less parliamentary seats. In any case, no party managed to take enough seats to form government. The lack of consensus between the Labour, Conservatives and Liberals on the formation of government led to new general elections in October 1974 in which the Labour managed to form government with a majority of only 3 seats<sup>553</sup>.

The political implications of the economic crisis, however, were not restricted in the field of policy making, the parties or the electoral results. The contradiction within the trade unions constitute also signs of this non smooth reproduction of the political level. It should be reminded of course that trade unionism itself is a State Apparatus which condenses the different class interests. Although TUC was united in the opposition against the new Industrial Relations Act, they were not unanimous on how to confront the legislation effectively, especially in what regards the new registry for the trade unions. The left wing within the TUC, although secured almost half of the votes, didn't manage initially to push the decision towards boycotting the new registry. But by July 1972 the condemnation of five strikers, instead of their trade union, found liable by a court for the declaration of a strike overturned the image<sup>554</sup>. More generally, though, what is generally held is that during the 1970s trade union leaders had lost their legitimacy. There was a clear separation between the trade union and labour movement. The first was acting as a containment mechanism in line with its State Apparatus nature, following different direction from the latter. The aforementioned condemnation by the court was implying exactly that the trade union as an organisation was irresponsible for the

<sup>551</sup> "I could stand it no more. Ted Heath sent for me in April 1972 when he had a reshuffle [...] I was very glad to have had nothing to do with the government of 1972-4 and I used my freedom to the maximum advantage" in N. Ridley 1991, p. 4.

<sup>552</sup> S. Ball 1996, pp 315-350 and J. Ramsden 1996, pp 44-46.

<sup>553</sup> See for example D. Kavanagh 1996, pp 365-370. The fact that the previous hung parliament was formed in 1929 namely at the outbreak of the previous capital over-accumulation crisis is a much telling case.

<sup>554</sup> R. Taylor 1996b, pp 172-173.

shop stewards' actions. Dennis Kavanagh states that a government could neither govern with the consent of trade unions or without it largely because of the lack of union leaders' effective control over their members<sup>555</sup>. The Conservative government has been aware of this; they thought that the Industrial Relations Act would restore the union leaders' lost authority over the workplace by enabling them to discipline dissident shop stewards<sup>556</sup>. Vernon Bogdanor provides an interesting overall image of the political implications; "the February 1974 general election thus revealed a deep-seated frustration with both of the major parties, and with the elites that had led them since the war. Not only were trade unionists more militant than they had been in the past, but workers on the shop floor were refusing any longer to follow the advice of trade union leaders, while voters were refusing to follow the advice of their political leaders"<sup>557</sup>. Are those shortcomings in leadership enough to diagnose a political crisis? Although tempting, it's difficult to assert this. On the one hand, in the political scene the electorate turned to the Liberals while in the subsequent elections gave a mandate to the Labour side of the mass party. On the other hand, the labour movement did not overpass the economic claims to produce a political claim. Therefore, the reproduction of the political level seems to have gone through strains but survived during the first half of the 1970s.

The need to purge the economy from the stagnant capital has been raised already in the previous period. As already seen the Ridley Report has been rejected by the Conservative government; not on the grounds of ideological or economic disagreement but rather on planning issues<sup>558</sup>. It was estimated, in other words, that a rapport should be established first with the trade unions before any radical economic movement. A different approach holds that the full employment and other Keynesian theories were deeply embedded in the Tory government which is further considered as the last one following the post war consensus<sup>559</sup>. This means that the Heath government was not fully committed to privatisation but concerned also with the

<sup>555</sup> D. Kavanagh 1996, p. 367.

<sup>556</sup> R. Taylor 1996b, p. 166.

<sup>557</sup> V. Bogdanor 1996, p. 382.

<sup>558</sup> Robert Taylor states that "Ridley's Report may have gone further in their proposals than Heath and his colleagues believed to be politically sensible, but their approach was more in tune with the leader's thinking in 1970 than many on either side of the party were later prepared to admit" (R. Taylor 1996a, p. 147).

<sup>559</sup> A. Cairncross 1996, p. 137 where he mentions that Heath government in contrast with the Thatcher one had specific employment policy. Similarly V. Bogdanor 1996, pp 377-378.

employment conditions. The data available, however, do not confirm this approach. The basic premises of the Ridley Report have been included and covered within the Tory manifesto<sup>560</sup>. In Ridley's words "all seemed set to embark on the privatisation programme and the dismantling of the socialist state"<sup>561</sup>. Nevertheless, the deliberately purging policies of the first period of governance were inescapably resulting to the increasing unemployment and that could have been easily estimated in advance. The commitment to full employment instead of privatisation, therefore, seems rather non-grounded unless one accepts that there has been a change of ideological premises or political sensitivities among the Tories in the middle of their period in office. Another approach moves away from both the privatisation and employment considerations. The Conservative government's primary concern has been the modernisation of the British industry. When the laissez-faire policies failed to mobilize the private sector to respond, what changed were the instrumental means towards the same goal, namely the State turned to a government-led growth strategy with a strong emphasis on public investment<sup>562</sup>. This approach tells the story analysed here in different words. Modernisation doesn't happen for the sake of modernisation. It's rather directed towards profitability. When the purging policies fail, what is left is the State's counteracting influences. In accounting for the failure of the purging strategies, in other words in accounting for the U-turns in order to decrease unemployment, one has to turn to the militancy of the labour movement which as mentioned above was not contained anymore from the leadership of the trade unions<sup>563</sup>. The initial passive purging policy, by no intervention in the economy, proves exactly this approach. Additionally, it's not by coincidence that privatisation strategies in non sensitive areas passed with no problems. For example, government departments were "hived off" as in the case of the Civil Aviation

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<sup>560</sup> N. Ridley 1991, p. 4 and R. Taylor 1996a, p. 147. The fact that the conservative manifesto didn't mention anything explicitly is not a major issue since even the next conservative government did not win office in 1979 on a clearly expressed programme to privatise the nationalised industries (R. Taylor 1996a, p. 157).

<sup>561</sup> N. Ridley 1991, p. 4.

<sup>562</sup> R. Taylor 1996a, pp 141-142.

<sup>563</sup> R. Taylor 1996a, p. 140. A similar explanation may be assumed that is developed by D. Kavanagh 1996 p. 367 who states that Heath having started out on a proto-Thatcherite agenda had to change policy due to pragmatist concerns. What would have been those concerns if not the labour militancy?



Authority, in a movement resembling to the previously mentioned ‘marketisation without privatisation’<sup>564</sup>.

- The second half of the 1970s

The political U-turns continued in the second half of the 1970s under the Labour government. Already from opposition, there were negotiations between the party leadership and the TUC over a much closer mutual understanding. The negotiations resolved to the February 1973 agreement which was later coined as the social contract. It committed the next labour government to a system of price controls, especially on food, a new approach to housing and rent with intensive involvement of the State in its provision, the strengthening of public transport, large scale redistribution of income and wealth through tax system, immediate rise in pensions, the extension of industrial democracy by opening the scope of collective bargaining. Finally, the social contract insisted in the “expansion of investment and the control of capital by further public ownership, by the extension of State supervision of private investment and by new measures of control to prevent excessive investments overseas”. The social contract was part of a wider conceptualisation of the economic problems of the British society in which inflation and unemployment were the major ones to be tackled. To the disproportionate power of a number of large companies, the Labour programme was proposing the extension of public ownership, the setting up of planning agreement with major companies and a new Industry Act. The first proposition was echoing the clause IV of the Labour constitution but was not as extended as to entail the nationalisation of the twenty-five largest companies as it used to be in previous years. The radicalism of the programme and the close connection with the trade unions were, however, mitigated by a number of factors. Initially Hugh Scanlon leader of the AUEW (Amalgamated Union of Engineering Workers), one of the most powerful unions among the TUC, insisted that there would be no trade union support for any “social contract” unless there is an assurance that it would involve no incomes policy or free collective bargaining. On the one hand, the social contract remained silent in what regards an

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<sup>564</sup> K. Theakston 1996, p. 93. On the other hand “hiving off” other departments was rejected after faced with strong opposition of the civil service unions as in the case of the Royal Ordnance Factories.

incomes policy. On the other hand, James Callaghan, shadow secretary of foreign affairs and future prime minister, was stating that the social contract is a basis for beginning talks with the TUC on a voluntary incomes policy. Later the Labour manifesto was opening the backdoor for changes under the idea that the severity of the problems faced by the future government may modify the programme<sup>565</sup>. Another sign of the fluidity of the programme has been the credits given from Wilson, the opposition leader, to Heath the prime minister, by January 1972 for having halved the wage settlements down to 8-7% from 15-14%<sup>566</sup>.

In contrast with the previous government, the one in office during the second half of the 1970s was aware of the extremity of the economic problems. The profit squeeze since the 1960s continued reaching a real profit crisis<sup>567</sup>. In line with the OECD estimations, the balance of payment deficit in 1974 reached £3323 million. Wages rates and inflation were ranging in the same year between 15 to 20% more than the previous year. Unemployment on the other hand had been constantly rising crossing the one million mark by October 1975. Both the productivity and the GDP fell. Especially, the latter presented a steep downturn between the second half of 1974 and the first half of 1975 at 2.5% following the same direction since 1972. The State's strategy, according to the budget for 1975, to cope with this was a mixture of immediate responses to "buy time" and more structural reforms. On the one hand it resolved to international borrowing to finance the balance of payments deficit and gain some moving space. This policy was chosen instead of an abrupt deflation which would hit predominantly the working classes and so was in line with the redistributive programme of the Labour government. The structural reforms would be directed to stop the acceleration of wages and inflation. The important part of the policy, however, was that the pension increase, food subsidies, and rent price control would come from a redistributive shift of tax levying. Therefore, lower taxes for the lower incomes would be replaced by wealth and gift taxes for the richer. Nevertheless, at the same time the trade unions were expected to accept a voluntary wage restraint. This would not only decelerate the wage inflation but estimated that would encourage industrialists to further investments too. Thus, it was expected to

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<sup>565</sup> D. Coates 1980, pp 4-7. See also T. Tomlinson 2004, p. 57.

<sup>566</sup> A. Roth 1972, p. 230.

<sup>567</sup> T. Tomlinson 2004, p. 58.

decrease unemployment and outbalance of the external payments deficit irrespective of the fact that they were also burdened with heavier corporation tax, higher national insurance contributions, increased prices of procurement from the nationalised industries and tougher price controls<sup>568</sup>.

The budget, however, fall short in giving a solution to the problems plaguing the British economy, possibly because it identified their source as limited productive investment which was only a node in the chain of causes and results. As a consequence, a number of paradoxes emerged leading to an impasse of the implemented policy. Servicing the external debt attracted the focus of the State's intervention. It became a growing part of government spending and brought tight externally dictated limits on public sector borrowing and therefore to the social wage. The medium-term result was that the foreign loans raised to prevent immediate cuts caused the very severity of the cuts in social expenditure that had to be imposed. In parallel, the balance of payments deficit and the accompanying high rate of inflation weakened confidence in pound sterling. The exchange value declined severely. In contrast with the expected, however, this devaluation didn't stimulate exports but rather increased imports and internal inflation. One reason has been that, although exports were profitable indeed, the export capacity was fading away because of the inflation created by the sterling devaluation. The second interrelated reason was that the capital over-accumulation crisis itself constituted investments unprofitable as already shown in the previous sections. At points Bank of England was intervening to balance the devaluation while at the same time providing pound holders in FOREX market a great opportunity to sell off their holdings. That was creating a vicious cycle that constantly aggravated the situation. The Labour government saw the only solution to the revival of the world trade in which however had limited leverage, leaving aside the fact that there was a world recession. What attempted to do was to strengthen the British competitiveness in the international markets which required major industrial investments. The problem was that this strategy was more or less the common among the developed economies. But even if it was not, its realisation required the reversal of the long-standing low investment rate in the sense that increased productivity would lower the price of British products making them

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<sup>568</sup> D. Coates 1980, pp 13-14 and B. Donoughue 1987, p. 60.

more competitive and in the long run increasing the rate of return. Nevertheless, the low investment rate was undermining the future competitiveness which was on its turn putting obstacles in the present investment. What was most illustrating, though, that the government was not aware of the emergence of an over-accumulation crisis has been the underpinning logic behind the increased tax burden on the industrial capital. It aimed to mobilize industrialists towards an expansionist direction both internally and externally in order to override the tax burden. What was miscalculated, though, was that the decrease in demand caused by the inflation had exactly the opposite effect. Industrialists, in order to tackle taxation, economised in both stock levels and variable capital<sup>569</sup>. The situation was one in which the State finances were “trapped between a weak currency and an internal inflation that could only hope to be removed by economic growth, and an economic growth that it could not be created because of inflation and weak currency”. The same impasse was taking place at the other side of the governmental policy. Growth and inflation taming required the easing of interest rates and price controls which would, however, threaten the wage settlements which were used to slow down inflation<sup>570</sup>.

The high interest rates issue needs to be fleshed out because it covers a wider one related to the social contract of the Labour government. They were kept high and thus prevented industrial borrowing to protect the reserves and slow down the money circulation and consequently inflation. This was not only an intentional governmental policy but also the result of the extended public spending which was competing the private investments. Public spending on the other hand as materialised in the higher social wage, in pensions, social insurance etc. was crucial part of the social contract which planned to increase productivity through the creation of a climate of social justice. The economy, however, trapped in the abovementioned paradoxes could not deliver the much expected growth. The result therefore was that the government had to withdraw resources from an overall static GDP to fund the shift of wealth, the interventions in industry and the increasing social benefits to the increasing unemployed population. Since productivity – the creation of wealth – was

<sup>569</sup> It worth mentioning, though, that in 1975 the cabinet was aware of the major consequence of the capital over-accumulation crisis. B. Donoghue (1987, p. 84) states for example that “a bigger hole of under-utilised resources was growing naturally in the British economy every month”. In other words, the purging effect of the crisis was apparent even to non heterodox economists.

<sup>570</sup> D. Coates 1980, pp 19-23.

limited, the taxation to materialise those policies were on the one hand contributing to the recession and on the other hand increasing inflation. Hence, the crux of the vicious cycle described by the previous paradoxes and therefore the solution to the problem became the dilemma between cutting expenditure programmes or continue borrowing heavily. The consequence of the first scenario was the further increase of unemployment which would hit the private sector as well and the problem was the increased labour militancy. The consequence of the second scenario was already present and visible, namely the further increase of money supply, inflation and devaluation of sterling. The problem on the other hand was that this situation couldn't be continued for ever<sup>571</sup>.

This dilemma and its eventual answer in favour of the first scenario were depicted in the various policies and budgets drafted by the Labour government. In line with the social contract the minority government until October 1974 settled with miners, returned to a five days week, imposed an immediate freeze on rents until the end of the year, started the process to bring land required for State-led development into public ownership, introduced tougher price controls and food subsidies. Pensions were calibrated according to the general level of earnings in the economy. An annual wealth tax was levied on assets over £100,000 and a capital transfer tax on gifts over £15,000. On the other hand negotiations started with TUC for wage restraints on voluntary basis<sup>572</sup>. The reflationary budget for the period between February and October was replaced by a milder one for the remainder of 1974 which increased the purchasing capacity of the people by cuts in VAT, further food subsidies and more tax relief; while it resolved to extensive international borrowing from bilateral agreements<sup>573</sup>.

The aforementioned limitations of the previous economic policy had already become apparent by the time the new Labour government took office in October 1974. The subsequent policies, therefore, constitute the U-turn record of Labours during the 1970s. It was November 1974 when the Chancellor of the Exchequer announced four preoccupations, namely, to improve the balance of

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<sup>571</sup> D. Coates 1980, pp 24-25.

<sup>572</sup> D. Coates 1980, pp 8-9.

<sup>573</sup> D. Coates 1980, p. 27 and R. Taylor 2004, pp 76-77. See also T. Tomlinson 2004, p. 58 although there is a difference on the characterisation of the March 1974 budget as reflationary or deflationary.

payments, avoid unemployment, shift resources towards exports and investment, cut inflation by avoiding any excess in money supply and restrict wage increases according to what was agreed with the TUC. Those pillars constituted what almost every government was trying to achieve since the Second World War. What changed in this occasion, or in reality what didn't change, were the specific measures implemented towards this direction. The government retreated from subsidies, price controls in markets and discipline over the private sector. It changed the corporation tax, urged banks to give priority in lending the manufacture sector and reduced subsidies to public sector industries. Those measures released around £1500 million in the market. The public sector borrowing requirement continued growing nonetheless. The Labour government was well aware that a reduction of public spending would result in a large increase of unemployment, however, the State phased out subsidies on public sector prices particularly in energy industries; coal, gas and electricity prices, therefore, increased significantly. At the same time local authorities were obliged to restrict their expenditure something which decreased the total amount of the social wage. Lastly, but more importantly, the government committed itself towards the containment of the wage increases which became the infamous £6 pay policy of July 1975<sup>574</sup>.

This economic policy could be described as “purging”, although it wouldn't make justice towards its real characteristics. The reason is that what was purged was the State's role in the economy and not at all the private capital's one<sup>575</sup>. Therefore, State protectionism for public enterprises was withdrawn in contrast with interventions in favour of the private capital which was intensified. The reason has been the government's belief that any increase in employment required a thriving private sector. In a Janus-faced understanding of reality, however, the very same members of the cabinet were admitting that an increase in unemployment was

<sup>574</sup> D. Coates 1980, pp 28-30. The incomes policy in this case was coined as voluntary. An overview of the propositions would reveal that the only difference between the voluntary and the statutory policies was that in the first case there were tax related sanctions or withdrawal of subsidies and aid, while in the second case there were criminal sanctions (B. Donoghue 1987, pp 62-71). One wonders of course, how voluntary is a policy that imposes sanctions even if they are just tax related.

<sup>575</sup> An interesting feature of this selective “purging” has been the new industrial strategy that came to light in November 1974. Essentially, the State from an active intervention stance was falling back to the liberal policy of creating merely the conditions for profitable investments. This plan, however, was never implemented; hence, the selective “purging”. See further in D. Coates 1980, p. 35.

expected and tolerated even if it crossed the one million mark<sup>576</sup>. Later those announcements would be publicly reversed and so on and so forth. As a matter of fact in January 1975 unemployed workers were 678,000 while in twelve months would reach 1,129,000 and continue rise in the subsequent years. Even with that high unemployment, though, inflation continued rising from 15% to 30% in almost one year until May 1975 and stabilising thereafter with slight increasing tendency close to 20%. In wage inflation, on the other hand, the government had mixed results. Between July 1974 and July 1975 wages and salaries were increasing faster than price inflation. After that point and for a year they decelerated to start increasing again until the end of 1978. Industrial output on the other hand didn't present any significant rise until 1978<sup>577</sup>.

The April 1975 budget furthered the U-turn already set previously. Apart from the tax relief, deregulation of prices, direct public funding (£100 million) were made available to assist private corporations to begin capital projects<sup>578</sup>. On the other hand, £900 million were cut from the public expenditure which was translated into the loss of 20,000 jobs which neither affected the rising inflation or the unstable exchange rate of pound. In July 1975 an agreement between the government and the TUC concluded to a £6 maximum wage rise per week for a year. In return the government would reduce its planned cuts in food and house subsidies. The voluntary incomes policy was extended in the following years with 4.5% pay rise, which was later risen when the government faced a wave of strikes. Those policies, however, did few to tackle the problems of the British economy. The speculation against pound led the Bank of England to raise the minimum lending rate at 11% which, however, had counter effects on the growth strategy of the government. In summer 1975 30,000 labourers were being laid off every month. In an immediate reaction the government released £175 million to be injected into job saving schemes in an attempt to decelerate the rise of unemployment with no short term results<sup>579</sup>.

<sup>576</sup> It worth mentioning Wilson's statement that in accounting for the causes of Britain's abnormally high rates of inflation among the lack of investment and endemic problems of industrial relations, it was also the chronic overmanning in essential industries. See further in D. Coates 1980, p. 33.

<sup>577</sup> D. Coates 1980, pp 30-32.

<sup>578</sup> T. Tomlinson 2004, p. 59.

<sup>579</sup> D. Coates 1980, pp 32-37, B. Donoughue 1987, p. 62 and T. Tomlinson 2004, p. 59.

Following the budgets of November 1974 and April 1975 which gave priority to the support of private investments in the expense mainly of public spending and local authorities, the February 1976 White Paper on public expenditure further reduced those cuts even in the agreed with TUC food subsidies. These cuts were to a degree the result of the IMF directions given in return for a loan to which the Labour government resolved in December 1975. Apparently, the investments to the public sector and servicing the sovereign debt resulted to an overall increasing deficit irrespective of the cuts. Despite the funds injected by the Bank of England to keep sterling stabilised, the external value of pound fell dramatically and increased the value of imported raw materials. Throughout the first half of 1976 the Bank of England kept the same strategy in vain. In July of that year, therefore, the government announced another set of public expenditure cuts this time even from the private investment support and employment stimulation schemes. The inability of any recovery brought in September of the same year a new IMF loan and even more cuts. The same story was repeated in December 1976 with cuts in the usual areas affecting the social contract and the social wage. The only beneficiary was the National Enterprises Board which was the main administrative tool in the hands of the government to support the private manufacturing sector<sup>580</sup>.

In 1977 the image of British economy changed. Partly because of the arrival of the North Sea oil and partly because of the relative containment of the trade unions' militancy the previous months, the balance of payments started getting better and speculative runs on sterling stopped. Actually, the situation reversed so dramatically that turned to a problem again. The appreciated sterling made British products more expensive and deteriorated their competitiveness. Additionally the easing of incomes policy by 1978 increased the production costs for the manufacturing enterprises. As a result unemployment remained relatively stable at much more than the 1 million mark, the index of industrial production remained low and the overall rate of return continued falling. In March 1977 budget, as well as in particular economic measure packages until April 1978, a relative reflation was initiated with tax cuts, child benefits, tax allowances, pension increases and £400 million aid to construction industry and small businesses. The other side of the coin

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<sup>580</sup> D. Coates 1980, pp 38-41. See also B. Donoghue 1987, p. 91 for the July 1976 measures.



has been a new voluntary incomes policy, eased though, at 10%. The living standards were increased as well as the price inflation. The industry revival, however, was only slight and managed to decrease unemployment only at 90.000 (in comparison with 1.32 million unemployed workers). The incompetence of investments in the industrial sector to produce profits led the government to raise the minimum lending rate in November 1978 to discourage further investments and make industrialists to economize in capital. The short-termed economic growth stopped abruptly as the balance of payments turned again to deficit by the end of 1978. The short lived 1979 budget of the Labour government had once again to deal with the aforementioned deficit, high inflation, unemployment and intensified labour militancy especially in the public sector<sup>581</sup>.

A retrospection of the Labour government economic policy reveals something more than a single U-turn. It could be rather characterised as a sequence of changes of the immediately previous policy. As a matter of fact, it has not been just the November 1974 economic measures that pointed a fundamental change with what was planned in the social contract, in the manifesto and what was to a degree implemented between February and October 1974. The previously mentioned measures between 1977 and 1978 mark also a change with the previous hard monetaristic economic policy, closer to what has been planned in the years in opposition. Finally once again, the 1979 budget, although not implemented, was reversing to exactly those austerity policies. In accounting for those changes one could refer to the external factor of international recession or of the aftershock of the oil crisis. It should be born in mind, however, that this factor was merely setting the conditions or more specifically the pressure upon the British economy. The particular way that this pressure has been dealt with, including the domestic capital over-accumulation crisis, should be approached through the class struggle analysis within the State to which we now turn.

The State intervened actively throughout the period between October 1974 and early 1977 in the profitability of the dominating classes either through weighing the price controls or through direct financial aid. In this context, the bailing out of Chrysler UK in December 1975 for £184 million as such and the ruthless extortion

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<sup>581</sup> D. Coates 1980, pp 43-49.

by its owners regarding the unemployment cost caused by a potential shutdown of the industry serve as an exemplary of the role of the power bloc in the formation of State policy<sup>582</sup>. It had been however, the relationship between the power bloc and the dominated classes that affected mostly the formation of policy. Starting from the labour class, the increasing militancy from the previous years continued throughout the Labour governance from 1974 to 1979. Having in mind the experience from the previous government, Labours were preparing a different approach towards the trade unions, the culmination of which has been the Social Contract. As a matter of fact the few months of the hung parliament saw a relative rise of the actual and the social wage which, however, were bound to be reversed after November 1974. It's difficult, in explaining this change, to ignore the role of the organized labour and focus solely to the economic environment and more specifically on the capital over-accumulation crisis as if the latter is not determined by labour's share of output. It's equally difficult to ascribe a full commitment of the Labour government in a pro-proletariat policy since the final version of the social contract as such and its interpretations were at least dubious<sup>583</sup>. From November 1974 onwards the attempted repayment of the public deficit as well as the revival of the British industry took place in the expense of the labourers. On the one hand, the actual incomes policy, voluntary or not, in combination with the increasing inflation reduced the take-home wages and salaries and on the other hand the public expenditure cuts were reducing the social wage<sup>584</sup>. The reduction in the size of the public sector along with the purging of the private one, which was taking place indeed irrespective of its attempted deceleration

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<sup>582</sup> B. Donoghue 1987, p. 53.

<sup>583</sup> B. Donoghue 1987, pp 52 and 60. In the first case for example Donoghue mentions that "Labour's problem was that its general commitment to industrial investment and maintaining full employment, as well as its close ties with the trade unions, made it politically difficult to cut out the bad parts of British industry, even though that was essential for its long-term efficiency and survival". The contradiction with the real tolerance towards unemployment as expressed by the Prime Minister and Ministers themselves and mentioned before, questions the plausibility of this argument. In addition to that, one should also take into consideration Callaghan's expressed anxiety, already since 1969, about the power of the trade unions; "they are still much too powerful. This is our problem". In V. Bogdanor 2004, p. 13.

<sup>584</sup> The distinction between the actual and the social wage reveals a particular aspect of the hegemonic strategy. The fact that the public expenditure cuts were economizing from fixed rather than current expenditure (redundancies or salary cuts) was affecting the social wage. This should be seen from a hegemonic strategy point of view as a form of damage management since they were affecting indirectly the life of beneficiaries rather than directly as it would happen if the majority of cuts were imposed on current expenditure.

through the State's aid, resulted in the aforementioned exceptional increase of unemployment.

The easing of the incomes policy as well as the benefits and allowances could *prima facie* be explained by the stabilisation in the value of pound sterling and the inflow of the North Sea oil. Taking into consideration, however, that the productivity of the industrial sector increased only slightly, while the profitability affected by the "expensive" pound, they seem to be two rather unconnected developments. The answer should be sought in the end of the containment of the labour movement by the trade unions in the way it was taking place the previous years. The collaboration with the trade unions during the years in opposition and the agreement of the social contract, established indeed a rapport between the two. Between 1975 and the mid-1977 the Labour government managed to convince the trade union leaders to accept the voluntary incomes policy – something that was in any case crossing the red line set by Hugh Scanlon<sup>585</sup>. As a matter of fact, stoppages and days lost were significantly reduced in comparison with the record of the previous years<sup>586</sup>. A different, non voluntaristic, understanding of these developments would be related with the nature of trade unions as State Apparatuses. What happened in reality was the result of the Heath industrial policy which extended the limits of the State by including the trade unions in a particular corporatism. This is not to say that trade unions as such do not constitute in any case mainly Ideological State Apparatuses<sup>587</sup>. It's rather the fact that from a partisan and peripheral organisation which was affecting policy making by reflection<sup>588</sup> they gradually became central players in the political level. They were not just bargaining but negotiating policies. What happened in 1977 onwards, therefore, has been the extension of the consequence of the corporatist policy that emerged already from the previous conservative governance. The union leaders by gaining rapport with the government, they were losing rapport with their members. The labour movement was

<sup>585</sup> See for example B. Donoghue 1987, p. 75 conclusion that "without the support of the TUC the Labour government would have foundered – as indeed happened when it lost trade union support in 1978-9".

