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Pensions Policy in Britain: A Socialist Analysis, by Eric Shragge, London Routledge & Kegan Paul, 1984, 194 pp., ISBN 0-7100-9842-1

Eric Shragge's study of pensions policy in Britain has three central aims: to offer a critical appraisal of the pensions system; to account for the evolution of pensions policy since the Second World War; and to propose a libertarian socialist alternative to the existing system. Following a theoretical analysis of the welfare state in Chapter 1, the study proceeds to examine three key stages in the evolution of pensions policy. Chapter 2 explores the wartime Beveridge Report and its (partial) realization in the Labour government's 1946 National Insurance Act. This Act introduced, *inter alia,* a system of flat-rate pension benefits financed by flat-rate worker and employer contributions supplemented by exchequer contributions. Chapter 3 traces pensions policy through the years of Tory rule in the 1950s and early 1960s, paying particular attention to the introduction of supplementary earnings-related pensions in 1959. And Chapter 4 analyzes a series of post-1963 reform proposals, culminating in the Labour reforms of the mid-1970s which introduced a measure of protection against inflation, improved benefits, and equal treatment of women. The concluding chapter briefly summarizes events since 1975, speculates on likely future developments, and sketches two libertarian socialist proposals for radical reform.

A number of Shragge's criticisms of the British pensions system will sound familiar to Canadians: the contribution structure is a thinly disguised form of regressive taxation; pension benefits are miserably inadequate; policy-makers are preoccupied with avoiding too great a commitment of public funds to pensions; private plans are inadequately regulated; and workers have little collective control over the pension system. However, Shragge's critique goes much deeper.

Taking issue with the view that the welfare state is a mixture of 'good' and 'bad', the author insists that state welfare provision *per se* is inherently a form of domination — not only in capitalist societies but in the eastern bloc as well. In the case of pensions, domination is reflected in several ways: class domination is reinforced through 'work-testing' (i.e. because pension eligibility is tied to employment, workers' dependence on the sale of labour power is strengthened); sexual domination is reinforced by the discriminatory treatment of women (e.g. the assumption of dependent status) as well as by work-testing (which further penalizes women for being the victims of labour market discrimination); the potential for collective action over pensions issues is reduced by the individualized nature of pension entitlement; and technocratic domination flows from the complex structure of rules and regulations governing pensions. The implication, of course, is that any (centralized?) state pension scheme necessarily contributes to social domination.

Shragge is quite successful in demonstrating that these characteristics are deeply embedded in the principles and assumptions underlying state pensions policy. But his real target is not just any state; rather, he is interested in pensions policies of capitalist states. Of central importance to his analysis is the notion of 'contradictions' in welfare policies. On the one hand, the establishment of welfare programs such as public pensions is normally a response to political and industrial pressures generated by working class action. However, such reforms are often advantageous to employers — pensions, for example, serve as a useful means of managing labour turnover — and should therefore not be seen as unambiguous working class victories. Furthermore, while the need for state pensions policy reflects a failure of free enterprise, the scope of state reform is limited by the very existence of a market economy. In particular, because pensions are funded from current contributions, increased benefits require increased contributions (or taxes); but this ultimately reduces the amount of surplus available for private investment since workers are normally able to shift the burden of increased contributions to employers. (This latter proposition, it should be said, is put forward in theoretical terms yet never substantiated — a surprising omission in view of its importance to the overall argument.)

Now, this critique will undoubtedly baffle an actuary who (not noticing the subtitle) buys the book as potential bedtime reading. Nonetheless, the approach is provocative and holds a good deal of promise. Still, in order to convince skeptical mainstream readers (to say nothing of actuaries) Shragge needs to sustain his case in two ways: it must be demonstrated that the evolution of state pensions policy has in fact been shaped and constrained by the capitalist political economy; and it needs to be shown that viable alternatives exist. On both counts the study falls short.

The author's core thesis as regards the evolution of state policy is that pension reform can be understood in terms of 'the process of capital accumulation and changing responses of the state to the struggles of workers and conditions of accumulation' (154-155). Thus the 1946 Act is explained as one element of the 'Keynesian-Beveridge mode of domination', a broad strategy for managing class relations which was necessitated by wartime and postwar full employment and heightened working class aspirations for social reform. The 1959 reform is situated in the context of the prolonged postwar economic boom, the strengthening of workplace unionism and militancy, and the consolidation of the Keynesian-Beveridge mode of domination. The series of proposals which culminated in the 1975 legislation is viewed in terms of the crumbling of the Keynesian-Beveridge mode of domination in the face of a growing crisis of accumulation and state attempts to salvage wage moderation through the social contract.

