Safe in Their Hands?

Public Service and the State Regulation of the Water Industry in Britain,

by

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Declaration

The work presented in this thesis was undertaken in the Department of Sociology at the University of Warwick, and except where other authors have been acknowledged or referred to, is entirely my own work. None of the material contained in the thesis has been submitted for a degree in this or any other university. The thesis does not contain material that has previously been published.

G. J. Taylor

Graham John Taylor
Summary

The primary concern of the thesis is the development of a materialist analysis of the state regulation and administration of labour in the context of the development of the water industry in England and Wales over the past two centuries. The project develops and explores the methodological and conceptual premises of Karl Marx contained principally in Vol. I. of Capital, the Grundrisse and A Contribution to the Critique of Political Economy. The project determines the form and function of the state 'logically' as a precipitate of the contradiction between value and use-value, and traces the 'historical' manifestation of state 'forms' through the movement of this contradiction. The 'determination' of the 'municipal', 'planner-state' and 'neo-liberal' state 'forms' of regulating the water industry developed through the contradiction between value and use-value and the project traces the way in which this was manifested through the struggle between concrete and abstract labour or the working class and capital. The struggle between abstract and concrete labour shifted the contradiction between value and use-value to the level of the state which became manifested through the struggle over the form of the state; as manifested through the contradiction between regulation and administration. The specific form of this struggle with respect to the water industry became a struggle over the form of 'public service'. The thesis, therefore, develops an analysis of the struggle between concrete and abstract 'public service'. The thesis emphasises the way in which different forms of abstract and concrete state regulation have fundamental implications for the form of 'management' within industry; and highlights the importance of 'valorisation' imperatives with regard to the study of management and labour process. The thesis finally develops the 'socialist pluralism' of GDH Cole to develop an outline of a non-alienated water industry.
Part One

The Logical and Historical Determination of State Regulation and Administration.
Chapter One

Abstract Labour, Class Struggle and the Problem of State Regulation.

This thesis is concerned with the state regulation of 'public service' labour in capitalist society. Through a materialist analysis of the water industry in England and Wales, it is an attempt to trace historically and logically the development of the capitalist state as it has impinged upon the regulation and management of labour in the water industry during the past 200 years. The methodological approach of my analysis is premised on the historically materialist method outlined by Karl Marx in the 'Introduction' to the Grundrisse, an approach that Marx applied to his critique of political economy. The starting point of my analysis is thus the position that the state and management are 'determined' forms, and in order to proceed scientifically it is necessary to begin with the simplest social determinations of these forms; to proceed from these simple (abstract) determinations to the analysis of more complex (concrete) forms as a 'rich aggregate of many determinations and relations' (Marx, 1973: 101). The analysis of the complex forms of state regulation and utility management proceeds from the simplest social
determination in a society of generalised commodity production: the commodity form of labour and the value relations contained therein.

In this chapter I proceed through the methodology prescribed by Marx to derive the form and function of state regulation and administration from the most simple social determinants of bourgeois society. I begin with the commodity form and proceed through the increasingly complex determinations implied by the money form, legal form, capital form and state form. This will demonstrate the way in which the state is a complex determination of the capital relation, and subject to the same inherently contradictory tendencies as capitalist society, viz, the contradiction between value and use-value that is the result of capitalist production being simultaneously a labour process and a valorisation process. The development of capitalist state regulation is the result of contradiction in movement, and the process through which the state attempts to resolve or formalise the contradictions inherent in its social form constitutes the main dynamic of social development in capitalist society. This Chapter will explore this dialectic of capitalist development and provide the basis for a consideration of its concrete manifestation in the development of forms of water industry management and state regulation.
1.1. The Value Theory of Labour and the Alienation of Human Needs.