<sup>586</sup> See also D. Coates 1980, p. 25.

<sup>587</sup> R. Taylor 2004, p. 84 *et seq.* presents an illustrative example of the struggle taking place within trade unions in the period in question proving exactly their State Apparatus nature.

<sup>588</sup> Without of course the case of Civil Service trade unions which affect policy making directly.

well separated from its trade union leadership<sup>589</sup>. A factor that should be brought into consideration is also the fact that because of the social contract industrial democracy has been extended within the trade union movement enabling powers otherwise suppressed<sup>590</sup>. The centralisation of trade unions in the aggregate of State Apparatuses made the already intensified class struggle within them more influencing. If this conclusion were brought in the previous analysis, it would mean that the reflationary budgets of 1977 and 1978 were in reality concessions in order to retain the hegemonic strategy of the unstable equilibrium of power.

The July 1976 package of austerity measures marked the turning point of the relationship between the power bloc and the labour movement<sup>591</sup>. As a matter of fact the number of stoppages after a one year and a half period of relative labour peace between July 1975 and December 1976 started rising again in the same levels as with the last period of the previous conservative government. The stabilisation of the balance of payments didn't have any substantial influence in labour militancy which remained high in the next years and culminated in what is established in the popular memory as "winter of discontent", namely the winter of 1978-79. It must be mentioned, that not even the expected call for elections in early autumn 1978 managed to reduce the number of stoppages and working days lost. After a futile attempt to impose a new payment policy with TUC in October 1978, a massive wave of strikes begun in key sectors as in the case of oil-tanker drivers, road haulage drivers, local authority manual workers, water and sewage workers etc. As Bernard Donoughue puts it "there was a curious, feverish madness infecting industrial relations and in some cases unions actually went on strike before their pay claims

<sup>589</sup> The same was taking place in the different levels of trade unionism. For example in October 1978 the government attempted to forge a new pay policy with TUC in order to prepossess individual trade unions which would have to come at odds with TUC in case they were disagreeing. While the economic committee of TUC agreed on the basis of the new policy, it accidentally didn't pass from the General Council for just one vote while some key members in favour of the policy were absent. In B. Donoughue 1987, pp 169-170.

<sup>590</sup> See for example R. Taylor 2004, p. 83 and V. Bogdanor 2004, p. 11. The same author, however, observes in the trade unions of the period the emergence of individualism which led to the anarchic industrial relations of the 1970s (more or less the same line is followed by R. Taylor 2004, pp 99-100). Nevertheless, one wonders how the "upsurge of individualism" managed to lead to collective bargaining or common struggle. Instead of this, focus should be placed on the State Apparatus nature of trade unions. Being loci of struggle themselves means that the powers demanding more than a compromise with the government were "gaining space" in the vector of the class struggle. Furthermore, the demand for industrial democracy could be also seen as an achievement of the struggle "from below".

<sup>591</sup> D. Coates 1980, p. 39.

had been submitted”<sup>592</sup>. In mid-January 1979 the shortages in products in the markets, raw materials in industries and of water in some areas became apparent. The railwaymen soon followed suit along with local authority manual workers and the total of public service workers closing hospitals, schools and local authorities. By March, nurses, teachers and civil service itself went on strike. A significant issue has been that the capitulation of the government to a wage claim didn’t mean that the same sector wouldn’t go again on strike. At the same time, the labour militancy didn’t just mean a work stoppage. The images of rioting, violent picketing and lack of sensitivity with patient admission refusal in hospitals or corpses left unburied were prevalent. As B. Donoghue admits “More daunting was the fact that ahead of us lay the massed ranks of the miners and the electricity supply workers. If we capitulated to filing clerks, what prospects did we have of fighting battalions with real clout?”<sup>593</sup>. What has been most significant, though, had been the complete inability of the union leaders and more specifically of the TUC to control the individual unions. In mid-February 1979 the government was struggling to settle an agreement with trade unions on restraining the wage claims as well as the control of secondary picketing and no-strike agreements in essential services. The agreement failed clearly because TUC leaders could not deliver the cooperation of their members<sup>594</sup>.

As already seen, the rising class contradictions did not affect only the relationship between the proletariat and the power bloc but also between the latter and the petty-bourgeoisie. In the pick of the crisis, the, already built from the previous governments, alliance between the power bloc and the class fractions in question was facing difficulties. Under this light we should interpret the expressed concern by Harold Wilson himself regarding the falling living standards in the fight against inflation<sup>595</sup>. The “living standards” affected by inflation were referring to the petty-bourgeoisie and the working aristocracy rather than the always precarious jobs of the working classes. The most important part of this contradiction, however, was taking place in the field of the civil service, in other words between the power bloc

<sup>592</sup> B. Donoghue 1987, p. 171.

<sup>593</sup> B. Donoghue 1987, pp 171-183.

<sup>594</sup> It worth mentioning what one of the TUC representatives stated: “We all agree with what you say, Jim [Callaghan], but there is nothing that we can do about it”. In B. Donoghue 1987, p. 179. See also T. Tomlinson 2004, p. 57.

<sup>595</sup> D. Coates 1980, p. 42.

and the State Personnel. A particular characteristic of this social category should be reminded. Civil servants due to their exposure to the dominant ideology participate in the class struggle in a distinct way. Therefore, although the militancy of civil servants continued throughout the 1970s, the specific ways that this was being expressed was particularized mainly in a “war of attrition” rather than a fully fledged clash. There is a wide bibliography and collection of statements on the role and the inertia of the Civil Service in implementing non favoured policies while promoting preferable ones<sup>596</sup>. One of the most notables has been the conclusion of a Labour Party Report on the Machinery of Government which stated already in 1976-78 that the civil service had an “inbuilt anti-socialist bias” while its supposed impartiality was “a constitutional myth which acts to the positive detriment of a Labour government”<sup>597</sup>. This relative autonomy in withstanding the implementation of policies was also appearing from the opposite side, namely as direct promotion of individual interests. A notable example is the way in which the fees and increments had been excluded by the pay policy in 1975 through a direct intervention by civil servants in drafting the white paper<sup>598</sup>. A similar case was recorded in March 1979 when the Civil Service Pay Research Unit – a committee manned by civil servants – asked for a wage increase ranging from 26% to 48% which further triggered the strike in civil service sector with relevant wage claims. What is significant in this case is that the employees who were themselves responsible for the implementation of a strict pay policy were asking their exemption but most importantly the committee circumvented the cost in the budget of this claim as well as specific channels of communication that would “prejudice” negatively the final political decision. Similar behaviour has been witnessed with failed attempts to devolve departments of the civil service and impose cuts on the civil service budget<sup>599</sup>. In parallel, the Civil Service Department established in 1968 under the recommendations of the Fulton Report gradually became a protective shield of the civil servants, rather than a tool for the rationalisation of their performance<sup>600</sup>. These cases are illustrative examples of the nature of the State as a compilation of

<sup>596</sup> See a collection in K. Theakston *et al.* 2004.

<sup>597</sup> In K. Theakston *et al.* 2004, p. 208.

<sup>598</sup> B. Donoghue 1987, p. 71 and R. Taylor 2004, p. 83.

<sup>599</sup> B. Donoghue 1987, pp 181-182.

<sup>600</sup> K. Theakston *et al.* 2004, p. 212.

apparatuses in which the vector of the class struggle exerts pressure towards specific direction. At the same time they constitute example of the hegemonic strategy since ministers decided finally to capitulate in the wage claim in order to avoid losing the support of the main “tool” of administration, namely the civil service. It’s not a coincidence, further, that unemployment which rose extensively throughout the period in question was deliberately kept out of the public sector, inflicting wholly the private one<sup>601</sup>. Another, however, aspect of the hegemonic strategy has been the attempt to short-circuit the outcome of the class struggle. Bernard Donoughue’s book about the history of the Downing Street Policy Unit constitutes an excellent example of the isolation of policy-makers from the established information diffusion channel of the civil service. As already implied, however, the class struggle within the *stricto sensu* State didn’t remain at the level of “war of attrition” but moved, although delayed in comparison with the rest of the working classes, to actual striking<sup>602</sup>. It’s this militancy among the civil service employees which explains the fact that the Fulton Report<sup>603</sup> regarding the corporatisation without privatisation was never implemented after being halted by the end of 1972, although it has been commissioned by the previous Labour government. More or less the same course was followed by the Programme Analysis and Review technique of management by objectives and the Central Policy Review Staff which petered-out during the latter half of the 1970s. The reason was that “the Labour government had no stomach for another round of administrative reform”<sup>604</sup>.

The previously described conditions bring forward again the question of political crisis. Apart from the already mentioned policy U-turns, the extended unease in the industrial relations and the continuing inability of the trade unions to control the labour movement, one has to add some further factors. The winter of discontent is not just the compilation of some events in industrial relations. It rather created its own dynamic since the assertive spirit in the Social Formation was to a degree self-fuelled, bringing more and more productive sectors on strike. Although a state of emergency was never called, the available data from the cabinet meetings,

<sup>601</sup> B. Donoughue 1987, p. 188. This of course refers to both the productive and the service sectors under public ownership or competence.

<sup>602</sup> See for example K. Theakston *et al.* 2004, pp 212-213.

<sup>603</sup> *Ibidem* p. 213.

<sup>604</sup> K. Theakston *et al.* 2004, p. 211.

from the suggestions made to the Prime Minister as well as from the latter's second thoughts as expressed some years later, prove that it was a very strong possibility<sup>605</sup>. It's difficult to speculate the outcome of a different decision. What is an objective reality, instead, is that this government was obliged to call for elections under the same circumstances as the previous one; namely under the pressure of an immense strike wave. This issue along with a series of others, the most prominent being the policy U-turn and the pay policy, were creating serious cracks in the labour wing of the mass party<sup>606</sup>. This doesn't only refer to the distance between the government and the party but also in cracks within the cohesion of the Labour MPs<sup>607</sup> and the Cabinet. The question that arises again is if those factors are enough to "diagnose" a discontinuity in the political support of the Capitalist Mode of Production, namely a political crisis. Again, however, the answer would have been negative. The threat of a political crisis was apparent but it did not transform into a reality. In the labour movement the non economic claims never became dominant, leaving the prevalence to the wage claims. In the political scene, the small majority achieved in 1974 faded away through by-elections and defections already since 1977. A Liberal-Labour pact as well as the Ulster unionists, the Scottish and Welsh nationalists, however, supported the minority government until its final collapse. Therefore, the political system took care of its own reproduction even if it was against the "will of the people". Furthermore, in the conservative wing of the mass party, the change of leadership may not be understood as sign of crisis but definitely it marked a change of rhetoric which exerted more pressure in the whole situation.

Turning to the purging of the economy, although privatisation as such didn't appear as policy, the government appeared to be rather ambivalent towards it. In the first period, the heavy taxation was accelerating the destruction of capital in the private sector. After the U-turn, however, the government embarked in a

<sup>605</sup> B. Donoghue 1987, p. 175.

<sup>606</sup> The new understanding of the economic reality was announced in the Labour party Conference in 1976 by James Callaghan who commented that "it was no longer possible for the Government simply to put its foot on the economic accelerator and spend its way out of unemployment" triggering mixed responses. The IV clause dispute continued to liquidate cohesion in the Labour party since, although not deleted, it was practically abandoned with few exemptions. See further in B. Donoghue 1987, pp 145 and 148.

<sup>607</sup> When for example in December 1978 the British Leyland trade unions claimed a wage increase up to 37%, much higher than the voluntary directive of 5%, the sanctions accompanying the pay policy were defeated on a motion in the Commons when five Labour MPs deliberately abstained. See further in B. Donoghue 1987, p. 172.



distinctive mixture of policy combining on the one hand protectionism and intervention in the private industry and on the other cuts in public expenditure<sup>608</sup>. The latter increased the dependence of people on market provision of services and therefore to their profitability and contributed extensively in the rise of unemployment. This Janus-faced approach leaves the official argument in favour of this policy, namely that the main concern was unemployment which would be reduced by a “thriving industry”, unsupported since at the same time the public expenditure cuts were doing the opposite. The fact that this was a recurrent image in the budget from November 1974 onwards practically reveals – in combination with the self-contradicting statements - the actual intention which was the destruction of labour powers<sup>609</sup>. This would allow implementing more effectively a lower income policy by minimising the losses in the already invested capital. Indeed, it’s wrong to perceive the IMF role as the catalyst which triggered the monetarist policies since they’ve already been implemented since 1974<sup>610</sup>. Therefore, it has been an absolutely purging economic policy directly in the expense of labour.

It must be clarified at this point that what really matters in this kind of analysis is not the intentions but the actual results of the policies. The reason is that the capitalist State itself is calibrated towards specific directions which are determined by the vector of the struggle in its apparatuses. The aforementioned examples of civil service inertia towards any change of their salaries and status or the role of the Downing Street Policy Unit are illustrative<sup>611</sup>. Another example has been the role of the Treasury in the administration of the crisis generally<sup>612</sup> and especially

<sup>608</sup> See in R. Taylor 2004, p. 78 a number of subsidies, bailed out and aided corporations.

<sup>609</sup> An interesting example of those intentions is revealed in the passage referred previously at footnote 510. What stands out is the fact that an advisory unit created by and referring directly to the Prime Minister approaches the relationship between the Labour party and the trade unions or its assumed commitment to full employment as a problem. It moreover suggests to “cut out the bad parts of British industry” to secure its long term efficiency and survival – a clearly purging policy – in a section in which the writer discusses the reorganisation of the public sector industries. In a volte-face the same person leading this Unit thinks on the other hand that the rising unemployment was unacceptable (B. Donoghue 1987, p 144-145).

<sup>610</sup> T. Tomlinson 2004, pp 61-62 where he also mentions that Labours have never been a fully Keynesian party. Proto-monetarist approaches already existed at the right of the party during the period in question.

<sup>611</sup> See for example the Unit’s approach towards the nature of cuts in the public expenditure that should have been imposed or towards full employment and trade unions in B. Donoghue 1987, pp 62 and 52 respectively.

<sup>612</sup> See for example the Treasury’s insistence in a statutory payment policy in contrast with the Prime Minister’s directions using the “bounce” political strategy (in B. Donoghue 1987, p. 66) or its

in the IMF intervention in 1976<sup>613</sup>. For example the centrality of the Treasury on the one hand in the formation of almost every single policy and its institutionalised focus on certain aspects of the economy and not on others as in the case of unemployment<sup>614</sup> makes its employees generally susceptible to certain ideas and solution. It's not by coincidence for example that several writers identify the emergence of monetarist ideas among the Treasury officials at around that period<sup>615</sup>. Their keenness to implement them brought the Chancellor of the Exchequer to repeatedly bring forward the IMF solution long before the British economy resolves to its loans. The Treasury is even accused for inflating the borrowing figures and manipulating political strategies to achieve the monetarist goals either through non-transparent negotiations with IMF or more often through the "bouncing" strategy in which officials wait until a financial index reaches alarming levels before they announce their concern and present their preferable solution. Especially in the period in question, the Treasury intervened against the will of the Cabinet and the Prime Minister in order to arrange higher public expenditure cuts in return of the IMF loan<sup>616</sup>. Obviously the dominated classes' militancy was also contributing in the final formation of policy and ultimately at the final form of the State. Aside the abovementioned strikes' wave, the resistance of the labourers either threatened or

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suggestion as soon as late 1975 to further "squeeze" the economy in order to create was they called "a hole for expansion" (in B. Donoghue 1987, p. 84) in other words they were clearly and openly suggesting the furtherance of the purging policies.

<sup>613</sup> In an interesting passage from his book, B. Donoghue (1987, p. 94) provides a firsthand experience of the particular calibration of the State Apparatuses. "Interestingly, in view of later developments after the Conservatives returned to power in 1979, the IMF crisis provided a first opportunity for some (although not all) people in the Treasury and in the Bank of England to take the opportunity to try to change the whole economic stance which had characterised all British governments since the Second World War. The first major push took place during the crisis to secure a massive switch of resources from the public to the private sector. The broad policies which are now characterised as "Thatcherism", together with the now "familiar language" were in fact launched in primitive form at Mr Callaghan in 1976 from the Treasury, from the Bank, and above all from the IMF and sections of the US Treasury. Had the Prime Minister accepted the original IMF- proposals, there would not have been much more for Mrs Thatcher to do on the public Sector front". He might be pointing on persons rather than on structures but aside the caveat of personal conditionality he provides an illustrative example of the way that State Apparatuses and more specifically, the vector of the class struggle taking place there transforms the State itself.

<sup>614</sup> B. Donoghue 1987, p. 147.

<sup>615</sup> See for example K. Hickson 2004, pp 34-51, where he defines those ideas as neo-Keynesian rather than monetarist. Irrespective of the definition, the results remain similar. B. Donoghue 1987, pp 100-101 where he also states how fast the existing procedures and Whitehall narrative adjusted to the new monetarist ideas, concepts and procedures.

<sup>616</sup> K. Theakston *et al.* 2004, p. 210 and B. Donoghue 1987, pp 79-102. See also T. Tomlinson 2004, p. 62 about the general intellectual weight of the Treasury's perceptions.

actual had more direct effects in such degree that was leading to political decision which were coming at odds with the general governmental policy. For example the nationalisation of Chrysler UK was exceeding the general policy of industrial aid as well as coming against the purging direction of the public sector. What led there, however, was not just the fear of the cost of unemployment but the threat of widespread civil disorder much like the case of the Upper Clyde Shipbuilders some years earlier. Especially the Scottish Ministers were predicting riots at Chrysler's Glasgow Linwood plant<sup>617</sup>.

#### - The crisis debated

Before moving to the analysis of the 1980s and the government by Margaret Thatcher an alternative perception of crisis should be discussed. As already seen Hall *et al.* published the thought provoking book *Policing the Crisis* focusing mostly on the Tory "interregnum" between 1970 and 1974 and their thesis is that there was indeed a State crisis in Britain. They analyse more or less the same facts as those presented here. By focusing, however, solely on the ideological level they identify a crisis of Hegemony, or State crisis, in four points<sup>618</sup>. The first one is a passing reference to the crisis of "British capitalism" without any further analysis on the cause and manifestations of the crisis that would elucidate the particular political agenda. The second point lies at the crisis of the political class struggle which is experienced as a crisis of the "Party". It has already been shown, however, that, irrespective of contradictions, the domination of the Mass Party remained intact. Hegemony was directing votes to Labour and Conservative parties, preventing any radicalisation. The third point of crisis refers to the crisis of the State. In a brief passage, Hall *et al.* seem to conceive transformations of the State as its crisis. To this extent, the analyses on Authoritarian Populism are cancelled, since they refer to an "emergency State" rather than a new type of class condensation. The final point of crisis is located in the tilt of the index of Hegemony towards coercion. They neglect the fact, however, that coercion is always present and necessary in Hegemony but not in a supplementary form.

<sup>617</sup> B. Donoghue 1987, p. 53.

<sup>618</sup> S. Hall *et al.* 1982, pp 317-319.

In accounting for Heath government policies, Hall *et al.* proceed to a logical gap. They understand the U-turns as a sign of crisis<sup>619</sup> but in reality they were attempts to safeguard consensus. Signs of crisis cannot be both the protection of consensus and administration of coercion. As a matter of fact, the same working classes that were active in the Saltley Coke and during the 'winter of discontent' had been voting interchangeably for the Labour and Conservative parties throughout the 1960s, 1970s and 1980s decades that are into question here.

- The 1980s: reorganisation and tactics

Before turning to a brief exposition of the economic policies during the 1980s, special focus should be dedicated to a previous development. In 1974 short after the defeat of the Conservative government in the general elections, a “nationalised industry policy group” was established in the Tory party, chaired by Nicholas Ridley, to examine once again the possibilities of a privatisation policy. According to Ridley his second report which was finalised in 1977 was identical to the first one from 1968 with the necessary updates<sup>620</sup>. It forms a substantially purging economic environment for the public sector that fits neatly in a monetarist/supply side approach to the economy. What is more important, though, is the political strategy planned to be employed in multiple levels of administration<sup>621</sup>.

The first part of the report refers to the way that nationalised industries, utilities and services should run. After a short exposition of the public sector inefficiencies regarding the lack of motivation (either bankruptcy or higher dividends) and the lack of information on operation costs, it moves to the relationship with the private sector in terms of competition and the cost of raising capital which is much lower for the public sector. In order to compensate for that a series of actions should be taken. A flat rate of return should be set for all industries. To calculate this rate, the employed capital, given that public industries did not update the value of their assets, should be arbitrarily estimated. Based on this estimation and in the view of achieving that rate of return, any capital advancements would cost to industry a little more than it costs for the exchequer so that after few

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<sup>619</sup> S. Hall *et al.* 1982, pp 261 and 304.

<sup>620</sup> N. Ridley 1991, p. 15.

<sup>621</sup> For the following presentation of the Ridley Report see more analytically in Economic Reconstruction Group 1977.

years borrowing between the public and the private sector would be outbalanced. If the rate of return is not achieved, “effective action” must be taken which practically means uneconomic plants closed down, businesses sold off or liquidated and consequently workers laid off<sup>622</sup>. The rate of return will moreover be the basis on calculating the price per unit for each State industry. Faithful to a supply-side approach, therefore, the report stresses that price controls should be avoided at all costs. The case of undertaking uneconomic activities is a revealing one. If an activity proves to be uneconomic, the industry in question may ask for governmental subsidy. If the claim is rejected, it would be up to the management of the industry to decide whether it would keep it running or not. If the respective State department decides that the uneconomic activity is needed, the subsidy will be incurred by the allotted budget to the State department. The allocation, therefore, of responsibility does not only touch industries themselves but ministerial politics as well. The importance of this development is that this is an attempt to insulate economy from the political influence and retain the opposite direction given that in a generally strict monetaristic policy direction, both the nationalised industries and their political superintendents were bound in a lose-lose relationship. This is further supported by the only power left to the political administration which is the control of investment in those industries. The civil service and consequently the sponsoring department will acquire a vigilant role through the publication of a detailed five-year corporate plan in which the commitment of the government will always be decreasing. The purpose of this control would be to restrict nationalised industries in their main-line activity and avoid damaging the private sector. Although the more specific policies of investment control would be imposed from the each time competent ministry, the flat rate of return would be determined by the ministry of finance which takes a central position in both the circumscription and allocation of funds; a central role in the purging policy therefore.

Along the same lines, the wage policy in relation to the nationalised industries reveals the full political strategy of the report. It acknowledges that wage

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<sup>622</sup> As the report tellingly stresses “it must eventually be taken for granted that in order to meet the obligation plants must be closed and people must be sacked”. In a later point, the report is aware of the fact that making industries more efficient – meaning closing down uneconomic activities - would deprive whole cities of their sole income resource.

claims would be difficult to resist since trade unions “have the nation by the jugular vein”. More specifically, it differentiates indicatively between the ‘category I’ industries, utilities and services like sewerage and water, electricity, NHS and Gas where no week of strike can be tolerated. ‘Category II’ strikes in Railways, coal, docks and dustmen could be tolerated for some weeks; while ‘category III’ strike in buses and tubes, posts and telephones, education, civil service and tax, air transport and steel may continue for a long time. Moreover, it discusses the restrictions on striking which in the United Kingdom cover only the police, the armed forces and gas, electricity and postal workers under certain circumstances. The report adopts a series of recommendations regarding the pay policy in the public sector. It finds it non-recommended but in case that it cannot be avoided, the government should reject the horizontal expansion of wage increases. Therefore, an increase of 26% in a sector doesn’t legitimize a similar increase in another sector. Wages increases should, instead, be related to the labour market, namely the shortage or surplus of manpower in the industry concerned and the vulnerability to a strike. In order to accommodate the increase of wages, the need to maintain specific percentage in the rate of return and continue the purging policies, the report suggests that the wage claims or excessive overmanning would be counterbalanced either by increased prices for the consumer, increased productivity or cutting inefficient units. In short time, that would increase the unpopularity of trade unions. The report continues estimating the opposition from the trade unions towards this policy. It rejects though extending the legal restrictions to strike as well as the formation of strikebreaking corps since both solutions wouldn’t secure the major issue which is the continuing operation of the industries, services and utilities in question. Intervention in tax refunds and unemployment pay for strikes would deliver, instead, a much needed calibration of the system.

Equally revealing is the planning on the management of the nationalised industries. The not just underpinning but verbatim declared purpose is to insulate their functioning from the political or civil service inputs. The fragmentation of the industries into independent units is coupled through a strategy that enables managers to develop business plans in order to achieve the prescribed goals. Therefore, the decentralisation of management in subsidiaries units, the deliberate self-restrain from

ministers in interfering with administration and the transformation of nationalised industry boards into ‘supervisory boards’ would give the maximum possible freedom to their operation and at the same time protect them from political intervention. As a matter of fact, the report presents as advantage of this proposal the lack of democratic accountability, since there is no need for specific legislation for those changes. Otherwise, a bill would “stir up an unnecessary hornet’s nest”. The commercially-minded bankers and holding company chairmen who would undertake the responsibility to manage the nationalised industries, exactly due to their freedom of act, are expected to receive the major wave of discontent.

The second part of the report refers to the suggested strategy for the denationalisations. Firstly, a relevant legislation would end the monopolies wherever there is a State monopoly. The report lists indicatively coal pits, electricity, post office, steel and buses. The methods devised range from permitting private generators to sell electricity to the Grid to more complicated procedures including the transfer of licensing for private mines to the ministers instead of the National Coal Board and splitting the letter post from telecommunication functions of the Post Office. The latter overlaps with the second strategy, which is the fragmentation of industries into smaller units. In cases where this would have been feasible, given that there are some practical considerations, it would allow reducing the public sector trade unions, purge the inefficient units, decentralise management responsibility but the cardinal reason is the facilitation of denationalisations. The expected reaction from the trade unions and the civil service could be circumvented because the fragmentation and the decentralised management could increase productivity. Given that wage claims would only be delivered under increased productivity, the possibility of increases in earnings would possibly disrupt the trade union militancy. Denationalisation, therefore, would be both more attractive and more difficult to be reversed.

Finally, a number of denationalisation methods are discussed. The motivation as explicitly pointed is not to raise funding from selling State assets but specifically to transfer them in the private sector to protect them from the “evils of the State-run industry”. For each company, service and utility (or groups of them) different solutions are suggested. Utilities and especially those that require a network

like gas, water, railways are not recommended for privatisation before a solution with the needed regulation is found. A different group of companies, however, that are mainly factory-based manufacturing industries could be sold directly or by floating their shares to the market. Companies with multiple service points like ports, airports and the National Coal Board with its several coal pits should first be fragmented to the basic units and then give or sell shares to their workers. Furthermore, for other companies an *ad hoc* solution is recommended ranging from direct selling to more complicated processes.