Within this broad constellation of forces, the specific details of the individual reforms were hammered out in the political arena. Shragge draws attention to a number of factors which come repeatedly into play: internal struggles between left and right shaped the positions taken by the political parties; philosophical differences between Tories and Labour (especially those emanating from the tension between 'state' and 'market') were at the heart of many of the debates; and the positions adopted by outside groups and institutions (such as the TUC and the pension industry) contributed to the outcomes. Nevertheless, the book's principal argument is that, over and above these political cross-currents, the rhythms of capital accumulation and class struggle fundamentally determined the broad direction of policy reform.

A number of strengths of this thesis ought to be emphasized. The focus on the broad socio-economic and political context is a refreshing departure from policy studies chockablock with technical details and displaying blissful ignorance of the structures within which state policy evolves. Moreover, Shragge is quite successful in demonstrating the persistence of a set of principles and assumptions which, left unchallenged by the major players, effectively narrow the range of legitimate political debate.

However, when all is said and done, the analysis falls short of its mark in several crucial respects. The most glaring weakness is the failure to link explicitly the changing 'conditions of accumulation' to policy debates and outcomes. To be sure, each of the central chapters begins with a discussion of the economy, politics and (very summarily) industrial relations; however, Shragge rarely makes the case that these factors had a direct influence on pensions policy. The treatment of the Beveridge Report and the 1946 Act comes closest to exposing the links, but even here 'capital accumulation' seems largely a matter of the macro-economic context. Moreover, the author's own account frequently indicates that problems largely internal to the pensions system were the precipitating factors.

This slippage in the argument relates to a deeper flaw: although the theoretical treatment of state pensions is cast in terms of the categories of Marxist value analysis, the economic contours of the individual periods and the economic policies pursued by the government are described in orthodox Keynesian terms. In short, there is no analysis of the conditions of 'capital accumulation' in any meaningful sense. Nor are class struggles linked in any substantial way to the processes of policy reform. Claims that class struggle was 'increasing' or

'decreasing' (simplistically measured by indicies of industrial conflict) ring a little hollow unless it can be shown that these rhythms actually did have an impact; resting an argument on implication is inadequate.

Curiously, Shragge's descriptive emphasis rests more heavily on the political factors which he has presented as secondary. Here too, however, there are problems. The analysis relies far too much on formal positions and platforms adopted by the government, political parties and other organizations; there is little attempt to go beyond the realm of stylized and symbolic debate and explore the actual dynamics of policy-making (except when a secondary source, like the *Crossman Diaries* was readily available). To be sure, the initial postures adopted by participants in the policy formulation process are important, but the way in which subsequent negotiations are structured and mediated is of at least equal importance in understanding the determinants of state policy.

Lastly, Shragge's treatment of the Labour Party and the trade unions is very crude. While it is undoubtedly the case that neither the Labour Party nor the TUC have espoused radical change, and that both have left the underlying principles and assumptions of the pension system unchallenged, it is not especially enlightening to be treated to repeated denunciations of their 'moderate' and 'conservative' character. Given the crucial role that working class organizations play in mediating between their members and the state, a useful analysis requires an exploration of the nature and dynamics of unionism and social democracy; simply dismissing these institutions as the betrayors of the 'true' interests of the working class smacks of doctrinaire incantation.

On the whole, then, Shragge has not demonstrated the substantive connections between the conditions of accumulation and class struggle on the one hand, and the evolution of pensions policy on the other. This is *not* to say taht the author's key propositions are erroneous; but it is to suggest that a more careful analysis is required. The Scottish verdict of 'not proven' seems appropriate: a plausible and interesting case has been advanced, but not fully substantiated.

The third main objective of the study — to provide a libertarian socialist alternative — is addressed in the final pages of the book. Having painted himself into a corner by rejecting at the outset either marginal reform or a classical Leninist revolution, Shragge is only able to muster two suggestions: workers should take over existing private pension plans and use the funds to invest in low cost housing; and a pension system centered on neighborhood councils and cooperative banks should be created. One can agree wholeheartedly with the underlying goals of replacing hierarchies with other forms of organization, and of increasing the control of working people over pensions; however, because these suggestions are given only fleeting attention, they beg far too many questions and should either have been omitted or discussed more fully.

Finally, it must be said that the editors of the book have done a shoddy job. Grammatical errors are frequent; the prose style is flat; the flow of argument is continually interrupted by needless summaries; and tortuous sentences and paragraphs abound. This is a pity because it detracts from an otherwise provocative analysis of a vitally important issue.

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