The enduring importance of Marx's theory of value derives from its object - labour. The 'value theory of labour' is concerned with the forms taken by labour in capitalist society, and the political implications of it assuming these forms (Elson, 1979: 123-4). The simplest social form in which the products of labour are contained in bourgeois society is the commodity. Labour takes the form of and is socially realised through the commodity; and the contradictory determination of the commodity determines the alienation of human needs. The analysis of the commodity, therefore, was the point of departure for Marx in his critique of political economy. Similarly, the commodity is the starting point for my analysis of complex (determined) forms of state regulation and utility management. The importance of the commodity results from the way in which bourgeois social relations take the alienated form of relations between things. The task of political economy is to delineate the character of these social forms and the production relations specific to them; a task that Marx achieved through his theory of commodity fetishism (Rubin, 1973: 2).

The theory of commodity fetishism forms the fundamental basis of Marx's theory of value. Through this theory Marx demonstrated both the way in which commodity production results in the 'illusion' by which *things* are ascribed characteristics originating in the social relations between (wo)men and the objective economic basis of this process. The way in which:

Social relations inevitably took the form of things and could not be expressed except through things. The structure of the commodity economy causes things to play a particular and highly important social rôle and thus acquire particular social properties' (Rubin, *ibid:* 5).

Things come to play a social rôle owing to the distinctive character of the commodity economy. The management and organisation of production is constituted by independent commodity producers who produce for society rather than for themselves. The universal alienation of the products of these independent producers through exchange or the market results in the development of a unified productive system: the distinctive feature of this system being the way in which the market regulates the production of use-values or
things. In the commodity economy commodities (indirectly) regulate the working activity of people as the direct production of use-values must take into account the expected conditions of the market. The conditions of capitalist reproduction, therefore, define the social character of labour.

The working activity of one member of society is affected by the work activity of others only through things. Social relations inevitably take on a reified form: the form in which they both exist and are realised. The thing is an intermediary of social relations, and the circulation of things both expresses and creates production relations among (wo)men (Rubin, *ibid.*: 7-13). In order to grasp the specific social form of labour in bourgeois society it is necessary to uncover the social relations that underlay the circulation of things. In bourgeois society social relations of production take on a particular and contradictory form; a form determined by the generalised and universal nature of commodity production.

1.1. b. The Contradictory Determinations of the Commodity.

In capitalist society water is a commodity which has a two-fold aspect - use-value and exchange-value (Marx, 1971: 27). As a use-value water has value in use and is realised in the process of consumption; water in its palpable form necessary for the sustenance
and enjoyment of life and as a means of production with respect to other use-values. It is not the concern of my scientific enquiry to pursue the social determination of use-value per se, for as Marx noted in the Critique, in the analysis of the world of commodities the analysis of use-value is confined to instances in which use-values have a determinate form: that is, where 'use-value is the immediate physical entity in which a definite economic relationship - exchange-value - is expressed' (Marx, ibid: 28; Marx's italics). The labour contained in use-values is of a particular useful and concrete kind, but as exchange-values, determined by labour-time, the qualitative difference between use-values must be eliminated, and the labour that creates exchange-value is constituted by abstract, homogeneous, general labour. The labour contained in exchange-value is specifically social labour - labour for other people - labour that is constantly determined as 'human labour in general' or 'simple' labour by a real social process of abstraction. Social labour is social in the particular sense of denoting a specific type of society - a society of generalised commodity production.

The 'equalisation' and 'homogenisation' of labour in exchange-value has important implications with respect to the regulation of labour. In a society of generalised commodity production the production of use-values, the social division of concrete, useful labour, is regulated by the law of value. Through exchange-value the labour of particular individuals is represented as labour-time in general and this determines the social character of labour. The
labour-time necessary for the production of a use-value is resolved into the labour-time socially necessary for its production. Labour must find expression in a universal product or universal equivalent, and only in this form does it represent a social magnitude:

The labour of an individual can produce exchange-value only if it produces universal equivalents, that is to say, if the individual's labour-time represents universal labour-time or if universal labour-time represents individual labour-time. The effect is the same as if the different individuals had amalgamated their labour-time and allocated different portions of the labour-time at their joint disposal to the various use-values (Marx, ibid: 32; Marx's italics).