Throughout the report, the group is concerned about the reactions of the trade unions and the civil service. What is then suggested is not a frontal attack but a general strategy of returning the industries, services and utilities in the private sector by stealth. This is further analysed in the confidential annex at the end of the report. Based possibly on the previous experience of the Heath government, the report estimates that a *casus belli* will appear few months after taking office most likely in the grounds of a wage claim on a vulnerable – category I – industry. The strategy employed is based on the idea of choosing the “battle ground” on more suitable area and conditions. Therefore, in order to avoid confrontation in the vulnerable industries a more lax rate of return shall be established to allow scope for giving in to a wage claim. The policy, however, should remain intact in category II industries where trade unions could be provoked and won. A victory there, would discourage an attack on a more vulnerable ground. The report, however, warns that the risk of losing the battle in those industries is major since transmitting the assertiveness in the vulnerable industries like electricity or gas would have detrimental effects. In specifying this idea, the group suggest docks as the most suitable one to provoke and win the labour movement. Nevertheless, the most likely area of confrontation is the coal industry. In tackling this, government should make preparations in advance like stockpiling of coal at power stations, installation of oil firing systems and hiring strike-breaking lorry drivers – in contrast with the declaration at the non confidential part of the report. The greatest deterrent, however, for any strike would have been to reduce their wages by means of withdrawing benefits and tax refunds. For this reason legislation should be set early enough before industrial actions start. The final strategy requires special mentioning since it arose major criticism when the



confidential annex leaked in 1978. The future Tory government should be prepared to deal with violent picketing that, along the lines of the previous policy, surpasses the changes in the nationalised industries and is more far-reaching. In other words, what is needed is a strategy to repress the tangible threat and not just deter the industrial actions. For this reason it suggests the formation of a large mobile squad of police, specially trained and equipped to stop civil disobedience. In parallel private haulage companies should recruit non-union drivers willing to cross picket lines in order to leave the supplying of industries and docks unaffected<sup>623</sup>.

The importance of the Ridley Report consists of two revealing facts. On the one hand, it's a fully fledged purging policy of the State capital directed towards the increase of the private profitability. What is clearly the underpinning logic, is not raising capital to ease the public sector borrowing requirement but removing public capital from the market to increase the market share obtained by the private sector. For example in preparing for the denationalisation, the report suggests the fragmentation of industries and increasing profitability by connecting productivity and increased wages. One wonders of course, why a profitable public industry should be sold at the first place if not for triggering profitability at the private sector. The fact that reversing the falling rate of profit had been the goal is also obvious in the confidential annex where reactive policies are expanded beyond the field of public interest. Strike-breaking strategies, industrial action policing and reduction of strikers' incomes go beyond the scope of nationalised industries, services and utilities which anyway fall into the State's competence as employer and reach the handling of labour movement militancy in the private sector as well. On the other hand, and most importantly, this is a very detailed strategy. Purging policies have been followed since the mid-1960s. What really distinguishes this plan is that it's practically a stratagem to contain the expected insurrection. Furthermore, what really stands out in the Thatcher policy is that it actually followed this detailed plan unlike

<sup>623</sup> "We must be prepared to deal with the problem of violent picketing. This again is a matter going beyond policy for nationalised industries. But it is also vital to our policy that on a future occasion we defeat violence in breach of the law on picketing. The only way to do this is to have large, mobile squad of police who are equipped and prepared to uphold the law against the likes of the Saltley Coke-works mob.

It also seems a wise precaution to try and get some haulage companies to recruit some good non-union drivers who will be prepared to cross picket lines, with police protection. They could always be used in the crunch situation which usually determines the result of any such contest" in Economic Reconstruction Group 1977, pp 25-26.

the previously commissioned by the Heath government and moved even further<sup>624</sup>. A mixture of appeasement in the first instance as the government buys time to prepare legislation, stockpiling and public opinion with full confrontation at a later point.

The policies recorded in the Ridley Report reflect to a large degree the economic policies followed in the 1980s. Purpose of this section is not to present the macroeconomics of the Thatcher government in detail since there is already an abundance of analyses<sup>625</sup>. Purpose, instead, is to find the relationship between the economic policies of the 1980s and of the previous decades. The monetarist understanding of the economy, that became apparent in the British economy after 1976 and the IMF loan, was further intensified but at the same time “devalued”. Therefore, the preoccupation with controlling the money supply and the availability of credit were seen as great tools for controlling inflation but nothing more than that. In other words, macroeconomics focused away from promoting prosperity on just controlling inflation. Fiscal policies were ruled out and replaced from an aspiration of the balanced budgets. On the other hand, distinctive focus was placed on the microeconomics and especially on the supply-side measures of the economy such as tax reform, privatisations and restriction of trade-union power<sup>626</sup>.

As early as 1979 the Medium Term Financial Strategy constituted the basis of the macroeconomic policy. It outlined specific targets of public spending and borrowing with the view of restricting inflation. As a matter of fact, inflation fell dramatically from 18% in 1980 to 3% in 1986. Nevertheless, the strict financial policy went that far that caused recession in 1981. The other side of the economic problem during the previous decade, namely unemployment, rose steadily close to 3 million in 1986. The later part of the 1980s saw a fluctuation with initially a small decline due to a short reflation of the economy and a later increase reaching 1.8 million in 1990. In the third part of the economic issue, public expenditure fell remarkably from 44% of the GDP in 1979 to 40% by 1990. The fiscal dividend that appeared from the combination of diminished spending and economic growth

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<sup>624</sup> N. Ridley 1991, p. 15.

<sup>625</sup> See for example a detailed analysis by C. Johnson 1991.

<sup>626</sup> A. Seldon *et al.* 2000.

allowed the government to reduce direct taxation and further increase the potential for increased productivity<sup>627</sup>.

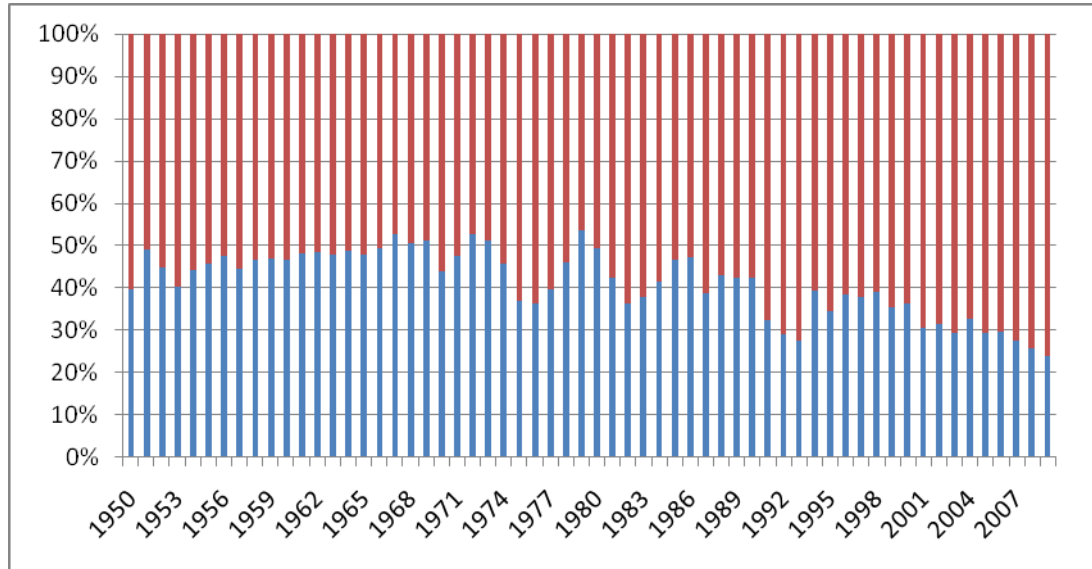
Throughout the 1980s much like the previous years the government implemented a positive environment for businesses but at the same time helped the increase of competition among them. Therefore, on the one hand it reduced capital tax and tax on small companies. The financial market, namely banks, building societies and the City were largely deregulated. Exchange controls were abolished and sterling was freely convertible allowing companies to accumulate assets abroad, which was translated into a sharp increase of investments abroad. The other side of the coin was that industrial and regional subsidies were halted. The easing of the business environment meant increased potential for profits but also no help for the “lame ducks”. Therefore, the purging of the British economy was accelerated. The most important supply side measure, however, has been the privatisation policy. By 1990 50 big companies had either been sold or were for sale. That figure constituted two thirds of State’s industrial assets in 1979. Private share holders rose within a decade from 3 to 9 million substantiating the vision of popular capitalism. There were also some shortcomings since network based utilities such as gas and telecommunications as already estimated by Ridley could not easily be fragmented. They were sold, therefore, as such marking the transfer of public monopolies to private hands. When later some competition was introduced, regulation had also to be introduced which altered the basic premises of the privatisation ideology<sup>628</sup>.

Turning now to the class analysis, the previously presented macroeconomic policy had substantial consequences in the composition of the dominated classes. The deregulation of the financial market and the ease of capital flow was a profitable development for banks, building societies and the stock market; while, the withdrawal of subsidies and industrial policies was in the expense of the industrial capital which, however, was given the opportunity to flee abroad because of the deregulation of exchange controls. The result has been a change of the general direction of British economy from industrial production to service provision.

<sup>627</sup> A. Seldon *et al.* 2000, pp 65-67.

<sup>628</sup> A. Seldon *et al.* 2000, pp 67-68.

## Profit shares based on capital services



Source: Office for National Statistics. The blue colour depicts the productive sector while the red one the service sector. Capital services is used in this occasion instead of net capital stock due to the nature of service provision that doesn't require extensive investments in constant capital.

Given that the service sector includes labour intensive activities, in contrast with the industrial one which is capital intensive, the relations with the dominating classes became more and more important. Indeed the increased rate of return didn't rely on productivity growth as such but on the diminished variable capital. As already mentioned, the supply-side understanding of economy required also trade union reforms. For the supply-side economists viewing labour as market meant that its provision should be freed too. In the long run, that would decrease wage and salaries and as a result increase profitability. The previous governments' experience, however, have shown that purging policies alone are not enough. In other words, the increase of unemployment did not cause the decrease of employees' compensation. What prevented this expected development was the labour movement militancy. The Ridley Report gives a glimpse of how the trade unions were handled during the 1980s. A mixture of appeasement while preparing for better conditions and confrontation when they are set summarizes the strategy. Unlike the common understanding, however, this has not been a fully fledged contradiction but rather a war of attrition. It started as soon as the winter of discontent where the role of some media – an Ideological State Apparatus - had been detrimental in creating

unpopularity for the “overpowerful and insufficiently accountable”<sup>629</sup> trade unions. From the side of the open political actions, the Thatcher governments gradually diminished the power of trade unions firstly through the purging policies themselves. The recession of the early 1980s reduced the number of their members from twelve millions to just under ten. More active policies had been on the other hand the 1980 Employment Act which following the Ridley recommendations outlawed secondary picketing and restricted the operation of ‘closed shops’. The 1982 Employment Act made unions liable for damages in case of unlawful industrial while narrowing the definition of the lawful strikes and strengthening individual worker’s rights against closed shops. The 1984 Trade Union Act implemented secret ballots in decision making and made strikes decided without secret ballots unlawful. The 1988 Employment act extended the powers of individual labourers regarding their trade unions. War of attrition, however, was not the only method used. The government resisted giving into labour disputes irrespective of the degree of confrontation. By the means explained earlier in the Ridley Report, the united front of the labour movement was broken by fragmentation of industries and by selective capitulation to wage claims. Therefore, when the resistance to the changes was inescapably culminated it took place in the coal industry where the government had considerable advantage. An initial strike in 1981 obliged the government to withdraw its plans for pit closures but three years later with adverse legislation and no solidarity from other unions, after almost a year of industrial action the National Union of Mineworkers voted for return to work<sup>630</sup>. After 1987 the government launched a full attack against trade unions in order to undermine collective bargaining and promote an even more flexible labour market<sup>631</sup>.

The contradiction with the proletariat increased the dependency of the power bloc on the usual allied social force, namely the petty bourgeoisie. Its importance has been considerably increasing since the 1960s as already seen but became even more significant after 1981 when the service sector thrived over the production one. The Thatcher governments made several attempts to foster this

<sup>629</sup>A. Seldon *et al.* 2000, p. 69.

<sup>630</sup> It must be noted, though, that the role of the strategy was not related only to that described above. During and after the strike the miners’ leadership was framed by MI5 and falsely accused for corruption. See further in S. Milne 2004.

<sup>631</sup> For the data presented here see further in A. Seldon *et al.* 2000, pp 68-70.

alliance by directing intervention in selected areas even at the expense of wider financial goals. Apart from lowering direct taxation that availed everybody, with the view of cultivating the conservative electoral base and supporting what was called “popular capitalism” through the distribution of public industries’ shares<sup>632</sup> concessions in the social wage were mainly referring to populations in a marginal position. Wealthier labourers and pensioners were benefiting with the purpose of creating a petty bourgeois mentality even if they were not elevated to a petty bourgeois class position according to a Marxist understanding. Therefore tax relief on private health insurance for those over the age of 60 had multiple goals, namely to reduce the burden on the NHS, instigate the private health sector, add more freelance doctors among the self-employed petty bourgeoisie and create a largely false feeling of class elevation to the pensioners. In the same way the ‘assisted places scheme’ gave the opportunity to able pupils to attend private schools; while parents were given the opportunity to select the preferred public school over another. The most important policy, however, had been the ‘right to buy’ according to which the council house tenants were given the opportunity to buy the house they used to live for discounted prices that could reach up to 70%. On the other hand cutting public expenditure, which practically meant cutting the social wage, did not affect the more affluent petty bourgeois classes but rather the proletariat. The progressively tightening eligibility rules for unemployment benefits, the introduction of means-testing in many areas of the welfare State and the withdrawal of child benefit reduced the social wage for those mostly depending on them rather than the middle classes<sup>633</sup>.

Purging policies after 1979 were expressed mainly in the form of privatisations. Nevertheless, different approaches played a significant role as well. They were mainly directed in the central administrative apparatus of the State. As already mentioned the Civil Service Department was abolished in 1981 and the Central Policy Review Staff in 1983. These developments removed some of the protective shields of the State Employees many of whom Margaret Thatcher personally disliked as ‘cryptosocialists’<sup>634</sup>. As a matter of fact civil service numbers

<sup>632</sup> A. Seldon *et al.* 2000, p. 67.

<sup>633</sup> For the data presented here see further in A. Seldon *et al.* 2000, pp 70-72.

<sup>634</sup> See further in A. Seldon *et al.* 2000, p. 75. One wonders of course, if Labour governments thought of the civil service as Tory Trojan horse and Tories as cryptosocialists, what else is there for Civil Servants to be characterised of.

fell from 730,000 in 1979 to 562,000 in 1990 removing mainly workers from the privatized industries but not solely. The creation of the intra-State quasi markets meant also a quasi fragmentation of the NHS leaving individual hospitals competing for patients. At the same time, the health system and later the local governments were forced to contract out some of their services. More far-reaching had been the need to improve and “prove” efficiency according to which all the range of central administration, from NHS units, local governments and even academic staff, became accountable for the budget allocated. This policy was consolidated in the previously explained ‘Next Steps’ initiative of 1988<sup>635</sup>. Here needs only to be reminded that fragmentation of functions and hiving off in the form of independent agencies or privatized service providers was an already existing reality in the civil service even before 1988. The ‘Next Steps’ policy just made ‘marketisation (or corporatisation in some cases) without privatisation’ the new, openly declared, direction of public administration. Authoritarian Statism came in the foreground under the extended State supervision of those agencies, the prescription of specific policy requirements and sound budget audit. The effects of authoritarianism became more apparent in the area of local government which through the delimitation of budget lost a degree of its independence.

The question arising, as with the previous government, is if the 1980s demarcate a political crisis period. The answer is outright negative. In the political scene the Conservatives achieved a comfortable majority in the 1979 elections of 43 seats that was multiplied in the 1983 elections with 144 seats. In 1987 the majority in seats fell to a degree but still gave a lax domination of 102 seats over the Labours and the Liberals. If there was a crisis, it generally resided with the Labour party that after 1980 was led by Michael Foot and pointed towards a general turn to the left. This led senior members of the party and ministers of the Wilson/Callaghan governments like Roy Jenkins, David Owen, Bill Rodgers and Shirley Williams to leave the party and form the Social Democratic Party that further formed along with the Liberals the “Alliance”. Falklands’ war of course contributed in changing the tide in favour of Margaret Thatcher but the aforementioned concessions and the gradually changing socio-economic nature of Britain should also be taken into consideration.

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<sup>635</sup> A. Seldon *et al.* 2000, p. 75.

The consolidation of the economic policy along with the reflationary budgets for 1987 and 1988 helped Tories to secure their victory in 1987 and on the other hand Labour and the Alliance under new leaderships to fall into a new cycle of introversion. Overall, the political system seemed capable to return to its normality for the British standards with no hung parliaments and change of governments every four years as in the case of the 1970s.

Outside the political scene, however, the picture is much more mixed. The first Thatcher government inherited a long standing labour militancy that was touching also the civil service as such, namely the core of the State Employees. At the same time, after several victories upon consecutive governments, the confidence and assertiveness of trade unions have also been high. A retrospection of the 1980s history leaves of course no doubts that the labour movement didn't transform into a new political claim and finally didn't manage to achieve even its economic claims. Nevertheless, the clash between the power bloc, spearheaded by the State, and the dominated classes has been apparently phenomenal. It's not the number of strikes and working days lost as such that posed a threat to the reproduction of the political domination. Industrial actions have been in any case limited after May 1979 and gradually vanished in early 1990s. It's rather the civil disobedience that posed a threat. The claims were not consistent among each other, but this is not a reason to disregard the tangible obstacles posed in the anxious attempt to revive the falling rate of profit. Irrespective of the existence or not of class consciousness and political objectives among the rioters, they were actively disrupting the reproduction of the capitalist relations of production. Brixton, Toxteth and Broadwater Farm riots in April 1981 as a response against police discretion, the miners' strike between 1984 and 1985 with the widespread riots that culminated in the Orgreave battle in June 1984 and the poll tax mass disturbances with the significant London riots in March 1990 constitute notable examples of the threat of civil disobedience<sup>636</sup>. The importance of this threat and especially of the miners' strike is also evident from the attempts by MI5 to infiltrate it and make the movement collapse from within<sup>637</sup>. A different case but in the same direction has been the ending of trade union rights at

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<sup>636</sup> See further in I. Herson 2006.

<sup>637</sup> S. Milne 2004. The case of MI5 and Special Branch in the infamous seamen strike during the first premiership of Harold Wilson must also be reminded.



the Government's Communication Headquarters in 1984<sup>638</sup>. It could be concluded, therefore, that as in the previous decade, although a political crisis as such never occurred, the threat of it was imminent and needed to be repressed.

### **Understanding the transformation**

The previous part of this chapter set out to identify the State responses in the capital over-accumulation crisis after 1965. The initial argument, namely that the tactic against the crisis has changed in the course of the 1970s seems to be confirmed in the concrete example of United Kingdom. The Keynesian counteracting influences against the falling rate of profit appeared from the late 1960s to 1976 after which a monetarist purging policy has been followed. Aside this, however, some really important conclusions could be also fleshed out. The limitations of Keynesian responses to the falling rate of profit have already been acknowledged in the late 1960s. It's not by coincidence that both parties took initiatives to research the possibilities of purging policies; the governing Labour one with the Fulton Report and the opposing Conservative one with the first Ridley Report. The implementation of those ideas was postponed until the first half of the 1970s in which the overall economic policy of the Heath government had been a pro-purging one until the first U-turn. The second half of the same decade saw the opposite direction, namely a Keynesian policy that very soon turned to a monetarist one. In what Thatcher administration seems to differ is the lack of any U-turns. The State economic policy was fully and steadily pro-privatisation and hence pro-purging. It could be seen, therefore, that purging policies appear irrespective of the governing party. On the other hand, this confirms Poulantzas' ascertainment that political parties are not connected directly to class power or class interests. The former being conditioned in the relatively autonomous political level rather try to condition the latter. The political scene is, to a large degree, an attempt to channel class contradictions.

If this argumentation was pushed a little further what else could be seen is that the purging policies incorporated in monetarism and privatisation do not constitute primarily the result of ideological persuasion but a creation of the

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<sup>638</sup> A. Seldon *et al.* 2000, p. 77.

economic circumstances. Indeed, liberal economic ideas appeared much earlier than the 1950s<sup>639</sup>. One wonders, therefore, what made them attractive thirty years later to both Conservative and Labour party. A possible explanation could be as simple as the fact that some policy makers have been convinced at this time point. To a degree this reflects reality. Margaret Thatcher has not always been proponent of monetarist ideas. During her duties as Minister of Education in the Heath government, has been amongst the highest spending ministers. The same applies with Keith Joseph who greatly supported her in the consecutive conservative governments<sup>640</sup>. The first turned to monetarism while in opposition after the 1974 defeat, while along with the second they set up a think tank – The Centre for Policy Studies – in June 1974<sup>641</sup>. At the other side of the political spectrum, however, Labour politicians never seemed to be convinced about the monetarist solutions; they were rather obliged to react so due to stagflation, namely the specific way that capital over-accumulation crisis had been expressed. Moreover, the concept of purging policies had been more or less well received in the Heath government but faced great difficulties in execution. Therefore, resolving in the persuasion of persons in key positions presents considerable shortcomings. Indeed, ideas are not good or bad by default. It's rather the circumstances that make them plausible or not. This doesn't mean that people do not have ideas, or that they could not be convinced about something. It rather targets the conditionality of ideas upon the economic developments. In other words, the way that some ideas become at a specific point commonsensical or plausible is conditioned on the circumstances that make them "ideal". Additionally, the "key person" persuasion thesis ignores the actual articulation of power in the State; in other words ignores the class interests and the class power. Otherwise the analysis would be obliged to acknowledge a person or a group of persons as omnipotent.

The discussion over the circumstances brings forward a factor which is external from the political and the ideological level, although mutually influenced; it's the specific development of the Capitalist Mode of Production. In the capital over-accumulation crisis of the 1970s the specific articulation of the power bloc was

<sup>639</sup> Assuming that Friedrich von Hayek is a central writer in that field, he published his *Road to Serfdom* in 1943. More or less the same applies to Milton Friedman.

<sup>640</sup> R. Lowe 1996, p. 214.

<sup>641</sup> N. Ridley 1991, p. 7.

leaving no other road apart from the purging policies. The crisis had slowed down the economy and more specifically the industrial sector. The financial sector was also hit by the crisis but in the second instance and due to its dependency upon the productive sector of the economy. Increasing the industrial rate of return, however, could not take place in the expense of financial capital if the intra-power bloc contradictions were to be avoided. Therefore, State interventions to fund industrial renovation soon had to be abandoned because they were reducing the profitability of private financial institutions<sup>642</sup> and at the same time increasing the State's borrowing requirement. The last concern is a confirmation on its own that the State Apparatuses, in that case the Treasury, are calibrated to reproducing a specific articulation of the power bloc. On the other hand, purging the economy from uneconomic constant industrial capital as well as from labour powers managed to increase the rate of return for the investors remaining in the market as well as lower the employees' compensation in such a degree that allowed for the expansion of capital in the labour intensive services sector. Easing the exchange controls and consequently allowing the industrial capital to flee abroad was a strategic movement in order to keep the consistency of the power bloc intact. It wouldn't have been groundless, therefore, to argue that purging policies had been inescapable. In fact the specific way that the crisis occurred and the solutions available reflect the previous formation of the State Apparatuses. Decades of Keynesian economics made the State one of the major players in the economy. The solution therefore was passing unavoidably through the purging of the State capital<sup>643</sup>.

Some more issues arise at that point. If purging policies had been inescapable, why did the U-turns appear? An explanation brought forward really often is that up to the second Wilson administration both Tories and Labour governments have been committed to the Keynesian full employment. On the other hand, the Callaghan premiership signals the end of this commitment. During the 1980s the conservatives governed in the absence of the post-war consensus which gave the opportunity to accelerate purging and consequently raise the unemployment

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<sup>642</sup> Since they were removing "clients" from the private financial market.

<sup>643</sup> See also an account of the unavoidable privatisation scheme (on different grounds) in case that Labour government was re-elected in S. Fielding 2004, p. 293 in accounting for the "New Labour" party.

rate in unprecedented levels. Nevertheless, a closer look at the record of the 1970s policies would create a completely different image. The purging policies, followed similarly by both the Heath and the Wilson/Callaghan governments, led inescapably to the rise of unemployment. It would have been naïve to assume that carefully planned policies removing State intervention and increasing competition between private industries did not take any account of the unemployment increase. It seems, therefore, that the so called post-war consensus was abandoned long before the Thatcher administration.

The question, however, still remains as to how the U-turns could be explained. To a degree unemployment seemed indeed to be a concern for the 1970s' governments but not for the sake of full employment. It was rather its other consequences that were leading their decisions. In the case of the Conservative administration for example, the fear of civil disobedience, strike and riots as such were reasons to capitulate to the miners' strike in 1973, to bail-out Rolls Royce and Upper Clyde Shipbuilders. This provided a valuable experience for the Labour government. The social contract and the attempt to contain the reactions of the trade unions is a manifestation of exactly that. The U-turn in that case had the opposite direction. It's true that the social contract managed to restrain trade unions for a period but the massive turn of economic policy rightwards initiated a wave of strikes culminating to the winter of discontent. The problem, however, was the government's impression that by negotiating with TUC they were by default negotiating with the 'shop steward'<sup>644</sup>; in other words they were mixing the trade unions with the labour movement. Winter of discontent as such is exactly a foretaste of the extremity of the situation in case that this threat was materialised, namely in case that the employment status was changing further following a purging policy. On the other hand a notable exemption, namely the nationalisation of Chrysler UK, confirms also that conclusion. The bail out occurred under the threat of massive unemployment and riots in Scotland.

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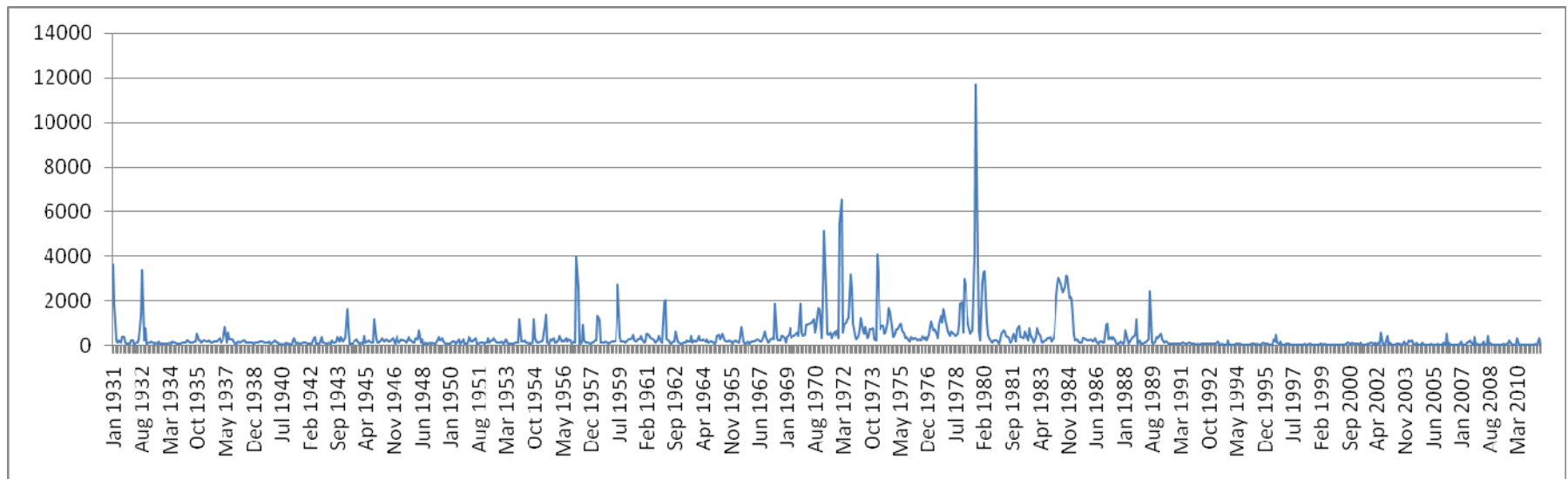
<sup>644</sup> An excerpt from B. Donoghue account on the winter of discontent is revealing. "Mr Callaghan's decision not to go to the country in October 1978 may have been momentous. Had he fought and won it is possible, having presided over the Conservatives during their third successive electoral defeat, that Mrs Thatcher might have been pushed out from British politics (although it is difficult to believe that the tide of disenchantment with collectivism, the trade unions and the public sector which she reflected would so easily have been pushed aside)". B. Donoghue 1987, p. 166.

Once again the previous experience proved invaluable for the next government. What the Wilson/Callaghan administration has offered was the innovation of tactics in restraining labourers' discontent. The difference in that case was in the actual strategy used. The appeasement and negotiation was replaced by preparation, selection of the preferential field of the battle and repression. What is also significant is, that, on the one hand this stratagem was confidential and on the other it took place in stages rather than wholesale. As a result the relevant legislation started changing gradually in order to restrain trade union powers. The fragmentation and pressure over each industrial sector to achieve a rate of return was removing the solidarity between trade unions. The result was that through confrontation with a trade union at a time, the government managed to seclude it from much needed support. The miners' strike for example was initially supported by the seamen's union while the engineer's union was not accepting coal from pits operated by strike breakers. Steel industry, however, the major recipient of coal, did not support the struggle due to its own fight to achieve the rate of return. Gradually, though, even the scarce external support was withdrawn under the exerted pressure<sup>645</sup>. It is exactly this tactics that confirms the existence of the previous concept of "transformation by absence". In a general direction towards privatisation, the fact that some industries, services or utilities remain immune while others are privatized shows exactly that they constitute a transformation of "what was supposed to be there"; until of course their turn comes. What could be seen therefore as a final conclusion is that at the heart of this analysis is the class struggle. What led to State intervention after the Second World War had been the need for reconstruction and containment of the pre war labour militancy. What led to the transformation of the 1970s had been again the contradiction within the power bloc and between the latter and the labour powers. What proved to be a successful strategy was exactly that which restricted the labour militancy and reduced labour's share of output.

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<sup>645</sup> I. Hernon 2006, pp 218-236.

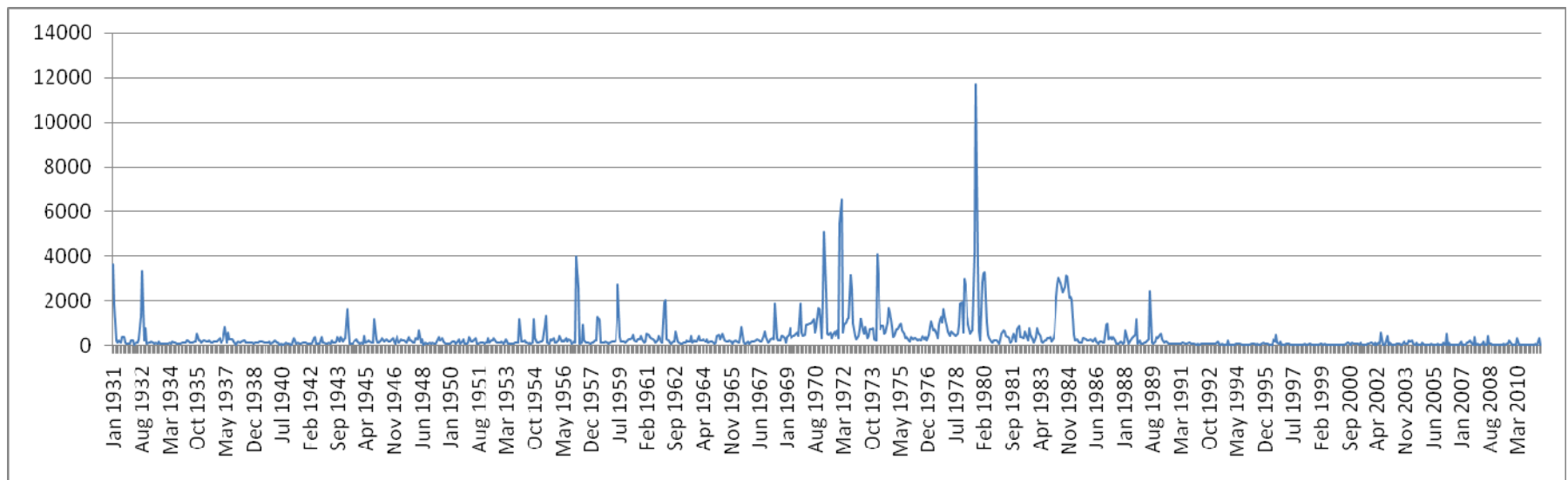
### Number of days lost due to industrial actions



Source: Data of Office for National Statistics gathered by virtue of the Freedom of Information Act.



### Number of stoppages



Source: Data of Office for National Statistics gathered by virtue of the Freedom of Information Act.





## Chapter 8

### Prison Privatisation: Transformation by Absence

#### Fragmentation and corporatisation in the Prison Service

The previous chapter, after examining the capital over-accumulation crisis of the 1970s and the British State's responses, brought forward some conclusions. The purging policies, mainly through the monetarist perception of the economy are beyond party differences. They are rather the outcome of the specific way in which the crisis made its appearance. Furthermore, the solution given, namely the pressure upon incomes, depend on the particular articulation of the class struggle in Britain in the conjuncture of the 1970s. What made Thatcher government more successful in this solution in comparison with the previous governments had been its hegemonic strategy. The research now obtained enough analytical tools to move to the explanation of the temporal asynchrony between the introduction of general and prison privatisation policies.

The first question that needs to be addressed is if there is any relation of inescapability between general privatisation and prison contracting out. Although an explicit reference did not appear in the echelons of governance earlier than 1986, several signs were confirming that prison privatisation was a possibility indeed. In the soft end of the prison system, namely the detainment of undocumented immigrants waiting deportation, privatisation had already occurred since the Heath government. In 1970 the Harmondsworth detainment centre in London was awarded to Securicor<sup>646</sup>. At the same time, the blueprint of the privatisation strategy, namely the second Ridley Report, has been "consistently abstract" referring to the public industries, utilities and services but without specific mentioning of the services. There is a point, however, that a strange reference to the civil service doesn't just echo the preoccupation of the report with the nationalized industries or the persistently abstract reference to the State services. It's in the confidential annex

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<sup>646</sup> Home Office 1988, p. 8 and L. Windlesham 1993, p. 302.

where the Civil Service is mentioned for the first time as a non-vulnerable field in which a victory would discourage confrontation in more vulnerable ground<sup>647</sup>. That leaves one wondering, if privatisation would touch not just the productive part of the public sector but the administrative as well, within which the Prison Service operates.

The answer to that question came around the same period by the ‘May Report’. In November 1978, in response to a growing wave of unrest in the prison system from officers and prisoners, the Home Office commissioned a report to a group chaired by Justice John May. The recommendations touch a big number of issues of which the organisational ones are of major importance here. In the fifth chapter, the report straight away states that prison service should remain accountable to the Ministerial control and the latter accountable to the parliament for the running of the prison service. This recommendation is significant exactly because it is mentioned. It’s an indication that a relevant issue has been posed. The issue in question is not a purely administrative one since administrative changes are discussed at the next paragraph where “there was less agreement on the form that Ministerial accountability should take”<sup>648</sup>. As a matter of fact, while both the Prison Officer’s Association (POA) and the Institution of Professional Civil Servants (IPCS) were proposing increased autonomy of the prison service that would, in any case, keep the prison service directly administered by and accountable to the Home Office<sup>649</sup>, the Home Office presented a set of preferences and the report finally recommended a significantly different structure. Two of the ministerial scenarios included the complete separation of the Prison Service with substantial responsibility for finance. In essence, what was proposed by the government department resembles the agency status that finally mantled the Prison Service in 1991. Indicatively, the Home Office suggested the creation of a separate organisation regarding the prison system within the Ministry that would have advisory role. This informal competition between the two organisations illustrates exactly the efficiency issue which was

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<sup>647</sup> Economic Reconstruction Group 1977, p. 24.

<sup>648</sup> Home Office 1979, pp 74-75.

<sup>649</sup> See analytically in Home Office 1979, pp 75-80.

accelerated by the quasi governmental services (quangos) of the 'Next Steps' initiative<sup>650</sup>.

What is more significant, though, is the fact that both the final agency status of the prison service and the suggested autonomy by the Home Office and the May Report resemble the fragmentation policy of the Ridley Report. It's not just the autonomisation of the Prison Service, or the suggested informal competition between organisations it's also the delegation of financial accountability with fixed budgets to the units, namely the prison branches that point this resemblance. The Society of Civil and Public Servants (SCPS) suggested the imposition of financial limits in the day-to-day administration of regional offices and branches. The administration then would have the responsibility and the discretion regarding the use of the amount. The commission adopted this suggestion and furthered it by recommending the delegation of accountability to the managers of institutions. Apart from the financial control, the report suggested the delegation of powers regarding the personnel administration at the level of local management. As a result governors would have administrative powers over financial as well as industrial relations' issues. Additionally, although a separate escort service was not recommended, effective transformation would occur from a renewed organisation of this combined function between police and prison service and from the deduction of funds on "an agency basis" with encouragement for manpower economies<sup>651</sup>. Therefore, the report, following the views of the intervening actors but mainly of the Home Office, ended up suggesting a new organisation structure that would keep prison service within the Home Office but it will give it also "a greater corporate sense and enable those in charge to be more directly responsible for all aspects of its organisation than is currently the case"<sup>652</sup>; in other words a fully fledged fragmentation of the prison service few months after Ridley Report was published.

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<sup>650</sup> Home Office 1979, pp 81-83.

<sup>651</sup> Home Office 1979, p. 280. A much more radical proposition was carried on by Lord Windlesham (1993, pp 272 *et seq.*) at a later stage. Apart from the recommendations, however, the fragmentation of escort service, its agency status and the very privatisation was confirmed at the 1982 Prison Officer Association conference which condemned any attempt to hand escort services to Securicor (D. Evans *et al.* 2009, p. 118).

<sup>652</sup> Home Office 1979, pp 84-87 and 278. See also in the same (p. 87) "the affairs of Her Majesty's Prison Service in England and Wales should continue to be directed by a Prison Board. This is not and will not be a true corporate body but the collective name for the group of men or women who we recommend shall be generally responsible for the affairs of the service". After the previous

What is meant in the previous analysis is not to uncover any conspiratorial networks between the contributors of the Ridley and the May Reports. What is intended instead is to show that both approaches had a common starting point which was to increase efficiency in a period (Winter of Discontent) where the manifestations of the capital over-accumulation crisis were more than apparent. As a matter of fact the May Report was commissioned to make recommendations on eight issues the five of which are related with economy, efficiency, employee compensation and industrial relations. Given that the mandate by the Home Secretary required explicitly the commission to regard the “need to secure the efficient use of manpower and financial resources in the prison services”, one of the four criteria in doing recommendations for the prison service was right from the beginning the economisation in public expenditures<sup>653</sup>. As already mentioned in the previous chapter, the birth of ideas should be separated from their emerging plausibility and their incorporation as policies since the latter are reduced to the circumstances<sup>654</sup>. Therefore, what is significant is not the fact that the May Report recommends practically the agency status of the prison service<sup>655</sup>, neither that this fits with the fragmentational purging policy of the Ridley Report, not even the fact that they coincide in time of publication, because it could be just this, namely a coincidence. What is significant instead is that they both commence from the same starting point, the need to reduce the State capital assets and consequently trigger the profitability of the private sector which would necessarily step in to cover the emerging needs<sup>656</sup>. Hence, prison privatisation would have been inescapable development as long as the State has embarked into purging policies.

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overbidding on the corporate sense in the service to avoid referring to a true corporate body makes one think of a “quasi” corporate one, as in the case of “quasi nongovernmental organisation”.

<sup>653</sup> Home Office 1979, p. iii.

<sup>654</sup> *Ibidem* pp 258 et seq.

<sup>655</sup> Assuming that the May Report is nothing but an opinion, then one could see the same in the Home Office views which were going much further. The May Report, however, is important as a yardstick which shows the equilibrium of the “special burden” of the criminal justice factors' opinions.

<sup>656</sup> A parallel development worth mentioning. Roy King and Rodney Morgan published in 1979 their own “recommendations” based on facts and data analysed in the May Report. Although they are in favour of the public and centralised character of the Prison Service (p. 124) their preoccupation with the “normalisation” (p. 94 *et seq.*) of the service seems to be a synonym of efficiency. And it's this preoccupation that reflects the hegemonic ideology and echoes the circumstances surrounding prisons. This is more evident in the recommendations regarding service provision and will be analysed later.

After the May Report, a series of developments signify exactly the aforementioned will of the government, of the higher echelons of the Civil Service and of private security companies lobbies to lead criminal justice system into privatisation. Those developments have already been analytically presented by Lord Windlesham<sup>657</sup> and Mick Ryan<sup>658</sup>. Instead of another reiteration what would have been more helpful is a timeline. The Adam Smith Institute, one of the intellectual spearheads of the purging policies in Britain, initiated the ‘Omega project’ in 1983 which addressed amongst else the possibilities of prison privatisation with a publication in 1984. In 1986 the conservative members of the Home Affairs Committee visited contracted-out prisons in the United States and had been “profoundly impressed”. In 1987 they produced the fourth report for the session 1986/1987 under the title *Contract Provision of Prisons* in which they suggested the experiment of privatising some remand prisons. The Minister of the State at the Home Office with responsibility for prisons reported very favourably after a visit on American privatised prison institutions in 1987. The same year Peter Young published the much-commented *Prison Cell* with the Adam Smith Institute. In 1988 a lobbying meeting between security corporations, representatives of the Adam Smith Institute and the Centre of Policy Studies, Tory MPs, members of the cabinet and of the policy unit at 10 Downing Street and academic criminologists took place in Carlton Club. In the same year but earlier than the meeting, the response of the Home Office at the report of the Home Affairs Committee *Private Sector Involvement in the Remand System* came in 1988 and was generally in favour of private provision of custodial services<sup>659</sup>.

At that point an issue should be clarified. It has been argued that although the Conservative Party has been in favour of prison privatisation, the government had been more reluctant. Mick Ryan for example identifies a volte face by Douglas Hurd

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<sup>657</sup> L. Windlesham 1993.

<sup>658</sup> M. Ryan 2003.

<sup>659</sup> What is significant about this Green Paper is that it leaves possibilities open for extension of prison privatisation away from the remand centres. “If the benefits of contracting out are to be realised it will be also important not to define in advance where and how private sector facilities should be provided. The framework within which proposals from the private sector were solicited would need to be flexible enough to allow novel solutions to be adopted, if workable” (Home Office 1988, p. 10). From this point of view, the intervention by the Tory MP Edward Gardner to amend the Bill before it becomes the Criminal Justice Act 1991 in order to include the privatisation of remand as well as closed establishments was pre-circumscribed by the Green Paper.

– the Home Secretary in his statement at the House of Commons on the 16<sup>th</sup> of July 1987 that

“few people would accept a case for auctioning or privatizing the prisons or handing over the business of keeping prisoners safe from anyone other than government servants”

and a statement on the 1<sup>st</sup> of March 1989 that

“the introduction of the private sector into the management of the prison system would certainly represent a bold departure. It offers the prospect of a new kind of partnership between the public and the private sector in this important aspect of our national life. We should not be scornful of new ideas which, if successful, will make an important contribution to the government’s programme of providing decent conditions for all prisoners at a reasonable cost”.

The reasons for this opinion change are attributed to some key developments like the lobbying pressures already explained, the fact that some Tory MPs were keeping the issue alive at the parliament and the Minister’s of the State visit to the United States<sup>660</sup>. Nevertheless, this position is not supported by the available facts. Margaret Thatcher was founding member along with Keith Joseph of the Centre of Policy Studies which was promoting actively the privatisation thesis. Key recommendations of the May Report had already been in place. Already before 1986 standards and targets for improvement have been set in each establishment. Accountability has been delegated down to the level of each governor which amongst else included direct accountability for budgets to them to cover operating costs<sup>661</sup>. What by that time was called “civilianisation” of the Prison Service had gone that far and closer to privatisation to resemble the contracting-out of services in the central European form of privatisation. Starting from transferring prison functions to posts outside the Prison Officer grade, they moved to contracting-out prisoners’ canteen, officers’ messes, staff car park attending etc.<sup>662</sup>.

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<sup>660</sup> M. Ryan 2003, p. 88.

<sup>661</sup> Home Office 1987, p. 3.

<sup>662</sup> D. Evans *et al.* 2009, p. 162. See also the recommendation by R. King *et al* 1979, pp 78 and 113. They mention that “the best way of ensuring that the level of provision within the prison is typical of that prevailing within the community is to integrate prison and community facilities. We suggest that where it is possible for local authority, statutory, voluntary or commercial agencies who normally provide a service in the community to offer it also within the prison that they should be encouraged to do so”. Given their position that is in favour of the public and centralised character of the prison service (p. 124) this is not a recommendation intended to privatisation but in reality could act as a “Trojan horse”.

Assuming that the pro-fragmentation and purging policy suggested by the Home Office to the May inquiry do not represent the plans of the government, the data used by Ryan to form his conclusion have also another reading. What Douglas Hurd mentions at his first statement is that “few people would accept...”. This doesn’t mean that he or the government he was representing at the parliament are against privatisation. Furthering this approach would bring forward the essence of this Thesis, namely that the Home Secretary identifies the need for a political strategy or the fact that one is already in operation to convince people. Ryan also refers to the letter by Margaret Thatcher to Lord Windlesham from the 12<sup>th</sup> August 1987 regarding his suggestion to privatise remand establishments<sup>663</sup>. The full length of the letter, however, is revealing. There it’s explicitly stated that

“the government is fully committed to making greater use of the private sector wherever this helps Departments like the Prison Department of the Home Office to get better value for money. [...] But as you yourself say, there would clearly be many problems to resolve before we could contemplate similar developments in this country. There is the security problem to which you allude: I was interested in your solution to this, though of course be difficult to ensure that the courts would remand a sufficiently high number of prisoners to the privately run centre to make it viable. There would also be legal problems and problems to do with accountability, that have not yet been fully explored”<sup>664</sup>.

On the one hand, what is clearly stated is government’s commitment in privatisation, including those regarding the prison system. On the other hand, the legal and accountability problems with hindsight didn’t seem to obstacle the government less than two years later. An interesting part of the letter, though, refers to the number of remand prisoners sent to the experimental establishment to make it viable<sup>665</sup>. This proves that the main concern as such is not the imposition of better conditions for prisoners but the creation of a win-win situation between the State and the private contractor. Therefore, the government never presented any volte face. It has always been in favour of prison privatisation. This is also confirmed by the decisiveness towards prison contracting-out when the pragmatic arguments were

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<sup>663</sup> M. Ryan 2003, p. 88.

<sup>664</sup> L. Windlesham 1993, pp 278-279.

<sup>665</sup> The remand population presented a small decline during those years. See for example L. Windlesham 1993, p. 292.



collapsing around 1990. It was not only the fact that remand prisoners' number was falling, it was also that a detailed study of the Home Office was confirming that "no substantial savings in cost could be anticipated, and swayed by the falling prison population". Thatcher's intervention and persistence, however, was detrimental in the inclusion of prison privatisation in the forthcoming Criminal Justice Act 1991 leaving no other explanation for this policy than the need to trigger profitability<sup>666</sup>.

### **Prison officers' militancy**

If prison contracting-out is inescapable and there have been strong interests and intention in pursuing this policy, the question arising is exactly the central one in this research, namely, why has there been such an asynchrony in the introduction of this policy? Where this transformation by absence could be attributed? Given that transformations are the result of the specific articulation of the class struggle and that the role of the Repressive State Apparatuses is to safeguard the reproduction of the Capitalist Mode of Production, the previous theoretical approach suggested that the asynchrony of prison privatisation depends on the need to entrench the prison officers from wide changes in order to keep prisons operating; a function much needed during a period of insubordination. Prison privatisation could emerge at a latter point when the reproduction of capitalist relations would have been smoother. In the empirical part, that schema is exemplified in the mixture of appeasement and confrontation appearing in the Ridley Report. In other words, the previously explained tactics of differential treatment between categories of labourers applies here as well.

The fact that prison officers were playing a major role if not the central one could be seen in the main argument of the Adam Smith Institute campaign in favour of prison privatisation. Peter Young in the *Prison Cell* argues that

"the prison system has been subject to a phenomenon that commonly afflicts public sector institutions – that of producer dominance. The assured income of a state monopoly service leads to complacency about existing practices and a failure to innovate. Political fears about strikes or unemployment lead to lax labour relations and overmanning. Political pressure from the employees

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<sup>666</sup> L. Windlesham 1993, p. 297.

diverts resources to current spending (on wages) and away from needed capital improvements. Those who work in such a state monopoly service represent a concentrated and united interest group and so have much more power in the political process than do ordinary members of the taxpaying public. The prison system is just a case of a state service being run to benefit the producers of the service, the employees, rather than the inmates and the taxpaying public<sup>667</sup>.

Leaving aside the fact that this excerpt reconfirms the preoccupation with efficiency and the corporate understanding of a nonetheless very special “service provision”, what could be also deducted is that it centralises the problem on the employees, namely on the prison officers. They are a “concentrated and united interest group” whose political pressures divert resources under the fear of their reaction. What is apparent is that the hegemonic ideology reaches a turning point in which the concept of the “public interest” by connecting to the mantra of efficiency is necessarily separated by those who used to be the operators of the public interest, namely the State Employees and in this case the prison officers. The public interest/efficiency will not be delivered through their protection as impartial executors of the common will but by diminishing their powers. Therefore, achieving the efficiency of the public sector passes inescapably through prison privatisation and the creation of quasi competition. As will be seen later, this new understanding was soon perceived by the prison officers who made tactics a practical need.

That the period during the 1970s and 1980s has been one of generally social insubordination and specifically uneasy industrial relations has already been covered in the previous chapter. What needs to be addressed here is the specific militancy of prison officers. Dealing with an institution at the periphery of the public attention, prison officers’ labour movement was equally neglected. Resulting from local disputes and disenchantment with salary levels since the 1880s, the first underground trade union, Prison Officers’ Federation (POF) was formed along with the official one (National Union of Police and Prison Officers) in 1915. It was, however, acknowledged only in 1939 as a separate formation and trade union as such under the Prison Officers’ Association (POA) title. Difficult industrial relations existed throughout the 20<sup>th</sup> century but it was in the 1970s that they were expressed

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<sup>667</sup> P. Young 1987, p. 4 and L. Windlesham 1993, p. 292.

in a much more militant way<sup>668</sup>. In 1972 a series of prisoners' protest, including riots in few cases, transferred the unrest to the prison officers who demanded in 1973 better staffing levels and ban of overtime work that exceeds the agreed level with the prison service<sup>669</sup>. Local action, however, was limited until 1975 in which a development marked a watershed. In that year local action started in London prison regarding the London weighting allowance without the support of the National Executive Committee (NEC) of the POA. Soon staff at Cardiff prison withdrew labour regarding a local management issue once again without the support of the NEC. Towards this growing wave of local actions, NEC decided that "forms of action to be pursued on local issues (including sympathetic actions) are matters within the discretion of the local branches concerned"<sup>670</sup>. This decision was substantial in what was going to follow in the next years. The purging policies largely due to the IMF loan in 1976 and more specifically the allocation of a budget of staff hours to each establishment (the regularisation of which was going to be recommended by the May Report) resulted in essential reduction of the average salary. The distribution of this budget was to be decided on a local level between officers and governors. The result of this situation was a significant increase of local industrial actions<sup>671</sup>. Disputes over quarters, weekend working, safe manning levels, ferry warrants for prisons based in islands reached the number of 26 in a single moment in May 1978. Those were at this period accompanied and culminated around retrospective payments and claims over breaks during shifts<sup>672</sup>.

The threat of a national strike by POA in November 1978 in the eve of the 'winter of discontent' led to setting up the May inquiry which didn't as such ease the militancy. The May Report codified the reasons for the unrest as "the loss of confidence in the treatment objectives, the distancing of staff and inmates as a result of the changing nature of the prison population, increased emphasis on security and

<sup>668</sup> Home Office 1979, p. 233 and D. Evans *et al.* 2009.

<sup>669</sup> See further in D. Evans *et al.* 2009, p. 82 *et seq.* It worth mentioning the differential treatment with which groups of strikers imprisoned by virtue of the Industrial Relations Act 1971 were faced by POA members during 1972 and 1973. It's also significant in understanding the climate of the period, that prisoners had been "unionised" under the organisation of the Preservation of the Rights of the Prisoners (PROP).

<sup>670</sup> Home Office 1979, pp 233-234 and D. Evans *et al.* 2009, p. 87. It's not a coincidence that between 1975 and 1978 the industrial actions at the level of branch rose from 19 to 119.

<sup>671</sup> D. Evans *et al.* 2009, pp 86-90.

<sup>672</sup> See for example Home Office 1979, p. 286.

growing numbers of specialists in prisons, poor working environment, changes in staff background and experience, the effects of incomes policy, apparent changes in the general industrial relations climate and the effects of this on the comparatively isolated position of prison officers, the failure of management to take initiative in responding to industrial unrest and to support governors faced with disputes, the inadequacy of the Whitley Council machinery and the experience that the industrial action produces results<sup>673</sup>. Up to that point the main types of action took three forms. Industrial action was directed towards the administration of justice with refusal to allow solicitors, police or probation officers enter prisons, refusal to produce inmates at courts and refusal to receive in custody those committed by courts. The second type of action was directed to prison administration with late unlocking, restrictions on the movement of vehicles, staff or supplies, no operation of parts of the establishments and withdrawal of labour. Thirdly action was also directed to prisoners with complete prevention of classes, exercise, visits and association and even locking up for 23 hours per day<sup>674</sup>.

In the early 1980s the majority of the claims were concentrated in the payment and employment status issues. In October 1980 the refusal of the Prison Department to extend payment recommended by the May Report to all prison-related workers and specifically the refusal of the Home Secretary to allow for arbitration led the associations to national industrial action. In that case, action took the form of prevention of essential maintenance which necessarily led to the closure of prison workshops, refusal to carry out certain duties within prisons and most importantly refusal to receive prisoners sentenced or remanded by the courts<sup>675</sup>. Along with the prison officers, the Council of Civil Service Unions (CCSU) launched a campaign against the suspension of Civil Service Pay Agreement. The strike was continued with small interruption until May 1981 but it was shortly followed by a Civil Service-wide dispute over the abovementioned issue that lasted until August 1981. The local actions, however, continued even after the end of the national strikes mainly on issues of local management, overcrowding and understaffing during 1982 and 1983. A short period of relative industrial peace in which, however, unresolved

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<sup>673</sup> Home Office 1979, pp 234-235, 238-240 and 286 and D. Evans *et al.* 2009, p. 81 *et seq.*

<sup>674</sup> Home Office 1979, p. 236.

<sup>675</sup> D. Evans *et al.* 2009, p. 106.

problems both managerial and financial had been mounting led to renewed militancy in late 1985 and 1986 always at a local level. Only in 1986 the POA took over action at a national level in the form of an overtime ban. The ban itself lasting only 24 hours led to severe disturbances and riots mainly in Bristol, Northeye, Erlestoke, Lewes and Wymott. Once again in 1988 national strike broke out in the view of non honoured promises under the ‘Fresh Start’ initiative and more specifically on the manpower, on the ongoing ‘civilianisation’ of the prison service and on the so-called interpretation of ‘Bulletin 8’ referring to the work rules under the Fresh Start proposals. Apart from the national claims, local actions resulted from managerial issues mainly on inadequate staffing in 1988 and 1989<sup>676</sup>.

What could be seen from the previous brief exposition is that the prison officers’ labour movement was not less militant than the general one during the 1970s and 1980s and to a large degree one reflects the other. The idea of reflection, however, should be handled with rather carefully. On the one hand, “reflection” does not imply that prison officers were mimicking other labourers and consequently they didn’t have their own claims and problems<sup>677</sup>. On the other hand, their militancy was necessarily contained within the objective and ideological constraints put upon them by their position in the State Apparatuses. This corresponds to what Poulantzas asserts about the assertiveness of the State Employees<sup>678</sup> which is even more exacerbated regarding the Repressive State Apparatuses employees. This practically took the form of the previously described types of industrial action. Their possibilities were in any case constrained by humanity concerns; therefore complete withdrawal of labour was only an extremity and could not last for more than few hours. At the same time, this could be seen in their very claims in which the financial issues constituted only a minority among the total. An often recurrent demand concerned the levels of manpower which was affecting their quality of life. The previous conclusion is also confirmed by the fact that an adequately staffed establishment would also decrease the amount of overtime and finally the take-home payment. In parallel, overcrowding and security issues – directly connected to the

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<sup>676</sup> D. Evans *et al.* 2009.

<sup>677</sup> See for example S. Thomas account on the May Report in D. Evans *et al.* 2009, p. 100.

<sup>678</sup> *Ibidem* pp 144 et seq.

understaffing - are brought constantly forward especially in the framework of local actions<sup>679</sup>.

What is most significant, though, is the ideological form of their actions in the course as well as outside industrial unease. The May Report for example praises “the substantial harmony and sense of duty that does still exist” among the officers. It finds impressive “the response of staff, in the course of industrial disputes, to the declaration by the governor of a state of emergency. When in the opinion of the governor the establishment has reached a serious state of crisis, staff have not hesitated to resume their normal duties”. The report concludes that “nothing must be allowed to jeopardise the underlying loyalty which that implies”<sup>680</sup>. A more concrete example had been the commitment of POA in smooth judicial function that comes even to the point of non solidarity to other unions when they were crossing picket lines outside courts during civil service industrial action<sup>681</sup>. Another example had been the political neutrality maintained until 2006 which was confirmed in a civil action against a Tory political broadcast in 1985 which gave the opportunity to the trade union to reaffirm its “non-partisan and neutral party political stance”<sup>682</sup>. These constitute manifestations of the exposure of State Employees to the hegemonic ideology of their State Apparatus as impartial applier of the ‘common will’.

Nevertheless, the comparison between the general labour and prison officers’ movement would reveal common places too. The common period of eruption of the assertive movements has been previously mentioned. What needs to be shown here is that the State machinery – either the Home Office or the government – have been aware of this changing climate. The unionisation and militancy of workers was apparent inside and outside of the prison<sup>683</sup>. At the same time, the self-propelled dynamicity that was evident in the ‘winter of discontent’ by Bernard Donoghue<sup>684</sup> was also confirmed by the May Report. Prison officers, governors and the Home Office, confirmed that “for whatever reason industrial

<sup>679</sup> See indicatively D. Evans *et al.* 2009, pp 83-86, 117-120 and 122.

<sup>680</sup> Home Office 1979, pp 87 and 246.

<sup>681</sup> Home Office 1979, p. 237.

<sup>682</sup> D. Evans *et al.* 2009, p. 106 and 210.

<sup>683</sup> Home Office 1979, p. 239 and D. Evans *et al.* 2009, p. 170 *et seq.*

<sup>684</sup> *Ibidem* pp 237-238.

action has been found to produce results, and that the practice of resorting to such action has developed a momentum of its own<sup>685</sup>.

A final commonality between the movements could be seen in the distance created between the members of POA and its administration, namely the NEC<sup>686</sup>. Especially after 1975 and the decision to delegate the call for action at the establishment level, the NEC resolved to a rather controversial behaviour. On the one hand, the very delegation of this power was a sign of succumbing to the ongoing fragmentation of the prison service since a fragmented reaction wouldn't be as effective as a national one. The consequence is that during the 1980s only three national strikes were called in comparison with an abundance of local actions. In several cases the NEC had been openly unsympathetic to the local actions as in the case of Holloway and Wandsworth strikes in 1988 and 1989 respectively<sup>687</sup>. In several other occasions, the POA members were calling the NEC to take action with no apparent result<sup>688</sup>. The dissatisfaction was leading prison officers to dissociate themselves from the NEC. As an officer pointed regarding the Wandsworth support dispute, "you have to be careful when you talk about the POA; there's a tendency to say 'the POA did, the POA didn't', even when you're POA yourself . . . what they usually mean by that is the National Executive". As a result, break away trade unions emerged, although with no success, in 1980 (Prison Force Federation) and in 1988 (Prison Service Union)<sup>689</sup>. On the other hand, POA took also decisions that mitigated the previous developments. For example the 1975 decision regarding the delegation of power allowed a more flexible labour movement, although not far-reaching. Assertiveness could be rewarded in a local level but at the same time crashed more easily. POA established a 'strike fund' from which it was supporting with the substantial amount of £53000 the Wandsworth strikers whose strike was in any case not supporting<sup>690</sup>. Those controversial actions of the POA, as in the case of the other trade unions in the 1970s, constitute manifestations of their State Apparatus

<sup>685</sup> Home Office 1979, p. 241.

<sup>686</sup> According to the May Report "there can now be no automatic assumption that agreements reached at national level will be honoured down the line" (Home Office 1979, p. 237).

<sup>687</sup> D. Evans *et al.* 2009, p. 163 *et seq.*

<sup>688</sup> See for example some cases in Home Office 1979, p. 286 and D. Evans *et al.* 2009, p. 86 *et seq.* for 1971, p. 88 for 1978, p. 103 for 1980, pp 108-110 for early 1980s and pp 135-136 for 1985.

<sup>689</sup> D. Evans *et al.* 2009, pp 170-171.

<sup>690</sup> D. Evans *et al.* 2009, p. 168.

character. The fact that they were fields of class struggle subject to a changing vector of the equilibrium of power explains exactly those policies; on the one hand, avoiding action and on the other hand resolving to effective national strikes at crucial moments.

### **The threat of industrial action**

The latter brings forward the very consequences of the industrial actions by the prison officers. The May Report, as early as 1979, warned its addressees, that the Prison Service cannot be seen outside a wider perspective of departments within the Home Office. The recommended re-organisation of the service in question is careful enough not to affect the Home Secretary's ability to have a co-ordinated view of the criminal justice system. The reason is that "decisions taken in regard to other parts of the system – for example in regard to police manpower, the court building programme or the sentencing powers of the courts – may well significantly affect the demands placed upon prisons"<sup>691</sup>. If this is a self-understandable view of the criminal justice system, then it focuses only on the regular course within that system and takes prisons as its terminal point. For example, an offender is arrested, prosecuted, judged and then locked in a prison. The fact that this is the regular course means exactly that "irregularities" do exist and during crisis circumstances they become more apparent. Prison officer strikes constitute one of them.

As already seen the most usual form of industrial action has been the refusal to receive convicted or sentenced prisoners and the most extreme one has been to complete withdraw labour. A usually local form of action had been to "work by the book" which in that case involved refusal to work more than the agreed overtime and the refusal to accept inmates more than the Certified Normal Accommodation (CNA). In both cases, the problem caused was substantial to the whole criminal justice system. Only indicatively it could be mentioned that during the 1980-1981 national strike more than 3500 prisoners had to be kept in police cells according to

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<sup>691</sup> Home Office 1979, p. 86.



the government<sup>692</sup>. Nevertheless, this was only a modest estimation or at least one referring to the first month (October 1980) of the action. Towards the end of November and during December the drop was more far reaching compared to the seasonal reduction of inmates<sup>693</sup>. Taking into consideration the fact that the total face value number of prisoners was almost 2000 people more than the previous year, one could estimate that about 4000 prisoners had to be transferred to police cells<sup>694</sup>. The disruption to police functions is self-understandable – especially if the fact that Brixton riots which took place before the official end of the strike was taken into consideration - but much more evident in the case of the Wandsworth 1989 local strike. When prison officers decided to withdraw staff from particular sections to allow safe guarding of the rest of the establishment they were met with a 10 days management lock out. 120 prison officers were replaced by 600 police officers called to run the prison<sup>695</sup>. The 1986 national overtime ban caused disturbances, riots in more than 40 prisons along with 21 escapes<sup>696</sup>. What could be seen, therefore, is that apart from the actual cost of bringing the prison system in regular operation, there was extensive unquantifiable cost in terms of police function disruption and escapes that had to be “paid”.

### **Tactics: Purging policies vs. reaction containment**

A general overview of the situation would reveal that prison officers constituted a largely unionised and militant group of workers. Their actions were necessarily conditioned from their status and position in a Repressive State Apparatus. Nevertheless, when decided, their contradiction with the State machinery could prove to be detrimental not just for the operation of the prison system but for the whole criminal justice system in a period of extensive use in order to handle the

<sup>692</sup> D. Evans *et al.* 2009, p. 106. Of course there was a wider and long-standing phenomenon of prisoners being kept in police cells (see details in L. Windlesham 1993, p. 259) but the prison officers' industrial action constituted an exceptional factor.

<sup>693</sup> Home Office 1981.

<sup>694</sup> The Home Secretary in his 1984 speech at the annual conference of the POA gave an even bigger number. “I will not deny that there have been times in the past when industrial relations have broken down. Many of you will recall the industrial action taken by Prison Officers in the winter of 1980 to 81 when, at its peak, 5000 inmates had to be held in police cells ...”.

<sup>695</sup> D. Evans *et al.* 2009, pp 164-169.

<sup>696</sup> D. Evans *et al.* 2009, p. 147.

widespread strikes and riots<sup>697</sup>. As a result, the containment of this labour movement was of major importance. This is even more evident if the attitude of the POA against privatisation was taken into consideration. Just the possibility of contracting-out court escorts to Securicor, as soon as 1982, caused a fervid response by the otherwise conservative NEC. The chair of the POA stated at the annual conference “If the Prison Department is looking for massive confrontation, then it should continue looking at prisons and courts with a view to taking them from the Prison Service. If there is one area that the Service will go into battle about, it is escorts and courts. To the Home Office I offer this genuine piece of advice: leave it well alone, you are playing with fire”<sup>698</sup>. One wonders, then, if court-escorts could cause a major reaction by the POA, what the privatisation of prisons as such would cause. Evans and Cohen in their interesting account of the POA history approach the animosity of prison officers against privatisation under the understanding that court escorts constituted a large percentage of overtime and therefore a major contribution to their salary. What needs to be also addressed, however, is that the European Union directive regarding the protection of employment in the event of transfers and undertakings as integrated in the Transfer and Undertaking Protection of Employment legislation (TUPE) was interpreted by the British governments as not affecting privatisations. Despite the condemnation of this practice from the Court of the European Union, the relevant legislation did not change until 1997. Therefore, there was a substantial danger against the employment status of prison officers hiding in privatisation.

Of course not all workers in the prison system constituted a unanimous body. Governors or chief officers were well separated from the general sentiment confirming the role of the upper petty bourgeoisie according to Poulantzas<sup>699</sup>. Some indicative examples go back to 1978-1979 where the governors’ branch invited the May committee to consider recommending restrictions at prison officers’ industrial actions<sup>700</sup>. In 1980 the PFF break away union argued that POA was not independent

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<sup>697</sup> An interesting information would be that only in the Orgreave incident of the 1980s miners’ strike 4000 police officers had to be mobilised. Policing that strike had cost almost £240 million with 40 million extra police hours worked including a special allowance (I. Hernon 2006, p. 234).

<sup>698</sup> D. Evans *et al.* 2009, p. 118.

<sup>699</sup> *Ibidem* p. 102 *et seq.*

<sup>700</sup> Home Office 1979, p. 253.

because of the inclusion of chief officers who constituted “part of the policy-making senior management team”. What is significant is that POA’s reply did not refute this accusation but argued that “chief officers comprise less than 2% of the membership and only one is a member of the NEC” which practically acknowledged their separate labour interests<sup>701</sup>. Sporadic incidents confirm this reality throughout the history of POA industrial struggle in the 1980s as in the case of their reaction in the Gloucester prison in 1986 and Wandsworth prison in 1989<sup>702</sup>. Lord Windlesham provides also interesting evidence. After publishing an article in Times in 1987 proposing the privatisation of the remand system, he received a letter by the HM Chief Inspector of Prisons who agreed and congratulated the former<sup>703</sup>. Interestingly, it’s the same person (James Hennessy) who led an inquiry at the aftermath of the 1986 riots after the overtime ban by the POA.

A retrospection on the uneasy industrial relations of the 1970s and 1980s would reveal that the exposure of prison officers to the hegemonic ideology or the internal separation with the more conservative governors and chief officers were not enough to contain militancy and the consequent disturbance in the prison system. Following, therefore, the recommendations by the Ridley Report would lead to the solution of temporal appeasements of prison officers before the wider class struggle diminish in such level to allow for prison privatisation and possible reactions from the side of prison officers. That doesn’t of course mean that privatisation was discontinued. Throughout the period from 1979 to 1991 small steps in purging policies were taking place. The fragmentation was by the mid-1980s already a reality. It started with the allocation of budget for staff hours per branch since 1976, then was widened as financial accountability at the establishment level by the May Report. Following the same document, the industrial relation resolution was localized while field for fresh responsibilities was left open. The majority of those recommendations became reality gradually from 1983 to 1986<sup>704</sup>. The civilianisation recommended by the May Report<sup>705</sup> was already moving towards privatisation in

<sup>701</sup> D. Evans *et al.* 2009, p. 103.

<sup>702</sup> D. Evans *et al.* 2009, pp 146 and 164 respectively.

<sup>703</sup> L. Windlesham 1993, p. 275.

<sup>704</sup> See analytically in Home Office 1979, pp 233, 249, 84-85, D. Evans *et al.* 2009, pp 138-139 and Home Office 1987, p. 3.

<sup>705</sup> Home Office 1979, p. 283.

service provision. What was taking place was a gradual intrusion of private contractors in the prison system, which, however, became apparent by the mid-1980s<sup>706</sup>.

This gradual expansion of the purging policies had, however, a distinctive characteristic. It was not affecting the working status of the majority of prison workers. Disputes on financial issues existed long before the introduction of privatisation; therefore, they constitute a different category of contradiction. What was taking place at the very same time, however, along with the aforementioned purging policies or their preparation was a number of concessions which would temporarily appease the labour movement. For example against the overcrowding and understaffing problems, the State was taking measures constantly, nonetheless not effectively. During the 1960s and 1970s the prison staff manpower has doubled<sup>707</sup> while from 1979 to 1986 the average number of prison officers rose by 20% along with a fresh prison building programme<sup>708</sup>. Regarding the financial claims, it is worth noting, that the 1980-1981 strike was suspended by NEC when the Common Working Agreement (CWA) was proposed by the Treasury. The idea was over a new and fair system of payments that would place employees' compensation over a completely new base. Nevertheless, the fact that it was not finalised along with the complexity of the new criteria imposed made it a constant lure from the side of the Home Office. CWA was kept on the table as a promise for almost 4 years after the 1980-1981 strike, preventing the conservative NEC from calling a national action and advising branches to do so on payment issues against the disenchantment of the POA members<sup>709</sup>. When finalised and implemented in 1984 new issues have arisen turning the attention elsewhere. A similar appeasement policy was implemented after the 1986 one-day ban of overtime. The Hennessy inquiry recommendations resulted to the 'Fresh Start' initiative in which the most prominent measure was addressing the working-hours problem. The 'Time Off in Lieu' (TOIL) was trying to achieve a 15% cost saving by restructuring shifts. In practical terms what would happen is that in a five year period the average 56 hours worked per week would gradually fall in

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<sup>706</sup> D. Evans *et al.* 2009, pp 140 and 162.

<sup>707</sup> Home Office 1979, p. 280.

<sup>708</sup> Home Office 1987, p. 2.

<sup>709</sup> D. Evans *et al.* 2009, pp 115-117.

39. At the same time, every hour worked more than 48 hours per week would be compensated by time off in lieu instead of money compensation. The acceptance among POA was a detrimental 80%. Nevertheless, as in the previous case there was a considerable distance between theory and practice since TOIL never actually worked as estimated. At a point during the 1990s the Prison Service was “in debt” to its employees the enormous number of 20000 hours. It managed, though, to provide once again a temporary appeasement to the prison officers<sup>710</sup>. Fresh Start also included a measure already announced since 1982 that had as well been on the table without being implemented until 1986. Prison officers throughout the 20<sup>th</sup> century had the right to stay at special quarters close to the establishment where they were working and the rent they had to pay was rather symbolic. The equivalent concession of the ‘right to buy scheme’ for city council houses, namely the ‘purchase of quarters’ was first reported in 1982 but only took shape in 1986. The statement of a POA member is revealing. “Fresh Start was bribery . . . because a) it had all this in it about TOIL . . . and b) right to buy . . . I ended up buying a house in North London for about £98,000 - very cheap for this area. Suddenly I'm a house owner. Of course I put my cross in that box”<sup>711</sup>.

Separate reference should be made to the industrial action restriction issue. As already mentioned governors suggested to the May committee the restriction of the right of prison officers to strike<sup>712</sup>. The importance of this issue lies on the very fact that it was brought forward. Equally important, however, is the reasons for which the May inquiry rejected this idea. Two practical issues have to do with the definition of strike, since most actions by prison officers do not include withdrawal of labour, and the fact that administrative or generally non custodial personnel would be necessarily affected. Two more issues, however, refer to considerable strategy concerns. On the one hand the prison officers wouldn't give away their rights without be bought out with a significant return. The report expressed the fear that this would create a domino effect in the civil service as a whole. It must be reminded that the May Report is being written during the peak of the ‘winter of discontent’ where

<sup>710</sup> D. Evans *et al.* 2009, pp 149-153 and 160-161.

<sup>711</sup> D. Evans *et al.* 2009, pp 130-133 and 151.

<sup>712</sup> The suggestion to restrict strike rights had already appeared at the Ridley Report (Economic Reconstruction Group 1977, p. 10) where Police was mentioned among the public services in which industrial action is banned.

this “domino effect” had substantial consequences. On the other hand, had prison officers agreed on giving away their right to strike, a significant issue would arise in the event of a mass breach of the relevant legislation. In other words, the report is wondering how prison officers would be imprisoned for massively breaching the relevant legislation. The May Report concludes that, “there is no scope for a change in the *status quo* even if such a change were desirable”<sup>713</sup>.

Irrespective of the May Report recommendation, the “desire” was incorporated in an imprisonment bill in 1980. In response to the 1980-1981 industrial action the parliament granted unprecedented powers to the government to combat the strike. As the Home Office minister stated “much as [the Home Secretary] regretted the necessity for the wide powers available under the Act, he would not hesitate to see their renewal should the prison officers' industrial action and its consequences persist”<sup>714</sup>. The threat, however, remained only a threat, although the strike did persist. This constitutes an excellent confirmation of the May inquiry strategic concerns over criminalising prison officers' industrial strike. It's more significant, however, that this incidence reflects all three previous conclusions. The prison officer labour movement was a militant one, its actions had considerable consequences that had to be handled and no direct confrontation would be expedient. What should take place, instead, should be appeasement and gradual erosion of its powers until the general hegemonic strategy is ready to tolerate a clash with the “last line of defence” namely those who safeguard the capitalist relations reproduction.

In 1991, at the end of two decades of labour militancy, strikes and riots, the Criminal Justice Act allowed for privatisation of prisons, contracting out of escorts and gave agency status at the Prison Service. Surprisingly the Act was not faced with any reaction at the national level. Accusing the prison officer labour movement as being bought off is a rather harsh criticism. What could be seen, however retrospectively, is that on the one hand the appeasement and dilatory tactics of the hegemonic strategy had actual results and on the other hand the POA reflexes were slower in comparison with previous periods especially when it was widely accepted

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<sup>713</sup> Home Office 1979, pp 288 and 254-255.

<sup>714</sup> In D. Evans *et al.* 2009, p. 104. According to the POA general secretary “this was the first time in contemporary industrial history that a government had passed special legislation to deal with an industrial dispute while it was still in progress”.

within POA that privatisation would fragment and weaken the Prison Officers' Association “. . . In fact it is widely acknowledged that one of the effects . . . and purposes of privatising publicly owned industries, services and institutions is the undermining of effective trade unionism therein”<sup>715</sup>. The very creation of agency status within the Prison Service aimed to circumvent the only trade union which was not subject up to that point to the anti-union legislation of the 1980s<sup>716</sup>. The final blow came in 1994 during which the attempt to call a national action to protest for overcrowding, privatisation, contracting-out and market testing caused the reaction of the State with the Criminal Justice and Public Order Act which banned industrial action for prison officers.

The above presentation of historic developments allows extending the previous conclusions. The prison officer labour movement was not only militant, but its mobilisation could be really effective against the smooth operation of the criminal justice system. During the economic crisis of the mid-1960s and 1970s as well as the wide scale of State transformation that took the shape of privatisations, retaining the operation of prisons was of crucial importance. The threat or imposition of violence was the most deterrent measure against the social insubordination followed by the purging policies. In this framework, the containment of prison officers could not be based upon their own subordination but rather on appeasement until the social circumstances allow for intervention in that area too. The asynchrony, therefore, between the introduction of general and prison privatisation policies could be attributed to that specific reason.

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<sup>715</sup> D. Evans *et al.* 2009, p. 179.

<sup>716</sup> J. Black 1993, p. 29.

## Conclusions

An overview of the expansion of prison privatisation would identify a temporal gap between the introduction of general and prison privatisation policies in England and Wales. Asynchrony between them is based on the common pragmatic, systemic and ideological goals. Understanding this asynchrony could not be based on historical analogies since they tend to reproduce past assumptions in the present, under different conditions. Pragmatic considerations about overcrowding and fiscal constraints fail to explain this asynchrony as well since the hard facts used do not support such assumptions. Economic explanations, on the other hand, constitute a rather debated issue to become a firm basis for a political decision. Social interaction is far more capable in explaining the asynchrony but not every approach in that framework. Crude globalisation analysis cannot account for national differences. Elaborated analyses, on the other hand, are either obliged to develop the history of Criminal Justice System from the middle class point of view as in the case of Garland and Simon, or to resort at the mystifying concepts of morality and culture as in the case of Christie and Melossi. The commodification theory by Cavadino and Dignan and Lacey analyses social development dynamically but in a limited way so that present social attributes are projected at the future. Moreover, Lacey's work presents serious methodological deficiencies. Similar problems with globalisation analysis, occur in the political culture approach which leads to the apotheosis of the society through the use of the obscure cultural factor. In an attempt to overcome those problems from a Marxist point of view, the critical analysis of the work by Marx, Pashukanis, Ferrajoli and Zolo, Rushe and Kircheimer, Melossi and Pavarini would conclude that the Criminal Justice System can only be approached through the State, which depends on the class struggle. What is needed, therefore, is a State theory encompassing class struggle.

In this context, this Thesis adopts a structural Marxist approach that views the State as neither a random formation nor a tool in the hands of dominating classes. It's in essence, a relationship between the dominant and the dominating classes, the struggle of which forms its structure. By acquiring the monopoly of violence, the State channels the opposition in the political level. Role of the State is to ensure the



long-term interest of the dominating classes without provoking a direct contradiction with the dominated. This is accommodated through Hegemony; a set of strategies operating a mixture of coercion and consent along with material concessions in an “unstable equilibrium of compromise”. It's materialised in the State Apparatuses, in which the domination is contested in the class struggle. The chaotic State policy, therefore, is the vector of the class struggle in all its apparatuses. State Apparatuses are differentiated among Ideological, Repressive and Economic State Apparatuses that administer consent and coercion. The latter are not in a zero-sum relationship, since the one exists because of the other. State Personnel is a social category that cuts vertically through social stratification and connects its members by reference to their common position in delivering “impartially” the State functions.

State transformations are a response to the class struggle by altering the “battlefield”; by that they become important during crises. Crises, condensations of the class struggle, appear in every level but in ensemble they form a structural one which is essentially a State crisis. In such cases, Repressive State Apparatuses ensure class reproduction at the last instance. In this context, the asynchrony of prison privatisation should be seen as a form of concession to prison officers in a period of economic crisis and of State transformation. The expected privatisation was delayed to protect the smooth operation of State mechanisms when they were mostly needed. It constitutes, therefore, a State transformation although by absence. The critique and counter-critique, further elucidates this structural Marxist approach. For Gramsci Hegemony misses the material aspect provided by concessions. Miliband's instrumentalist analysis resorts at the problematic of the individual. The work by Hall *et al.* presents problems in the form of over-ideologisation; while, Jessop *et al.* do not avoid a discursive approach either.

Following the theoretical analysis, this Thesis continued to an empirical reconstruction. From a historical point of view, prison administration has always been in the public purview. The concept of privateer exists only under Capitalism; therefore, in the Medieval Ages the seemingly private contact had an essentially public character. Later in the Modern period levying charges for the provision of public services was an established administration policy that was replacing the salary. The prison system was legally nationalised in the 19<sup>th</sup> century until the

Criminal Justice Act 1991 that doesn't remove the State from imprisonment but expands its stealthy control through contracting out services and the 'corporatisation without privatisation'.

The hypotheses developed in the theoretical part are illustrated in the concrete example of the British Social Formation during the second half of the 20<sup>th</sup> century. The British and international capital over-accumulation crisis between the mid-1960s and the end of the 1980s threatened the reproduction of the political level. Britain was close to a State crisis. The exit from the economic crisis required the purging of unprofitable capital and the destruction of labour powers. Therefore, the danger of social insubordination was imminent. The purging "record" is evident in the privatisations that started much before 1981; while the policy U-turns reflected the agonizing need to preserve the unstable equilibrium of compromise. Thatcher governments, applied a fully fledged purging policy, although with some transformations by absence to prevent major disturbances. The militant prison officer trade union had to be contained to ensure the functionality of the whole Criminal Justice System. They were appeased and kept generally content until the danger of social insubordination ceased. Prison privatisation appeared only when the number of stoppages and working days lost fell to unprecedented levels.

The significance of this research lies with the ascertainment that at the centre of social development is the class struggle. Conscious or unconscious, economic or political, futile or prolific, the class struggle pushing forward history. But if class struggle is the matrix of history, then violence is its midwife. And violence resides in the apparatuses handling its monopoly, namely the Repressive State Apparatuses. By understanding the relationship between class struggle and Criminal Justice System, we conceive one of the factors that shape history. This is what makes their analysis crucial. This is what makes Marxism important as a science of history. This also what makes this Thesis different from previous approaches, that, apart from their internal inconsistencies they are either methodologically unsound, as in the case of historical analogies, or limited in an institutional approach, as in the case of pragmatic considerations and economic perspective. The fact that this Thesis employs a society-wide approach is what makes it differ from the institutional focus of the globalisation theories. This Thesis, instead,

accommodates conjuncture-specific characteristics, namely the class struggle, along with demystified and observed concepts, namely political developments and economic analysis; in contrast with the political culture perspective. It's also an attempt to see the tree and the woods at the same time; the wider economic factors and the class struggle within the prison system from a longitudinal point of view, instead of the limited social dynamic of the commodification theory.

In this context, having established Marxism as science and internal consistency as the validity criterion of theories, non Marxist or different Marxist theories are not discredited by this Thesis. Another significance, therefore, is that it proves the debate over Poulantzas' theory everything but “dead”. Indeed, the analytical capacity of structural Marxism is evident from the explanation of phenomena that emerged later than Poulantzas' publications. It could be argued that applying this analytical capacity in explaining the temporal asynchrony of prison privatisation is an “overkill”. In reality, this is a Columbus' egg. What is argued might seem simple but it had to be explained somehow; especially since the presented Marxist approaches would have to resort in conspiratorial historical approaches, as in the case of instrumentalism, or would be self-contradicted by a wrong perception of the State, as in the case of Authoritarian Populism and Two Nations. Nevertheless, the most important fact in the use of structural Marxism is the opportunity to discuss State theory in conjunction with criminology and criminal justice theory; an apparent lack of Marxist criminology.

The final issue to be addressed regards the aspirations of this Thesis. With full understanding of the conditionality of the writer, this Thesis should be approached exactly as such; namely, conditioned in the politico-economic circumstances at the eve of a new capital over-accumulation crisis.

## Appendix

### Economic Crisis in Britain

This research has focused on the political and ideological levels in the attempt to structure an explanation of the asynchrony between the introduction of general and prison privatisation policies. What has received less focus is the economic level and especially the emergence of the economic crisis. The reason for that, is certainly not that it's a peripheral issue. Contrariwise, it's the most crucial one as long as the economic level is the determining one at the last instance. The issue of the capital over-accumulation crisis, however, has been adequately analysed numerous times before this Thesis the contribution of which in the general knowledge is only limited. What is really important for the general argumentation in this research, however, is to empirically confirm the existence of a capital over-accumulation crisis in the British economy. This would have been a straightforward enterprise if there was any adequate reference to the relevant bibliography. Nevertheless, no specialized publication was found throughout the research for this Thesis. This appendix, therefore, will structure this missing link from the previous argumentation. A general reference to the general conditions of the falling rate of profit either as tendency or as cyclical crisis will be followed by a detailed analysis of the macroeconomic data of the British economy of the second half of the 20<sup>th</sup> century.

#### **The falling rate of profit; tendency and cyclical phenomenon**

For any analysis of the phenomenon of the falling rate of profit a reference to Marx's economic writings is a *sine qua non*. In the third volume of the *Capital* he made a thorough investigation of the norms that govern the Capitalist Mode of Production. Possibly the most famous one has been the tendency of the rate of profit to fall. The social value of the merchandise consists by the constant capital (machines, factories, other kind of infrastructure and raw materials) along with the variable capital (labour) and the surplus value. In contrast with that, the value of the merchandise for the capitalist is constituted only by the first two factors. The surplus

value, instead, is what is retained; in other words the profit. The surplus value is created by the variable capital but it is obscured in the social value of the merchandise because of the way of its projection<sup>717</sup>. In order to give a more schematic picture of that process, it could be written that the constant capital presents the origin of the profit, while the variable capital the basis for determining its rate. More specifically, labour is the actual exercise of those human capabilities that form the ‘labour powers’. The value of commodities is determined by the socially necessary labour time required for their production. The labour power for the capitalists is a commodity which is bought as every other commodity. Therefore, the socially necessary labour time for the “production” of labour powers coincides with the value of labour necessary for the subsistence of the labourer. Nevertheless, the total labour time provided by the labourer is more than the aforementioned. This extra time is dedicated in producing the surplus value for the capitalist. As a result, since the constant capital only reproduces its value in every cycle of production, the commercial value of a product is determined by the amount of labour that goes into the production<sup>718</sup>.

Capitalists want not just some profit but the highest possible return for the capital invested. This is depicted in the Rate of Profit which is the relationship between the surplus value and the total invested capital, namely the aggregate of constant and variable capital as follows:

$$Rp = \frac{S}{C + V}$$

From this equation, in which Rp is the rate of profit, S is the surplus value, C is the constant capital and V is the variable capital, it’s apparent that the increase of the invested capital, namely the denominator, decreases the Rate of Profit. In other words, the more one invests in means of production and labour the less profit will turn out. This seems to be right according to the above equation but from an empirical point of view it doesn’t make much sense. The reason is that a single and pioneering capitalist along with the investment in the constant or variable capital

<sup>717</sup> Assuming that there wasn’t any labour involved in the production process, there wouldn’t be any merchandise. This is not the same, though, with the opposite case, namely the absence of means of production.

<sup>718</sup> K. Marx 1867 and J. Gillman 1957, pp 11-12 and 15.

gains surplus value which can at least equilibrate the fraction and at most increase the rate of profit. The problem starts when the technological innovations become widespread. The investment increases the denominator and at the same time the numerator has a falling tendency. More specifically, capitalists in order to obtain a “market share” they have to be competitive, which further means being able to lower the final price of the merchandise or make investments that do not produce surplus value as in the case of advertising, legal services, liquidation etc.<sup>719</sup>.

Had this schema seen in an extended period of time, more general conclusions would be extracted. The competition within a specific sector of the market lowers the profit of the investment until it reaches the minimum possible, namely the actual cost of production. Since there is no more profit in this enterprise or the specific sector of the market, capitalists would invest the surplus capital in different sectors until the rate of profit is generally stabilized in the market in its minimum possible. This relation is expressed by the general or average rate of profit which follows the previous equation. It seems then that the increase of the invested capital by a single capitalist would prove to be lucrative. Gradually, though, and if others follow the pioneering example, the general rate of profit will decrease.

To this norm some counteracting influences attempt to stop or reverse this outcome. The intensification of labour increases the surplus value but holds stagnant the variable capital, namely the salaries. Technological innovations are translated into increase of the constant capital but usually they increase unemployment too. This can effectively exert pressure on salaries and therefore the variable capital remains stable in the long run. The increase of productivity brings more means of production in the market and by that lowers their price which further lowers the price of investments (e.g. in raw material) in the constant capital. The different levels of economic development worldwide allow capitalists to sell their products in other countries without lowering the rate of profit. Often the State intervenes with austerity measures to keep salaries low or with subsidisations over constant and variable

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<sup>719</sup> The previous analysis over the productive labour (*ibidem* p. 105) may clarify this point. See also the extended analysis in J. Gillman 1957, chapter 6.

capital to “reflate” the economy. This is why the phenomenon of the falling rate of profit is characterized as tendency<sup>720</sup>.

Marx was not the only to acknowledge this since Adam Smith and David Ricardo have done it before the publication of the *Capital*. Marx, however, offered a new approach which lies at the contradiction between the goal of the capital and the means towards this goal; in other words, the contradiction between maximum utilisation of capital and the sacrifice of part of it for the rest to be utilized. Adam Smith in contrast had only seen part of the broader image and accused just competition for the falling rate, while Ricardo attributed this phenomenon to the decreasing productivity of the means of production as in the case of fields’ fertility<sup>721</sup>.

The centrality of this norm in Marxism caused long debates since its publication. Part of criticism has been product of misunderstanding as in the case of Benedetto Croce who sees that investment in constant capital just increases the productivity and therefore the rate of surplus value leads to equilibrium in the previous fraction. He misses, though, the fact that increased productivity requires also more raw materials to be processed and therefore more investment in the denominator of that fraction. More serious objections, though, were raised because Marx seems to analyse only the relationship between the denominator and the result of the fraction by leaving the numerator untouched. This is partly attributed to a misunderstanding of the Marxian method of presentation - showing the relations in pairs by keeping other factors stable – which is solved in the same volume of the *Capital*<sup>722</sup>. If this criticism was extended, though, an important objection could be raised. In an equation in which both the numerator and the denominator of a fraction are independent variables, how could one assume that the rate of profit moves towards a specific direction instead of other?

Before answering this objection, a significant remark should be made. The formula for the rate of profit as given above is rather elementary. It refers to the rate of profit as deducted from a single cycle of production. Nevertheless, neither the

<sup>720</sup> K. Marx *et al.* 1894, chapter 14. See also G. Polymeridis 2003a, G. Polymeridis 2003b, G. Kakoulidis 2010, Teoria e Prassi 2007, J. Gillman 1957, p. 7.

<sup>721</sup> G. Stamatidis 1984. See S. Clarke 1994 for a detailed account of Marxian refutations over previous approaches.

<sup>722</sup> E. Ioakimoglou 2000, p. 39.

machinery stops working nor the labourers are fired after a batch of raw materials has been processed. What happens instead is that the means of production, either the infrastructure or the labour powers, keep working continuously and the rate of profit is calculated accordingly. In order to accommodate this fact, the previous formula should be percentified. Given that surplus value is created by the value of labour that is not dedicated in producing the labourer's salary, the rate of surplus value is exactly the ratio of surplus to the total of the salaries, namely the variable capital. Accordingly, the ratio of the total invested capital to the variable capital would produce what Marx calls the organic composition of capital. Therefore, the previous formula is altered as follows

$$Rp = \frac{\frac{S}{V}}{\frac{C+V}{V}} = \frac{\frac{S}{V}}{\frac{C}{V} + 1}$$

From the previous equation seems that there is an internal relationship between the denominator and the numerator. Any fluctuation in the variable capital affects equally and similarly the organic composition of capital as well as the rate of surplus value. What is significant then is the relationship between the constant capital and the rate of surplus value. Aside any mathematical calculation, it should be reminded that this equation also represents concrete reality. Surplus value does not appear as an isolated factor but it's the direct product of the process that requires the use of both the means of production and the labour powers. The organic composition of capital and the rate of surplus value, therefore, are not independent but interrelated variables. Assuming, for example, that in a perfect world without competition the constant capital remains stable and the number of workers is decreased. In achieving the same rate of surplus value as before the rate of exploitation, namely the working hours dedicated to the production of surplus should be increased. Nevertheless, those working hours are finite because the bodily ability to be productive is also finite. Additionally a certain number of working hours must be dedicated for the production of the value of the salary instead of surplus value for the capitalist. Therefore, the increase of the rate of exploitation may "apply the brakes" to the falling rate of profit



but cannot stop it completely<sup>723</sup>. What is left then for its increase is investment in constant capital which usually increases the need for labour power<sup>724</sup>. The question that should be posed instead is whether the increase of surplus value as a consequence of the increase of organic composition of capital is possible to surpass the later.

Before answering that question a necessary deviation should be made. At the core of criticism against the norm of the falling tendency of the rate of profit is the misconception about the context in which it takes place. Marx insists on the especially capitalist methods of production in which that norm applies<sup>725</sup>. Due to the generally increasing wages of labourers, capitalists in order to achieve an increase of the surplus value they have to increase the productivity of labour to a degree that it's higher than the increasing rate of salaries. Given that productivity of labour equals to the aggregate of the value of labour along with the surplus value, the degree of its increase is as high as the increased surplus value achieved. Nevertheless, in order to increase productivity, the technical composition of capital, namely the aggregate value of constant and variable capital, should also increase since the outcome of the production process is exactly the application of labour powers upon the constant capital. The increase rate of technical composition of capital allows increasing both the productivity and the rate of surplus value as far as its increase is higher than the incrementing real wages. But the increase of the technical composition of capital surpasses the increase of productivity achieved and more specifically of the rate of surplus value that requires capital to be amassed before being invested and translated into technical composition of capital. Therefore, the rate of profit is falling because the value of capital, which is either invested in the denominator of the fraction or reserved for investment when it reaches the minimum value required, is higher than the surplus product as represented in the nominator.

This is again an elementary analysis of the concepts involved. A more detailed one would require reference to the Marxian figure of the "rate of hoarding". The pertinent equation extends the previous one by including the relation between

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<sup>723</sup> Teoria e Prassi 2007.

<sup>724</sup> The case of a surplus increasing innovation that leaves unaffected the number of workers – something that would imply stability in the overall fraction – will be dealt with in the analysis of the following norm regarding the secular tendency of capitalist production.

<sup>725</sup> G. Stamatidis 1984 and G. Stamatidis 1986.

value of worn out capital and of variable capital and the time needed for the recycling of constant capital. It finally concludes at the rate of hoarding which according to Marx is the relation between the rate of profit and the value of capital that needs to be amassed in every cycle of the production process in order to be reinvested as constant capital and which further decreases the rate of profit<sup>726</sup>. This analysis, however, surpasses the needs of this section. In order to connect the previous discussion with the objections against the falling tendency of the rate of profit it could be concluded that if that criticism was seen outside the context of the especially capitalist methods of production it would have been right. Theoretically (or mathematically) someone could increase the organic composition of capital and at the same time increase the rate of surplus value in such degree that the rate of profit remains positive even within a competitive environment. That would require though labourers willing to receive less salary or even nothing. Slavery or serfdom, however, is not the typical method of production in capitalism.

From an empirical point of view, the norm of the falling rate of profit has been generally proven until the 1920s. The technological innovations, though, managed to overturn this image. Investment in constant capital doesn't seem to affect the rate of profit anymore<sup>727</sup>. Gillman, however, brings forward the issue of unproductive investments that has been allusively touched before. Marx includes in the concept of surplus what we would today call gross profit, namely what is directly produced from the production process. He couldn't do otherwise because the main way of production by the time he was writing was operating in low competition basis. The direct link between offer and demand constitute advertisement superfluous. At the same time the medium scale of production could be handled by only few administrative employees if not by the capitalist himself. In monopoly capitalism, though, the expenses for taxation, advertisement, administration etc. should be deducted from the surplus value. Had this been done, the statistical link between organic composition of capital and rate of surplus value would return to the image described by Marx<sup>728</sup>.

<sup>726</sup> G. Stamatis 1984.

<sup>727</sup> See for example J. Gillman 1957 for the statistical data regarding the United States and G. Stamatis 1986 for a general overview of the issue.

<sup>728</sup> J. Gillman 1957, chapter 8. Stamatis (1984) disagrees with Gillman on the effect of unproductive capital as disabling the latter to realise its profit and insists on the especially capitalist methods of

Based on the previous equation and by focusing on the rate of surplus value would lead to another significant norm, that of the secular tendency of capitalist accumulation. In the third volume of his magnum opus Marx states that “there would be absolute over-production of capital as soon as additional capital for purposes of capitalist production equals to 0. The purpose of capitalist production, however, is self-expansion of capital, i.e., appropriation of surplus-labour, production of surplus-value, of profit. As soon as capital would, therefore, have grown in such a ratio to the labouring population that neither the absolute working-time supplied by this population, nor the relative surplus working-time, could be expanded any further (this last would not be feasible at any rate in the case when the demand for labour were so strong that there were a tendency for wages to rise); at a point, therefore, when the increased capital produced just as much, or even less, surplus-value than it did before its increase, there would be absolute over-production of capital; *i.e.*, the increased capital  $C + \Delta C$  would produce no more, or even less, profit than capital  $C$  before its expansion by  $\Delta C$ . In both cases there would be a steep and sudden fall in the general rate of profit, but this time due to a change in the composition of capital not caused by the development of the productive forces, but rather by a rise in the money-value of the variable capital (because of increased wages) and the corresponding reduction in the proportion of surplus-labour to necessary labour”<sup>729</sup>.

To make this more understandable, one must take into consideration the components of the rate of surplus value as described before, namely as the rate of surplus value to the variable capital that created the former.

$$Rs = \frac{S}{V}$$

The obvious conclusion is that in case that salaries increase, the rate of surplus value will decrease because the money-value of labour needed to compensate the workers will have a rising tendency in contrast with the money-value of labour

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production as the cause of the overturn of the image in monopoly capitalism. Nonetheless, both views could be accommodated under the idea that “the growth of monopoly, therefore, has been a necessary and natural resultant of the stresses inherent in the process of capitalist development” (J. Gillman 1957, p. 71). In other words, the especially capitalist method of production lies at the heart of both the rise of monopoly capitalism and its consequent need to “increasingly drive the realisation of surplus value into channels of unproductive expenditures” (J. Gillman 1957, p. 110).

<sup>729</sup> K. Marx *et al.* 1894, chapter 14.

necessary to produce surplus value which remains stable. Such a significant increase of the variable capital would take place in conditions of lack of labour powers in relation with the needs of the invested constant capital. These are periods in which labourers have significant negotiation power and as a result they can exert pressure for increasing their salaries. If this relation was seen isolated from the previous fraction regarding the rate of profit, Marx would seem to be doing again a logical leap. He only shows the connection between the variable capital and the rate of surplus value and therefore leaves the fluctuation of the nominator unaltered. Nevertheless, it must be reminded that Marx in his definition is writing about the “absolute over-production of capital” which is caused by the lack of labour powers – a rare but not impossible case as the case of some countries in Europe after the Second World War shows. Therefore, the salaries of labourers may rise but at the same time the labour input in the cycle of production is not enough to equally increase the production of surplus value. It is still true, though, that at the same result could also lead other factors like the duration of the working day because a relevant increase or decrease could affect similarly the extraction of the surplus value and its rate. Moreover, the degree of exploitation, namely the value of labour necessary to produce surplus value, is also relevant to the rate of productivity. The first factor, however, is external in relation to the economic logic of the norm and depends on a number of variables within a specific Social Formation, apart from the class struggle, as in the case of geographical latitude and the relevant daylight, the nature of labour etc. As for the second factor, it should be taken as stable exactly as the organic composition of capital is dealt in this case<sup>730</sup>. Both factors, though, will be revisited shortly in the counteracting influences.

An important note should be made at this point. Marx uses the definition of “absolute over-accumulation of capital” as an extreme in order to show the relationships present in the course of capitalist production<sup>731</sup>. As a matter of fact he gives this definition in the third part of the 15<sup>th</sup> chapter of *Capital Vol. 3* with the title “excess capital in conditions of excess population” which prepossesses the reader about the application of the norm in conditions of surplus rather than lack of labour powers. Marx states that “over-production of capital is never anything more than

<sup>730</sup> E. Ioakimoglou 2000, pp 37-39 and E. Ioakimoglou *et al.* 1991.

<sup>731</sup> E. Ioakimoglou *et al.* 1991.

over-production of means of production - of means of labour and necessities of life - which may serve as capital, *i.e.*, may serve to exploit labour at a given degree of exploitation; a fall in the intensity of exploitation below a certain point, however, calls forth disturbances, and stoppages in the capitalist production process, crises, and destruction of capital. It is no contradiction that this over-production of capital is accompanied by more or less considerable relative over-population. The circumstances which increased the productiveness of labour, augmented the mass of produced commodities, expanded markets, accelerated accumulation of capital both in terms of its mass and its value, and lowered the rate of profit. These same circumstances have also created, and continuously create, a relative overpopulation, an over-population of labourers not employed by the surplus-capital owing to the low degree of exploitation at which alone they could be employed, or at least owing to the low rate of profit which they would yield at the given degree of exploitation”<sup>732</sup>. This excerpt apart from bringing the issue of over-production in conditions of surplus labour it also provides a genealogy of the crisis as it will be seen shortly.

Marx is consistent in his method of presentation as already explained, namely assuming other factors stable and “testing” the relation between one independent and the dependent variable. In fact the norms of the tendency of the rate of profit to fall and that of secular tendency of capitalist accumulation are exactly the two sides of the same coin. In the first case the rate of surplus value while in the second the organic composition of capital are considered stable. The two norms, therefore, should be seen in tandem<sup>733</sup>. Before that, however, it would be good to further analyse the organic composition of capital with the introduction of a new modulus; the net product of labour or value added (presented as Y) is the aggregate of surplus value and labour power (S+V).

<sup>732</sup> K. Marx *et al.* 1894, chapter 15. In this source which is referenced in details in bibliography the title of the third part of the chapter in question is translated as “Excess capital and excess population” while in the German original text the title is “Überfluß an Kapital bei Überfluß an Bevölkerung” which means excess capital in conditions of excess population.

<sup>733</sup> Marx himself acknowledged that his account for the tendency of the profit to fall would have been incomplete by focusing only on the organic composition of capital and ignoring the rate of surplus value due to the variety of reasons that counteract in that tendency. According to Clarke, Marx is concerned to assess the relationship between conflicting tendencies rather than deriving mechanical laws (S. Clarke 1994).

$$\frac{C}{V} = \frac{C}{Y} \cdot \frac{Y}{V} = \frac{C}{Y} \cdot \frac{S+V}{V} = \frac{C}{Y} \cdot \left( \frac{S}{V} + 1 \right)$$

Therefore the equation of the rate of profit is altered as follows

$$Rp = \frac{\frac{S}{V}}{\frac{C}{Y} \cdot \left( \frac{S}{V} + 1 \right) + 1}$$

It can be now observed that the rate of profit boils down in the relationship between the rate of surplus value (S/V) and the fraction C/Y which represents the amount of constant capital needed for the production of a unit of product. This acknowledgement allows bringing the longitudinal structural tendencies of the capitalist method of production, the tendency of the rate of profit to fall that is, in conjunction with special circumstances caused by the secular tendency of capitalist accumulation<sup>734</sup>.

The net product rate (C/Y) shows the ability of a corporation to cutback in constant capital which further allows the particularisation of the abovementioned counteracting influences. The latter are divided between cutbacks that tend to reduce the organic composition of capital as such and those in which the constant capital cutback is accompanied with increased productivity. In the first category Marx includes the duration of the working hours per day; given that the value of the constant capital remains the same irrespective of its use for 8, 10 or 12 hours per day, their extended use effectively reduces the fraction of constant capital to net product. Additionally, the concentration of means of production and their use in wide scale, what is otherwise called 'economies of scale', allows the capitalists to reduce their cost for a given production. The other side of the coin is the socially combined labour which brings together a variation of specialisations in labour powers to man the concentrated means of production. Moreover, economies in labour conditions in the expense of workers equals to increased economy in constant capital. In the second category Marx includes the recycling of refuse material which practically means such sophistication of means of production to reduce the raw material that

<sup>734</sup> See more analytically E. Ioakimoglou 2000, pp 43-44 and 49. It must be noted that the specific publication of the book (2000) contains a non-acknowledged erratum in the analysis of the equations which was clarified after a personal correspondence with the writer. Here is the correct version of the formulas.

remains unprocessed and or to reduce their operation costs. Decreased investment in constant capital in connection with increased productivity also occurs from the accumulation of experience among labourers and their further education. At the latter Marx also includes the subordination of the worker to the needs of the capitalist production, namely the creation of a “conscientious” labourer who would be actively engaged in cutbacks in the production, rather than work recklessly<sup>735</sup>.

The significance of those counteracting influences is in the prevention of any crisis. The secular tendency of capitalist production turns to over-accumulation (synonymous to over-production) when the decrease of the rate of surplus value is not counterbalanced by cutbacks in the use of constant capital. Accordingly, an over-accumulation crisis may appear even when an increasing rate of surplus value is accompanied by a higher increase of the rate of capital to net product, namely an inability of companies to cutback in constant capital. The importance of this acknowledgement and particularly the connection between crisis and over-accumulation will be seen in the following paragraphs through the role of technological innovation and unemployment.

The most important factor of economizing constant capital and at the same time increasing the surplus value is technological innovations. As a non-economic factor it has been conscientiously excluded by Marx in the formulation of the aforementioned equations. He acknowledged the importance of science and its applications in the category of counteracting influences that could possibly reduce the use of constant capital and at the same time increase the surplus value; nevertheless, this is a different type of argument since he was forming it on the basis of a given constant capital which is used in a different way because of a technological innovation. A more important approach of the issue has been made in the first volume of *Capital* in relation with the degree of employment. Two interconnected issues appear at that point. On the one hand, the application of technological innovations increases both the surplus value and the constant capital given the investment for the change of machinery. On the other hand it usually reduces the employment rate. An expansion of constant capital in a given technological level would inescapably increase the variable capital because of the

<sup>735</sup> K. Marx *et al.* 1894, chapter 5, E. Ioakimoglou 2000, pp 45-47 and E. Ioakimoglou *et al.* 1991.

higher need in labourers to use the expanded means of production (assuming that the working hours remain the same). Technological innovations, though, tend to replace the human force with machinery and as a result they put a number of labourers outside employment. As mentioned above, though, investment in new technology equals to a relevant increase of the constant capital with the relevant consequences in the employment rate. In the total increase of constant capital the labour force connected to it, increase as well but in a descending analogy<sup>736</sup>. Therefore, the replacement of labour by machinery along with the increase of productivity tends to displace from production large masses of workers<sup>737</sup>.

The significance of the employment rate is related with the other side of the coin in this discourse. Over-production of capital could also be seen as under-consumption caused by under-demand<sup>738</sup>. The latter is by no means the cause but a consequence of over-production. The formulation of production process in capitalism as explained above leads to such levels of accumulation that cannot be absorbed<sup>739</sup>. The “absorption inability” takes the form either of merchandise that cannot be sold or of capital that has to be “purged” or remain inoperative. Obviously the two categories in this distinction are tantamount since products are themselves capital as far as they are not circulated, namely sold. They rather present a time sequence; exactly because products cannot be sold anymore, production process should slow down or constant capital should be taken away. In any case, the developments lead to increased unemployment. Therefore, under-demand comes also in the form of unused labour force. The latter, though, after a point becomes an independent factor that gives a new dynamic in over-accumulation crisis. The spending capability of a society is highly related to the employment rate and generally the level of real salaries (wage

<sup>736</sup> See for example K. Marx 1867, chapter 15. From a fragmented point of view this doesn't make much sense because the replacement of human labour by machinery in a department of a factory clearly reduces the number of workers. It should be reminded, though, that there wouldn't be any technological innovation unless there was any increase in productivity. That development “opens vacancies” in other departments of an enterprise like logistics, administration or liquidation.

<sup>737</sup> See also J. Gillman 1957, pp 139-144.

<sup>738</sup> The Marxist interpretation of over-production, under-demand and crisis is different than other approaches as in the case of Karl Rodbertus (1898) who sees in crisis “misdirected production” due to disproportional wages for labourers and profit for capitalists. In this case, one could assume that this situation would be corrected by self-restriction from the side of capitalists, which, however, comes in contrast with the internal logic of capitalism which is to use the available capital for maximum return.

<sup>739</sup> See J. Gillman 1965, pp 25-43 for a detailed analysis of under-consumption and other approaches as opposed to the Marxist one.



per working hour that is)<sup>740</sup>. The consequence, then, is the falling rate of profit which this time is not caused by the increase of the organic composition of capital as such but by its over-efficiency. In this context, the furtherance of unemployment caused by the falling rate of profit aggravates the crisis itself.

Under-demand in the course of the crisis has multiple roles. In the first instance its role is “positive” because of the recession it causes. The occasion for “purging” the unused, inefficient and generally non-lucrative capital is set exactly by the under-demand. In other words it’s presented as the perfect tool for the restructure of the capitalist process of production by removing the less able investments, increasing unemployment, diminishing the power of trade unions and generally restructuring the social relations. At the second instance, though, when all the conditions are set for the achievement of rising profit rate, under-demand may hinder the resurgence by putting obstacles in the realisation of profit<sup>741</sup>.

In the beginning of the section, the economic crisis has been characterized as cyclical. This implies that there is a recurrent tendency in its appearance. Once again this is not a solely Marxist idea. In fact Jean Charles Léonard de Sismondi expressed his idea about the economic cycles in 1819. Still today the concept of ‘business cycles’ is widely accepted<sup>742</sup>; the discussion rather concentrates on corrections among the various approaches (Kitchin, Juglar, Kuznets and Kondratiev cycles). The Marxian account is demonstrated in the *Communist Manifesto* where Marx and Engels pose the question “how does the bourgeoisie get over these crises? On the one hand by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented”<sup>743</sup>. This brings

<sup>740</sup> It should be noted, though, that consumption and demand are also influenced by other factors such as monetary depreciations, import duties etc. Thus, employment rate is only a factor among the many but certainly the most important.

<sup>741</sup> E. Ioakimoglou 2000, pp 56-62 and E. Ioakimoglou *et al.* 1991. See also J. Gillman 1957, pp 124-129 and J. Gillman 1965, p. 15.

<sup>742</sup> J. Gillman 1965, p. 14 and pp 54-56 for Keynes’ account of the “trade cycle”.

<sup>743</sup> K. Marx *et al.* 1848, chapter 1.

forward the idea that the economic contraction after every expansion is always more severe, but this analysis exceeds the needs of this research<sup>744</sup>.

Any quotation, however, is superfluous since from the previous exposition it has already become clear that the components of both the tendency of the rate of profit to fall and of the secular tendency of capitalist accumulation, namely the constant capital, the variable capital and the surplus value are always interacting in the context of the Capitalist Mode of Production, they are always present in the reproduction of class relations. The contraction of the business cycles therefore depict the periods in which the counteracting influences failed to restrain the falling rate of profit and have been replaced by restructuring processes in order to prepare the forthcoming expansion. The internal contradictions of the Capitalist Mode of Production will later lead again in over-production, under-demand and finally in crisis. In Poulantzas' words, then, crisis could be defined as those circumstances in which the internal contradictions of the Capitalist Mode of Production are significantly condensed<sup>745</sup>.

Moreover, crisis cannot be seen as a "black out" of the Capitalist Mode of Production; as a period of rupture with the previous "normality". On the contrary, the crisis period is a much needed opportunity for restructuring the reproduction of capital. Under the prerequisite that the core relations of property and appropriation remain in the first instance intact, they are reaffirmed in the second instance because of a wave of mass depreciation of constant capital, increase of unemployment, diminished power of trade unions, decreased wages and generally developments directed in reverting the falling rate of profit. Crisis, therefore, plays an organic role in the continuation and advancement of Capitalist Mode of Production<sup>746</sup>.

### The Economy during the 1970s

Possibly the event which dominates the common understanding of the financial history in relation to the 1970s is the impact of the 1973 international oil crisis upon the international economy. Such a simplified approach, however, is under

<sup>744</sup> See further in J. Gillman 1957, chapter 9.

<sup>745</sup> N. Poulantzas 1978, p. 22.

<sup>746</sup> See also K. Marx 1862, K. Marx 1894 *et al.*, chapter 15, S. Clarke 1994 and N. Poulantzas 1978, p. 20.

the danger of mixing symptoms and causes which are further based in different premises. This would be better illustrated if the oil crisis was seen in the context of the economic environment of that period since the oil embargo from the Arab leg of OPEC signifies the last knot in a chain of facts and consequences that initiated the economic downturn between 1973 and 1975. More specifically, the contraction of the British economy could not be attributed to the oil embargo as such, since UK received oil almost uninterruptedly. It was rather the rising oil prices in conjunction with the coal miners' strikes of 1973 that played significant role. On the other hand, it's the stock market crash between 1973 and 1974 which signifies the most important manifestation of the international crisis in reference to the UK. What is behind, though, both the oil crisis, either as embargo or price rise, and the stock market crash is the collapse of the Bretton Woods agreement.

After 1944 and with the view of preventing a recession similar to that of the 1930s, 44 countries agreed in a renewal of the "gold standard" rule<sup>747</sup>. This would mean that all participating economies would follow such monetary policies that would keep stable to a pre-accorded value the exchange rates between their currencies. The feasibility of this was based on the use of a stable exchange rate between each currency and gold that would practically be the common denominator. Therefore, currencies should not fluctuate more or less than 1% from a pre-accorded rate with gold. The substantial difference with the previous system was that, although, the exchange rates on the one hand between currencies and on the other between each one of them and gold would be "pegged", those currencies wouldn't be directly exchangeable to gold. This possibility would only be available to dollar with a fixed price of 35 dollars per ounce of gold. The rest of currencies would be related to the value of gold in a mediated way by fixing their exchange rates to dollar. Thus, dollar became a central currency used for leverage of the whole monetary system represented in the Bretton Woods agreement. The maximum of 1% divergence from the agreed price of each exchange rate would be achieved by the obligation of countries to sell to or buy from the United States the relevant amount of gold.

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<sup>747</sup> The historical data presented in this section are derived, unless otherwise mentioned, from R. Brenner 2006 and B. Eichengreen 2008.

As expected, this monetary system allowed economic stability and increase of international trade turnover by removing unpredicted changes in exchange rates<sup>748</sup>. Gradually though, external factors like the war in Vietnam or the increasing domestic spending due to President Johnson's 'Great Society' policy, overturned the American balance of payments and increased the trade deficit and inflation<sup>749</sup>. The consequence was that gold coverage of dollar was decreased from 55% to 22% by 1970 in a short period of time. This fact along with West Germany unilaterally abandoning the Bretton Woods system in May 1971 (followed by Austria, Holland and Switzerland) increased the worries of other economies which applied the "promise to pay" rule and received from the United States the amount of gold that equals to 241 million dollars (50 million by Switzerland and 191 by France). On the 15<sup>th</sup> of August the United States unilaterally abandoned the Bretton Woods system in a movement that has been marked as "Nixon shock". At the same time a policy of salaries and wages freeze was issued for 3 months to alleviate the immediate consequences.

This movement gave the opportunity to dollar to "float" and consequently depreciate. The basic idea was that in that way exports would increase and the trade deficit would start closing. In reality, this has not been a one-off process. What practically happened on the 15<sup>th</sup> of August 1971 was the suspension of convertibility of dollar to gold. Short after that, in December 1971 ten industrialized economies agreed to appreciate their currencies against dollar and the latter be fixed at 38.02 per ounce of gold. What has been named as Smithsonian agreement was short lived, though, since dollar was realigned at 42.22 per ounce by 1973 and fully floated in the end of March 1973.

Dollar gradual depreciation and generally the agitations in the economy from abandoning the Bretton Woods system, brought American economy into recession especially after the end of the 3-months freeze in salaries and wages. The 7.2% GDP growth in 1972 fell to -2.1% in 1974. The opposite direction had inflation, since it rose in the same period from 3.4% to 12.3%. This image was represented in the falling rate of New York stock market from January 1973 until the end of 1974. The interconnections between financial markets offered the opportunity for the transmission of the crisis to the London stock market. The turn to *fiat*

<sup>748</sup> P. Garber 1993, p. 461.

<sup>749</sup> See further in R. Brenner 2006, p. 124.

currency along with a long-standing property market crisis and a secondary banking one meant that the UK GDP from 5.1% growth in 1972 recessed down to -1.1% in 1974. An interesting fact is that, although, the UK stock market crisis was over in 1974, inflation continued rising reaching 25% in 1975.

The stock market crisis, however, should not be solely attributed to the agitations from abandoning the “gold standard” but to the oil crisis as well. An effect of the free floating dollar was related to its centrality in the world monetary system as leverage currency. Transactions in international oil trade were in dollars as it’s still the case. The depreciation of dollar, therefore, had the immediate effect for the oil producing countries to sustain great losses. The Yom Kippur war, offered to OPEC the perfect opportunity to exert pressure against their financial losses. Therefore, steeply rising oil prices affected a large number of countries including the UK and full embargo was directed to some others as in the case of the United States from December 1973.

It is evident, therefore, that both the stock market crash and the oil crisis have been epiphenomenal to the central incident of Bretton Woods system collapse since the first - being related to financial structure of the economy - is by default highly vulnerable to changes in other financial markets as well as changes to the “real economy”. On the other hand, understanding the oil crisis as a consequence of the free floating dollar is only one side of the coin. The other side is that it represents a separate diplomatic incident the pressure of which couldn’t be absorbed by the specific development of capitalist economies of that period<sup>750</sup>. This last ascertainment brings this discussion at its central point which, as will be seen, is the common ground under both the Bretton Woods system collapse and the emergence of the oil crisis.

The economic conjuncture of the 1970s was a particular articulation of a number of factors that could be included in three groups. At first the contradictions in the production process has been intensified. The organisation of the production chain reached a limit in increasing the output. More specifically, the fordist production paradigm has been brought to its limits and proved to be inflexible in the changing economic circumstances. On the one hand, the organized production in the form of

<sup>750</sup> S. Sakellaropoulos *et al.* 2004. p. 34 *et seq.*

assembly line couldn't minimize the "dead periods"<sup>751</sup> of the process anymore. On the other hand, intensification of labour was prevented by the relatively strong and active trade unionism. Increasing the output, therefore, was possible only by investing in constant capital which has the tendency to lower the rate of profit as already explained. The intensification of economic or labour class struggle has been only part of the image. The increased trade union membership and the increasing industrial actions that were creating the aforementioned inflexibility of labour compensation and conditions were coupled by the rising political and ideological class struggle in advanced capitalist countries. Numerous movements across the world with most prominent the events of May 1968 in Paris, signify exactly this image. It's not by coincidence that the Italian Communist Party in 1976 gathered 34.4% of total votes or that the French Communist Party was representing around 21% of the electorate during the 1970s.

The third set of changes should be located in the international field. The contradictions between countries and economies took a number of forms. Detachments from the imperialistic chain (anti-colonialist movements, liberation fronts, guerrilla wars in Central America and political unrest in Eastern Europe) or the creation of new poles of power as in the case of China in contrast to Soviet Union constitute only one aspect. The other has been the competition between capitalist economies themselves. The collapse of the Bretton Woods agreement constitutes its most prominent manifestation.

As explained before, in that monetary system the maintenance of stable exchange rates did not require direct transactions of gold but the same result could be achieved by dollar transactions. This required, however, enough liquidity from the side of the United States. The problems started by the mid-1960s when the ration of invested capital to output reached a maximum at least for the G7 of that period. In other words, the massive influx of products in the market, especially from the manufacturing sector, meant that an over-capacity or over-production could be witnessed. The subsequent result was a gradual decrease of the profitability due to the increasing number of products on offer. This image, nonetheless, was not uniform among the advanced economies. It was mainly German and Japanese

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<sup>751</sup> The period during which the machinery stays unused as in the case between shifts.

products that were taking over the markets in the expense of American ones leading to external surpluses for the first and deficit for the latter<sup>752</sup>. The increased offer of dollars was practically decreasing the value of that currency, but in order to keep the exchange rates stable and avoid any devaluation of the dollar from the rate of \$35 per ounce of gold, local central banks were obliged to buy the excessive amount of dollars from the FOREX market. For this to be done, however, more of the other currencies should be issued; something which increased inflation in other economies. In other words, the external deficit of the United States was exporting inflation to the other economies-members of the Bretton Woods system. Central banks, could still avoid this problem by intervening in the amount of gold owned by each State in comparison to the United States<sup>753</sup>. But by the time that the American gold reserves started falling, it was predictable that the fixed exchange rate system was heading towards a dead-end.

In the view of this problem, the available options were ranging between the appreciation of non-reserve currencies to dollar, the realignment of the latter to a higher price in relation to gold and the decrease of inflation through domestic austerity policies. What was finally decided was a combination of the first two options regardless of the initial objections of other major exporting economies. What is particularly significant is that the third option was rejected due to the unpopularity of an “internal devaluation” which implies that it was the equilibrium of power in the American Social Formation that was not allowing such a movement<sup>754</sup>. As a matter of fact, the collapse of the Bretton Woods system of fixed exchange rates and the consequent free floating of currencies didn’t resolve the other problems of the economic conjuncture and mainly that of the inflexibility of salaries and wages. This is why the advanced economies of that period, didn’t manage to absorb the agitations caused by the aforementioned collapse. It has to be stressed, though, that it was not the labour’s share in the total output that caused the crisis. The available data do not support a claim of falling profitability due to rising variable capital, since the total output has always been exceeding the percentage of labour’s compensation. The

<sup>752</sup> R. Brenner 2006, pp 122 and 142.

<sup>753</sup> P. Garber 1993, p. 475

<sup>754</sup> See for example R. Brenner 2006, pp 126-127.

latter rather created a high degree of inflexibility in the economy that intensified the consequences of the 1973-1975 crisis due to the rising oil prices<sup>755</sup>.

### Identifying the over-accumulation crisis in the British economy

Marxist researchers approach those facts as an essential manifestation of the secular over-accumulation crisis theory<sup>756</sup>. The latter has been defined as the case in which “the decrease of the rate of surplus value is not counterbalanced by cutbacks in the use of constant capital. Accordingly, an over-accumulation crisis may appear even when an increasing rate of surplus value is accompanied by a higher increase of the rate of capital to net product, namely an inability of companies to cutback in constant capital”. Having this definition in mind it would be important to detect any signs of over-accumulation crisis in the British economic history. The reason, as already seen, is that the falling rate of profit is the index and at the same time symptom of deeper transformations in the relations of production. In parallel, it’s a sign of the role as well as the form of the State changes according to the specific needs for counteracting influences<sup>757</sup>. In other words, identifying the particular elements of the crisis would explain the articulation of the class struggle in the conjuncture and consequently the specific transformations of the State.

The net annual rate of return for private non-financial companies is readily available from the National Accounts publication of the Office for National Statistics. The image described coincides with that of the previous literature on international economic environment. A steadily falling profitability acquired excessive characteristics after 1973 and until 1976. A possible difference may be witnessed in the way that profitability fluctuated until 1981 after which gradually increased until the short contraction of profits in the early 1990s. Nevertheless, several caveats should be raised before those data are used for the extraction of conclusions. The data in question constitute the ratio of the profits made from selling the output created, to the invested capital less the capital consumption but not less the intermediate consumptions, namely the cost of using raw materials or services. In

<sup>755</sup> R. Brenner 2006, p. 141.

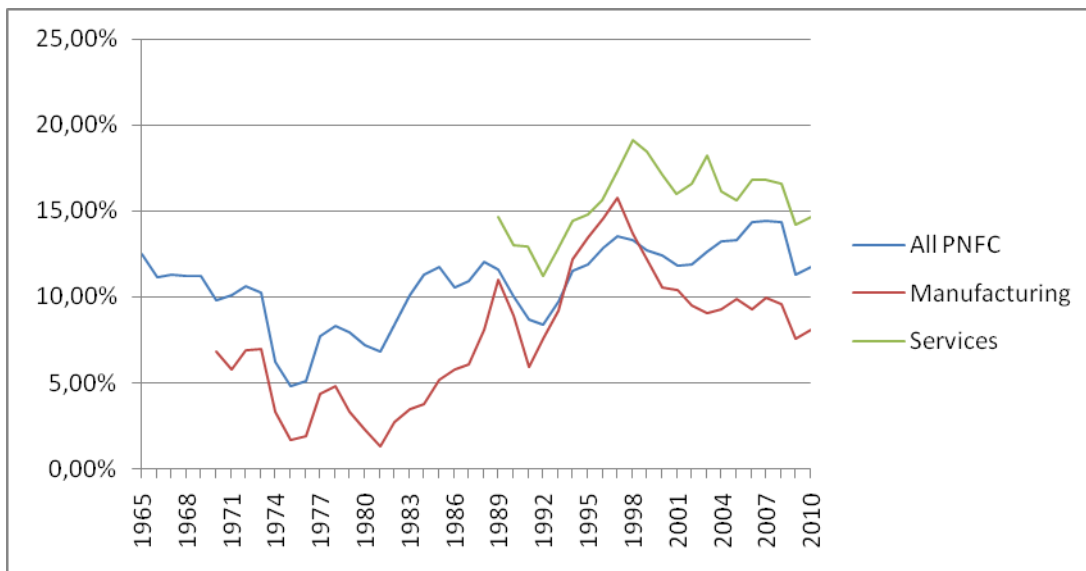
<sup>756</sup> See indicatively E. Ioakimoglou 2000, S. Sakellariopoulos *et al.* 2004 and R. Brenner 2006.

<sup>757</sup> N. Poulantzas 1978, p. 35.



other words, this is the simplest form of the ratio of the trading profits to the constant capital. The basic reason, however, this chart cannot be used in this research is that it measures profits in the way they are created in the market. Therefore they are subject to offer and demand rules. From a Marxist point of view this adds a serious distortion in measuring the actual value created in the production process. The fact that those data include also the trading profits from the oil extraction companies illustrates this specific problem. Oil prices are subject to worldwide competition and they are used as a means of political pressure as already seen. Furthermore, it's not clear from the accompanying documents if the labour compensation is deducted from the numerator to form the actual profit and added to the denominator to form the organic composition of capital.

**Net annual rate of return of PNFCs**



Source: National Statistical Office. PNFC stands for Private non Financial Companies.

What could be done instead is to approach the economic situation by using some basic indexes that allow the empirical analysis of the special characteristics of over-accumulation crisis in the UK. It has to be stressed right from the beginning that the over-accumulation crisis refers to 'values' that are not quantifiable concepts themselves since they are products of a deductive theoretical process. What are quantifiable, though, are indexes that constitute "representatives" of those values. The immediate consequence is that the presentation of data and the compilation of

indexes based on them should not be understood as linearly connected to the values. Indexes rather represent the characteristics of the values themselves like their direction, their significant increase or decrease etc. Therefore, they don't depict the reality of the over-accumulation crisis but rather the tendency of the economy towards it.

Having in mind the formula used to present the norms related to the tendencies of the rate of profit (Rp), what could serve as its index is the rate of return of the capital employed, the formula for the compilation of which is the following:

$$R = \frac{Y - L}{K}$$

In which R stands for rate of return of invested capital before taxation, henceforth called efficiency. Y is the net value added namely the value of the total output less the intermediate consumption and capital depreciation. L stands for the compensation for employees including not only the salaries or wages but also employers' contributions to employees' insurance schemes, bonuses etc. K is the value of constant capital invested. From the previous equation could be concluded that:

$$R = \left(1 - \frac{L}{Y}\right) \cdot \frac{Y}{K}$$

In this formation, the index  $L/Y$  represents the contribution of labour in the net value added, otherwise the percentage of the net value added that is reserved by labour for its compensation. On the other hand, the index  $Y/K$  represents the contribution of constant capital in the net value added or the ability of a company to use effectively the capital stock aside the labour compensation. In other words, while R is an index of the rate of profits (Rp),  $L/Y$  is an index for the rate of surplus value (S/V) and  $Y/K$  is an index that shows both the rising tendency of the composition of capital and the counteracting influences for the use of constant capital (C/Y). If in those concepts were added the number of employees (N), then the final indexes would boil down to the ratio of capital stock per labourer or what is otherwise called capital intensity (K/N), to the ratio of output per labourer or the phenomenal

productivity of labour ( $Y/N$ ) and to the amount of salaries and wages to the number of employees or otherwise the cost of labour per labourer ( $L/N$ )<sup>758</sup>.

Before the presentation of the indexes in detail, it should be highlighted that the data have been compiled in order to include only the productive sector of the British economy. The reason for that should be sought at the previous analyses regarding the definition of productive labour and its differences from the service sector, namely the production of value rather than its circulation and liquidation that depend on the “wealth” created in the former. The data available show that, from the 1980s onwards, British economy has turned mainly to service provision<sup>759</sup>. A comparison of the indexes in question, therefore, would have been expedient for some peripheral conclusions. Serious consistency problems, however, prevented such an enterprise. Those problems do not refer solely to lack of data beyond a time point but also to the issues posed by services like defence, health, law and order and administration. More specifically, although they have central role in the reproduction of the relations of production, they don't contribute directly to the circulation and liquidation nay in the production of value. In a different note, the productive sector of the economy in this research is understood as industries operating in agriculture, forestry, fishing, mining, quarrying, manufacturing, construction and distribution of electricity, gas and water. Apart from manufacturing, it's not self-understandable that the rest of those industries should be considered as productive. Having in mind, though, the definition of productive labour used earlier as the process that increases the value of capital by adding to it the surplus-value which is extracted by labour, it could be seen that all those industries involve processes that use capital as raw material and transform it into new forms of capital with the use of labour<sup>760</sup>. Lastly, it should be pointed that the following data do not make any differentiation between public and private sector industries following the Althusserian understanding of the public and private spheres as a subordinate distinction to the concept of the State<sup>761</sup>.

<sup>758</sup> E. Ioakimoglou 2000, pp 50-53.

<sup>759</sup> See for example the comparison between productive and service sector of data referring to capital services growth or the rate of profit to capital services from ONS available at URL: [http://www.statistics.gov.uk/downloads/theme\\_economy/Capital\\_services\\_data.xls](http://www.statistics.gov.uk/downloads/theme_economy/Capital_services_data.xls) and M.

O'Mahony 1999.

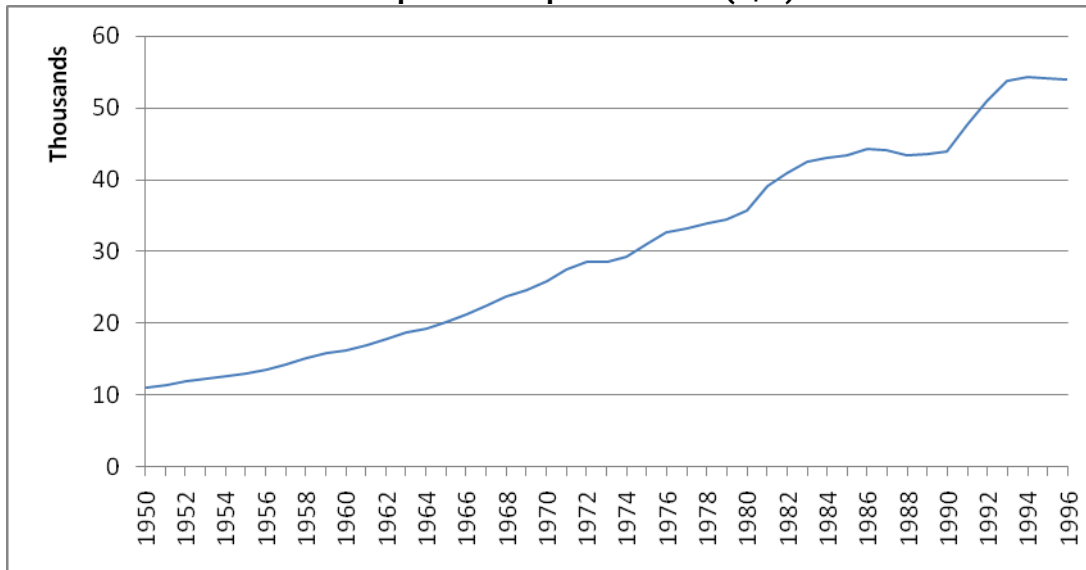
<sup>760</sup> See further *ibidem* p. 105.

<sup>761</sup> *Ibidem* p. 78.

Starting from the estimation of the invested capital, the mere observation of its growth over time would have been hardly meaningful. It's only when seen comparatively with other factors that would make sense in identifying the possibility of an over-accumulation crisis. Here lies the importance of capital intensity index which estimates the rate with which the invested constant capital replaces human labour. The first chart refers to the net capital stock per labourer. Capital is net of depreciation as well as intangible property of industries like software, patents etc. In other words, what has been calculated here is the actual productive capital of the productive sector of the British economy. The second chart refers to the net capital stock per hours worked in the aforementioned industries. This is not the *stricto sensu* capital intensity index but if the two rates seen in conjunction important conclusions could be derived. They are both steadily rising from 1950 to 1981. From that year onwards, however, the net capital stock per labourer presents interesting fluctuations appearing either as steeper increase in the early '80s and '90s or as stability in the later years of the same decades. On the other hand, the rate of net capital stock per hour worked remains almost stable between 1981 and 1996.

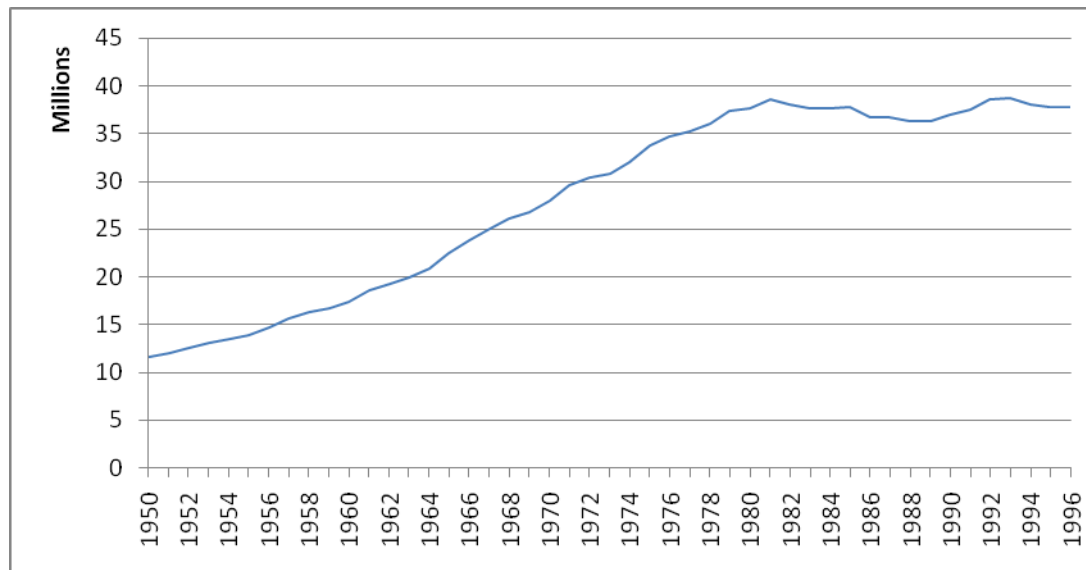
A reference to the data according to which those charts were compiled show the reason for those fluctuations. The net capital stock presents constant increase from 1950 to 1981 after which it slightly decreases until 1988. The consequent increase never reaches the peak year of 1980. On the other hand the constantly slightly decreasing number of labourers falls abruptly in 1981 and then decreases in a higher rate per year. The number of hours worked remains stable throughout those years with a little tendency to decrease. It could be seen, therefore, that up to 1981 constant capital has been steadily replacing labourers. The fact, however, that working hours remained the same means that labour has been intensified at the same time.

### Net capital stock per labourer (K/N)



In k£. Source: Value of net capital stock including depreciation and excluding intangible assets compiled from data of the Office for National Statistics. Prices are seasonally adjusted and constant at their 2006 level. Number of labourers from M. O'Mahony 1999 (based on unpublished ONS data).

### Net capital stock per hour worked (K/Nh)



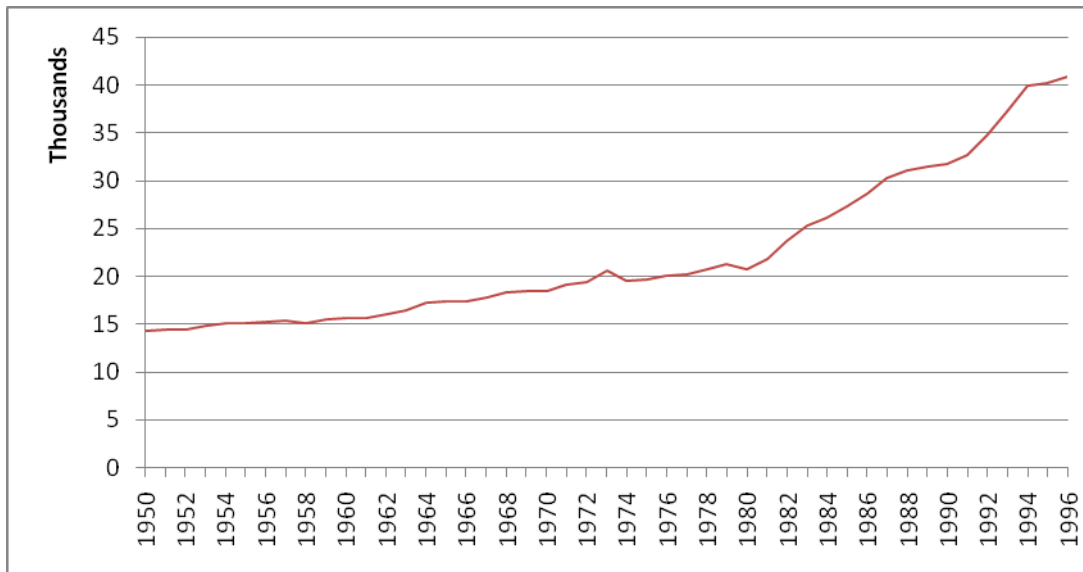
In m£. Source: Value of net capital stock including depreciation and excluding intangible assets compiled from data of the Office for National Statistics. Prices are seasonally adjusted and constant at their 2006 level. Number of hours worked from M. O'Mahony 1999 (based on unpublished ONS data).

Nevertheless, the rate of capital intensity is not meaningful either, if seen isolated from the rest of the aforementioned indexes. Turning to the output per labourer, it should be stressed before anything else that it describes only the phenomenal productivity of labour. The actual, instead, would have been calculated

if the product was measured in conjunction with the number of hours worked. The purpose of this will be seen in the following steps where capital intensity will have to be measured against the phenomenal productivity of labour to come up with the productivity of net capital stock. The following chart refers to the gross value added per labourer. Ideally, the net value added should be used; scarcity of data, however, prevented this calculation. Gross value added means that from the total output the intermediate consumptions have been deducted but not the depreciation of capital. Having this caveat in mind, the following charts follow largely the image created by the course of capital intensity.

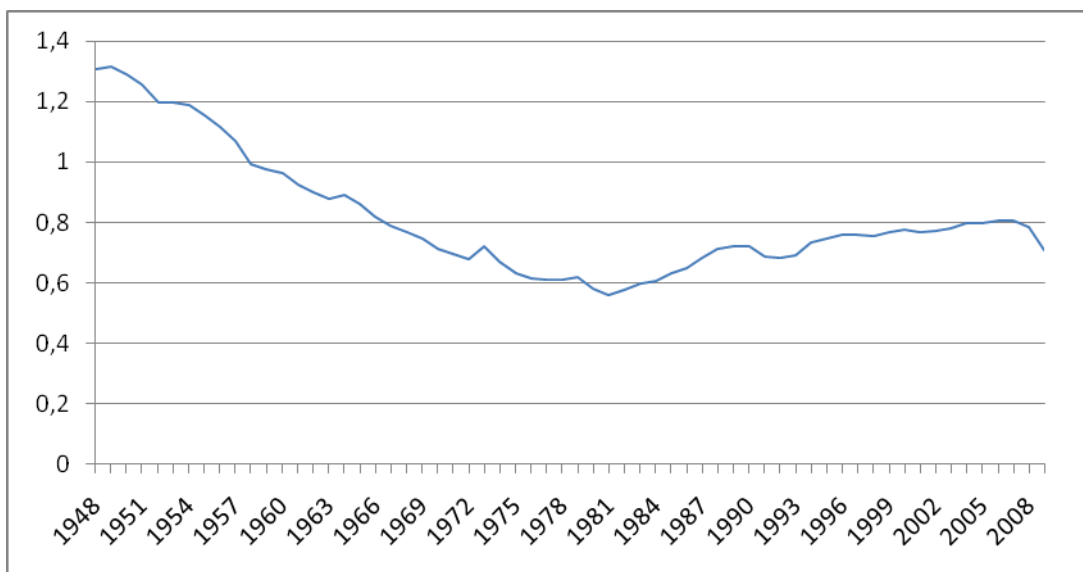
From the 1950s to 1981 the slight increase of the output rate to the human factor of the production process looks almost like stable when compared to the steep increase after 1981. The complex image created by the previous charts starts now getting clearer. Having in mind that the number of labourers had been largely stable with a slight decrease between 1948 and 1981 the large investments in constant capital did not produce an equally large increase of the production. As a matter of fact referring to the hard data available from the Office for National Statistics would show that the gross value added had been slowly increasing after the Second World War and until 1965. It remained stable, though, for the period commencing at that year and until 1984 at around 211 trillion pounds per year. This explains the course of the chart depicting the gross value added to net capital stock for the pre-1981 period. The general image of the advanced economies' efficiency as described earlier seems to be confirmed for the British case. Any increase in productivity required extensive capital investments. The period, however between 1965 and early 1980s proved to be a stalemate since any increase of the net capital stock was hardly ever translated into increase in productivity.

## Gross value added per labourer (Y/N)



In k£. Source: Gross value added compiled from data of the Office for National Statistics. Prices are seasonally adjusted and constant at their 2006 level. Number of labourers from M. O'Mahony 1999 (based on unpublished ONS data).

## Gross value added to net capital stock (Y/K)



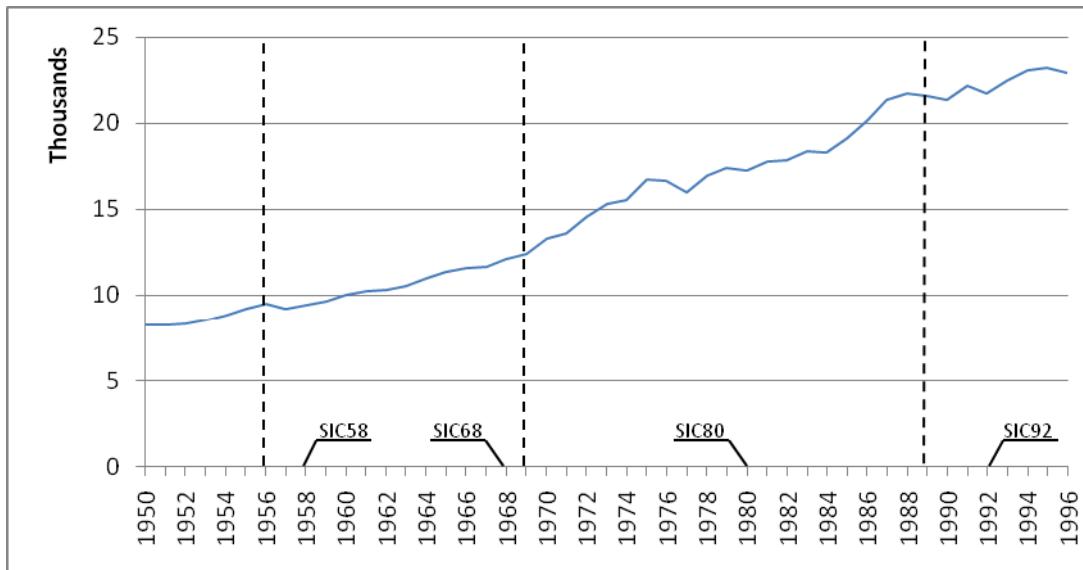
Source: Gross value added and value of net capital stock compiled from data of the Office for National Statistics. Prices are seasonally adjusted and constant at their 2006 level.

An important clarification, however, needs to be done. As already explained, it's not the constant capital as such that creates the output but the labour input in the production process; any investment rather "reproduces" its value in the final product while labour "expands" the possibilities given by the machinery and creates the final output. This allows for some speculation regarding the role of labour

in creating this image. It could be suggested for example that it was the increasing cost of labour that was preventing the productivity from increasing substantially and “reap” the possibilities offered by the increase in net capital stock. The following chart presents the cost of labour per worker in the productive sector of the British economy. In other words, this is the average nominal yearly wage for the industries described before. It is essential, though, to stress the existence of some caveats. The data for the period commencing at 1989 refer to the ‘compensation of employees’, therefore, the unit of calculation is the company. The International Comparable Framework is the European System of Accounts of 1995 (ESA95) while the Standard Industrial Classification follows the regulations of 1992 (SIC92). The data between 1970 and 1988 refer to the similar but not the same concept of ‘income from employment’ in which the unit of calculation is the labourer. The International Comparable Framework is that of ESA79 and the industrial classification follows that of SIC80. The ‘income from employment’ appears also in the period between 1948 and 1969 albeit with a different system of accounts between 1956 and 1969 while the industrial classification is that of SIC58 and SIC68. Those changes may hinder a sound longitudinal comparison but what really counts here is the tendency. The constantly rising tendency, though, needs to be seen in combination with the degree it represents in total output.



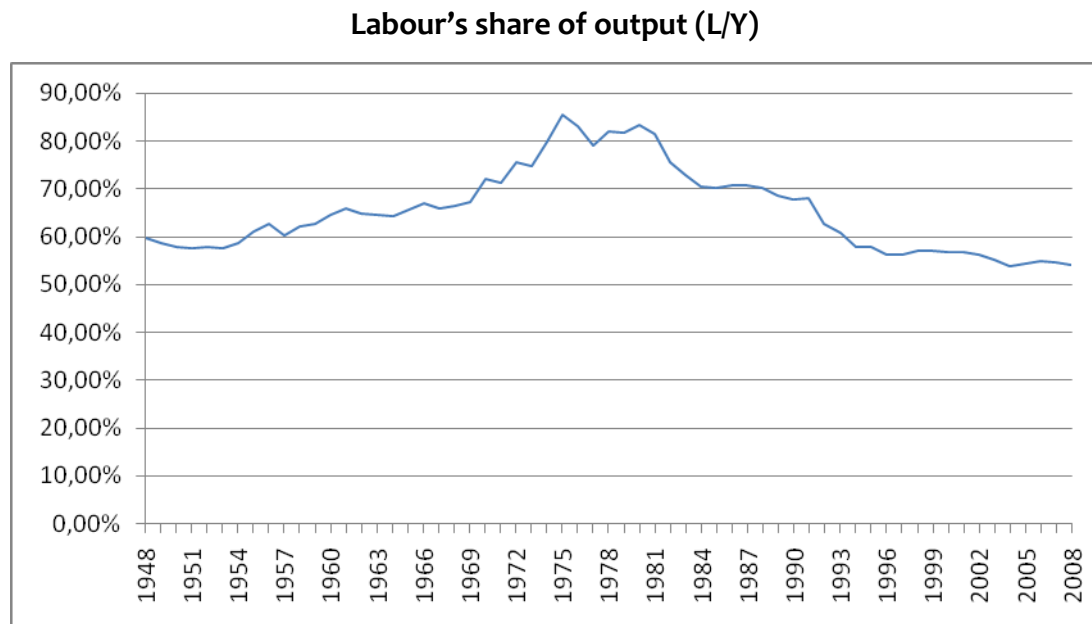
Labour cost per labourer (L/N)



In k£. Source: Cost of labour compiled from data of the Office for National Statistics gathered by virtue of the Freedom of Information Act. Prices are seasonally adjusted since 1989. Prices are constant at their 2006 level. Number of labourers from M. O'Mahony 1999 (based on unpublished ONS data).

The chart that follows presents the cost of labour seen as percentage of the total output which in this case is described by the gross value added as already explained. As suspected, the average nominal yearly amount of wages and salaries in the productive sector of the British economy has been increasing since 1948 and peaked in 1975. After a short period of fluctuations it started descending in 1981. Interestingly, from 1993 it continues falling even lower than the 1948 level. From this point of view, the stagnation of the gross value added in the period between 1965 and 1984 could be explained given that it is formed after the deduction of the intermediate consumptions which include the compensation of employees. On the other hand, the falling tendency of the labour's share of the output after 1980 could also explain the fluctuations that appeared after 1981. More specifically, the gross value added started increasing substantially after 1985 regardless of a period between 1981 and 1988 in which the net capital stock decreased. To this tendency the decrease of the total number of labourers in production sector industries should be added. As already mentioned, the falling tendency up to 1981 increased its rate.

Moreover, the intensification of labour appearing after 1981 as has been found from capital intensity charts furthered this tendency<sup>762</sup>.



Source: Compiled from data of the Office for National Statistics gathered by virtue of the Freedom of Information Act. Prices are seasonally adjusted since 1989. Prices are constant at their 2006 level.

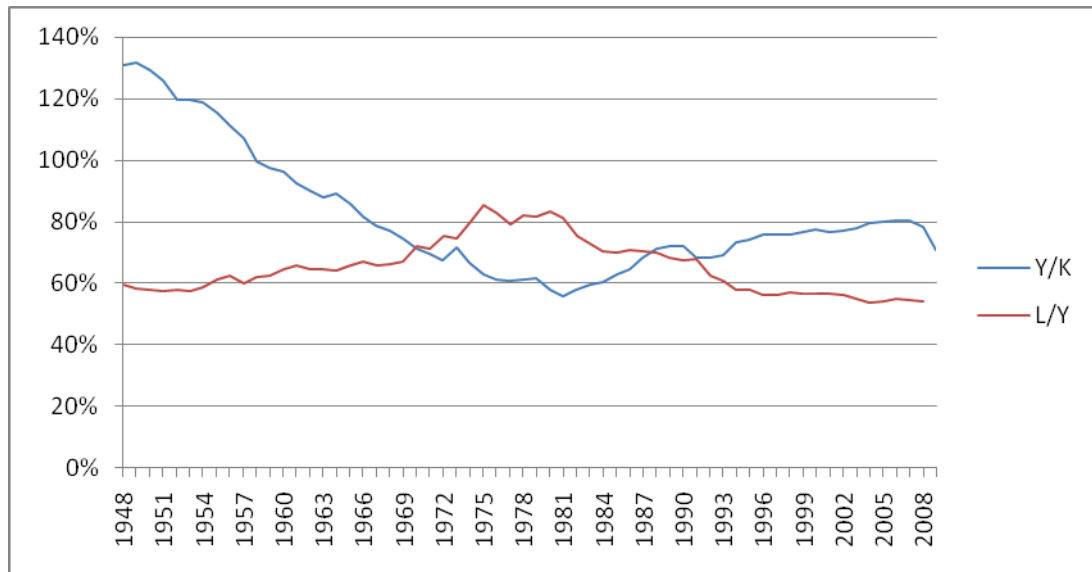
No matter how convenient such an explanation might be, no firm conclusion could be derived. All the previous charts represent economic indexes that do not have linear connections to the conclusions; moreover, there are factors that exceed the economic logic as such. In other words, the fluctuations in the labour's percentage of the gross value added may be one among many factors that influence the total efficiency. This is even more significant given that efficiency itself it's only an index for the issue in question in this discussion, namely the profitability of UK companies. From this point of view, it would have been safer to conclude that the course of labour cost to product has been a source of inflexibility in the efficiency of companies rather than the cause as such of its falling tendency during the 1960s and 1970s. In other words, what Brenner holds for the international economic

<sup>762</sup> M. O'Mahony 1999 presents a different image of this rate. According to her estimations, the labour's share of total income has been falling steadily in the period she examines, namely between 1950 and 1996. She only coincides with the previous chart in what regards the abrupt increase in the mid-1970s. She uses, however, a different methodology in which the cost of labour is measured against the nominal gross domestic product of the British economy rather than the output per industrial sector as done here. Additionally, it's not clear from the accompanying documents if intermediate consumption and capital depreciation are calculated and if the measurement is in constant or current prices.

environment of that period is probably right for the British economy as well. As a matter of fact, even at its peak moment in 1975 labour's share of output rate allowed almost 15% of operating surplus for the employers.

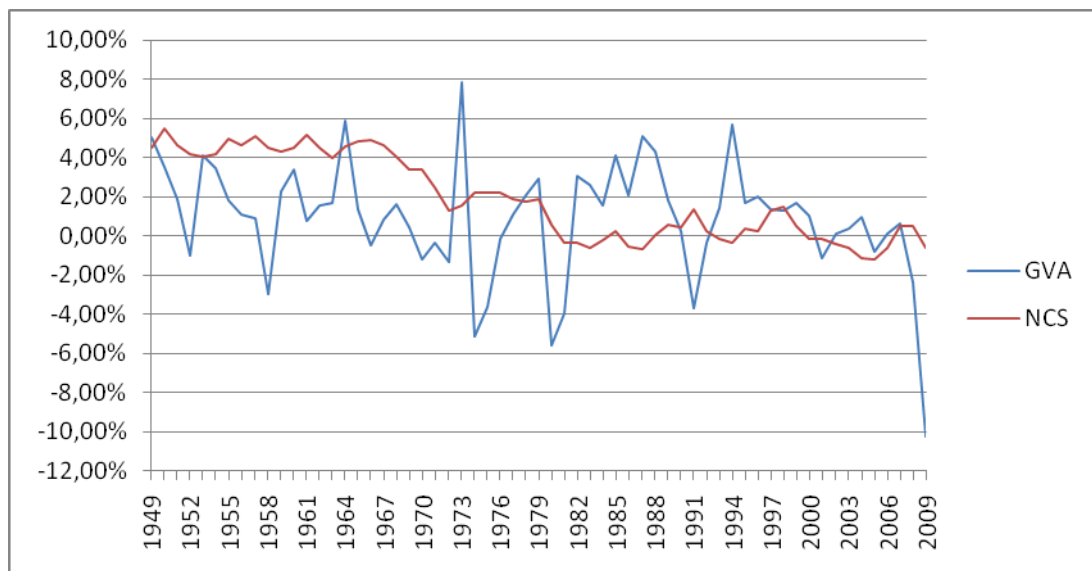
Having the course of those indexes over time in mind, the discussion regarding the existence of over-accumulation crisis is now simpler. Even if the initial chart referring to profitability was not taken into consideration, the rate of product to net capital cost in combination with that of labour's share of total product would have been sufficient to derive some tendencies. As can be seen in the following chart, in the period before 1981, the value of the net capital stock needed for the production of a unit of product ( $Y/K$ ) has been constantly increasing. This rate represents the ability of corporations to make savings in the use of constant capital, which in the formula for the rate of profit has been signified by the rate  $C/Y$ . At the same time, the labour's acquisition of the total product ( $L/Y$ ) had been also increasing but at a much lower rate. Therefore, given that the factor of product ( $Y$ ) is the same in both rates, the overall fall in efficiency cannot be attributed solely to the compensation of employees. An analysis of the output seen at face value would reply to any objections. It's generally increasing until at least 1970 albeit at a significantly lower rate in comparison with that of the net capital stock the increase of which stops in 1981. From this point of view, the turning year for the production sector regarding the  $Y/K$  rate is that of 1958 in which the value of produced output fell behind the value of the invested capital. On the other hand the turning point for the overall efficiency rate ( $R$ ) was in 1970 in which year the percentage of output obtained by labour surpassed the percentage of output produced by the invested capital. Hence, the data available seem to confirm the case that the UK secular tendency of production turned to over-accumulation in the early 1970s.

Comparison of Y/K and L/Y indexes



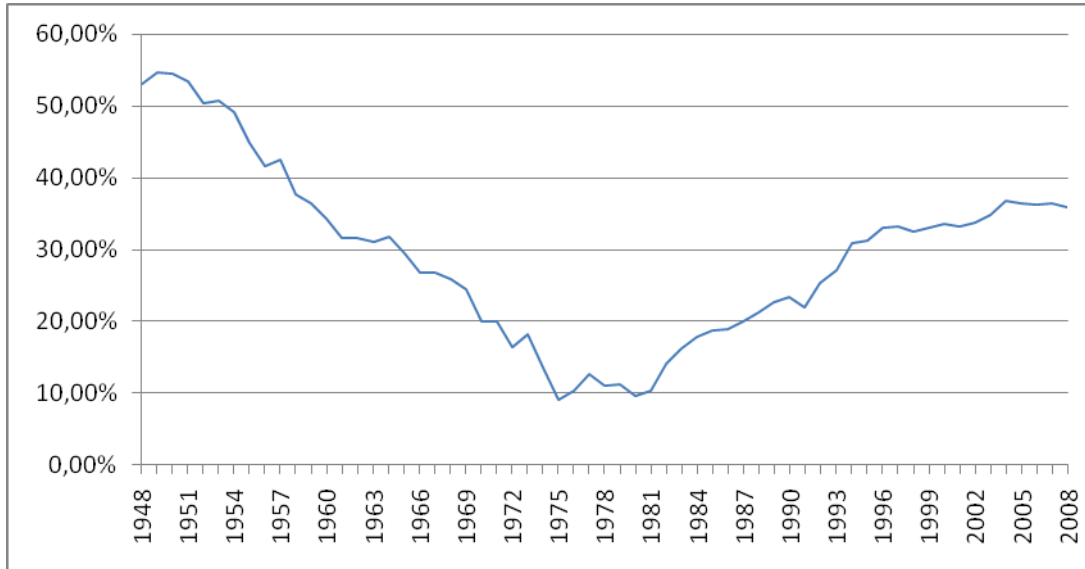
Source: Compiled from data of the Office for National Statistics. Data regarding the cost of labour (L) gathered by virtue of the Freedom of Information Act. Prices are seasonally adjusted since 1989 for cost of labour and since 1948 for net capital stock (K) and gross value added (Y). Prices are constant at their 2006 level for all factors.

Annual development of K and Y



Source: Compiled from data of the Office for National Statistics. NCS stands for Net Capital stock and GVA for Gross Value Added. Prices are seasonally adjusted and constant at their 2006 level.

## Efficiency (R)



Source: Compiled from data of the Office for National Statistics.

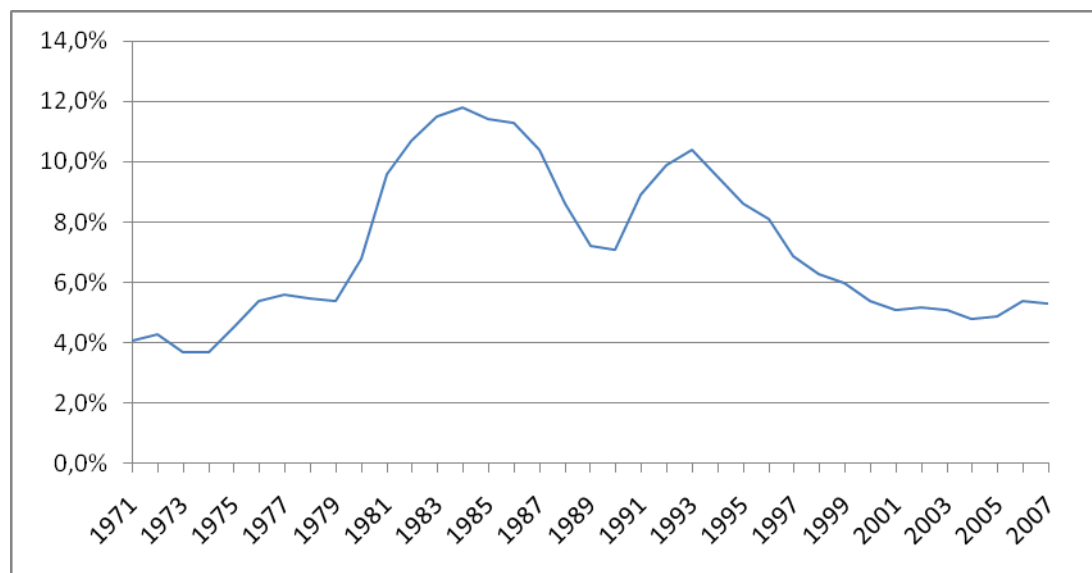
As already explained, the other side of over-accumulation and over-production is that of under-demand which is caused by the former and further fuels it. More specifically, the economy's "inability to absorb" the accumulated capital is expressed in the form of non circulated capital (for example unsold merchandise or non invested financial capital) that is gradually increased because the overall production has initially to slow down and later on some of the constant capital invested has to be removed. Both phases lead to decreased use of human labour either because constant capital is not invested anymore (first phase) or because already employed capital stock is "purged". Unemployment, however, apart from being the consequence of that process is also a factor that further accelerates it since the spending capability of the society is diminished along with the "ability of the market to absorb" capital<sup>763</sup>. From this point of view unemployment is also an index of the over-accumulation crisis.

The following charts present the course of unemployment rate in a supplementary way. What would have been expedient in explaining the consequences of over-accumulation crisis on the human factor of the production process would have been the number of redundancies. Nevertheless, they started being calculated only after 2001. Unemployment rate as such is not sufficient since

<sup>763</sup> See further *ibidem* p. 305.

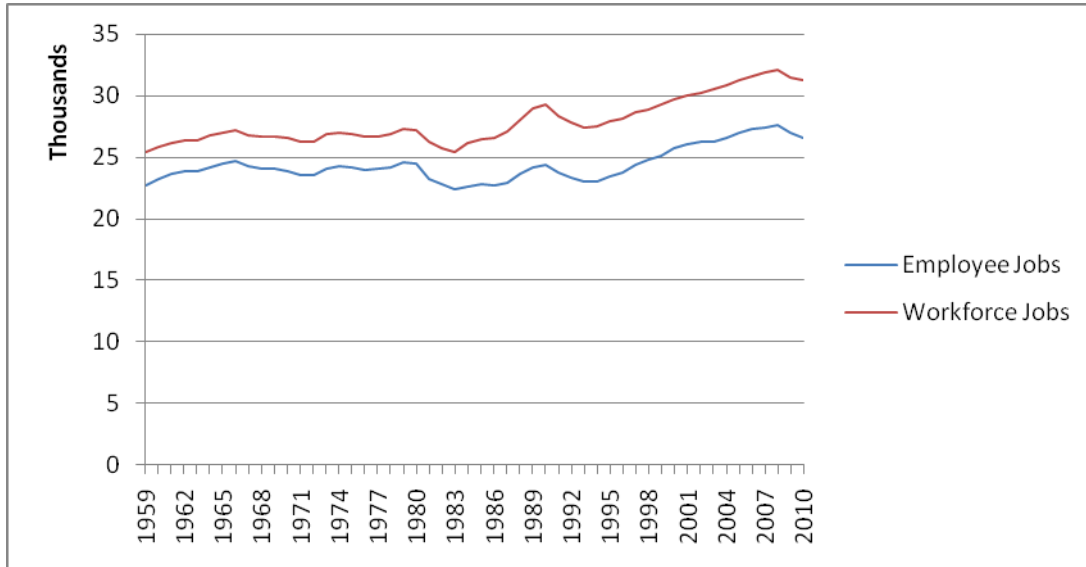
by default cannot be estimated on economy sector basis (production or services). Moreover, the Office for National Statistics uses the ILO definition which is accompanied with serious caveats. More specifically it calculates the percentage of the population more than 16 years old excluding the economically inactive population (for example a single mother who would like to work but cannot due to parental obligations), the population that is not actively looking for a job (for example the long-term disappointed unemployed population) and those who have worked at least an hour in the previous two weeks before the application of the questionnaire. From this point of view, these data should be seen in conjunction with the workforce and employee jobs, namely the available labour positions in the economy. The latter is comprised by those jobs in which the labourer is in an employment contract (rather than freelance); in other words, those in which labour exploitation occurs. Workforce jobs are comprised by employee jobs, self-employment, HM forces and civil servants along with government supported internships.

**Rate of unemployment in total population more than 16 years old**



Source: Office for National Statistics. Unemployed population calculated according to the International Labour Organisation definition.

## Job positions



In kf. Source: Office for National Statistics. Numbers are seasonally adjusted. Job positions are calculated once at the middle of the year from 1959 to 1978. From 1978 onwards they represent the average of each year's quarters.

Irrespective of those shortcomings, both the above charts are still valuable in understanding the effects of the over-accumulation crisis to the human factor of the production process. At this point, however, it must be stressed that unemployment rate is not deterministically connected to profitability or efficiency as the previous indexes. As already shown, wage and salaries subsidies are an important policy that counteracts the falling profitability. As a matter of fact this strategy has been used extensively throughout the 20<sup>th</sup> century as an important element of Keynesian economics. This ascertainment brings the analysis in the political domain and more specifically in the political reaction to the economic crisis. Unemployment and generally conditions of labour are central not only to the economic class struggle but also to the political one<sup>764</sup>. The political struggle, nonetheless, and consequently the political crisis are not quantifiable as the economic ones. Unemployment in this context is not an index but rather a symbolic link in a domino of phenomena the existence of which can only be assumed.

<sup>764</sup> See further *ibidem* pp 129 *et seq.*

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