While individual labour-time is the time socially necessary to produce a given use-value, Marx was concerned with the manner in which the social character of labour was established. In bourgeois society social labour has the following contradictory determination:

Labour which manifests itself in exchange-value appears to be the labour of an isolated individual. It becomes social labour by assuming the form of its direct opposite, of abstract universal labour (Marx, ibid: 34).
The contradictory determination of labour in a society of generalised commodity production has important implications with respect to the satisfaction of human needs. The subordination of concrete labour by its opposite qua abstract labour results in the subordination of human needs to the needs of the economy. The distinctive feature of a society of generalised commodity production is, therefore, the *alienation* of human needs.

1.1.c. The Alienation of Human Needs in Bourgeois Society.

In bourgeois society the production of use-values is regulated by the law of value, and there is no reason why the production of use-values should approximate to social need. While commodities are produced for others there is no reason why they should meet the needs of others. The reduction of needs to economic needs is an expression of the capitalist *alienation* of needs (Marx, 1975: 324-7). Products of labour confront the worker as a hostile and alien force that are used to satisfy the needs of others. This is the hallmark of a society in which 'the goal of production is not the satisfaction of needs, but the valorisation of capital, in which the system of needs is constituted from the division of labour and need appears only on the market in the form of effective demand' (Heller, 1974: 26).
The division of labour and associated increases in productivity have vastly increased the material wealth available to society. The necessity of maintaining and extending effective demand has produced an increasing diversity of needs and the means to satisfy these needs. Increases in productivity have made it possible to reduce the socially necessary labour-time devoted to the production of needs, and made possible the satisfaction of 'higher needs' by ordinary (wo)men. In capitalist society, however, the valorisation process imposes limits to the reduction in necessary labour-time, and needs can only be mediated through the market. In capitalist society the only value is economic value, and needs are defined in terms of the valorisation of capital; the needs of workers within this system appearing as the limits of wealth through the subordination the human senses to 'crude practical needs' (Heller, ibid: 26-9).

In this thesis I am concerned with the way in which the state has been involved in the alienated satisfaction of the need for an effective water and sewerage service in Britain during the last 200 years. In order to grasp the alienating form of the 'public service' provision of commodities in capitalist society it is necessary to consider the positive categories developed by Marx. Marx envisaged the development of a 'system of non-alienated needs': a society of 'associated producers' in which the economy would be subordinated to the satisfaction of human needs, rather than human needs being subordinated to the economy. A society in which the satisfaction of physical needs allowed the development of non-economic, 'higher
needs'. It is therefore important to counterpose the wasteful and alienating stupidity of capitalist society with:

The higher phase of communist society, after the enslaving subordination of the individual to the division of labour..... after labour has become not only a means of life but life's prime want; after all the productive forces have also increased with the all round development of the individual, and all the springs of cooperative wealth flow more abundantly - only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs! (Marx, 1968: 320-1).

1.2. The Contradictions of the Commodity Form and the Determination of the Money Form.

The social determination of exchange-value is hidden beneath a material veil. In a society of generalised commodity production social relations of production take the form of things. The labour of different individuals is equated and treated as universal labour only by equating use-values as exchange-values. Exchange-value is 'nothing but the material expression of a specific social form of labour'. The
fundamental contradiction of the commodity form results from the commodity being simultaneously a use-value and an exchange-value. Commodities exist only in relation to other commodities, and the 'exchange process of commodities is the real relation that exists between them'. The owners of commodities thus 'exist for one another only in so far as their commodities exist' (Marx, 1971: 41; Marx's *italics*). The commodity is simultaneously a use-value and not a use-value. For the owner of a commodity it is a use-value only in the exchange for the use-value of others - as a 'means of exchange' - and thus 'the commodity is a use-value for its owner only in as far as it has an exchange-value':

To *become* a use-value, the commodity must encounter the particular need which it can satisfy. Thus the use-values of commodities *become* use-values by mutual exchange of places: they pass from the hands of those for whom they were a means of exchange into the hands of those for whom they serve as consumer goods. Only as a result of this universal *alienation* of commodities does the labour contained in them become useful labour (Marx, *ibid.* 42; Marx's *italics*).

The essentially contradictory nature of this relation was highlighted by Marx. A relation between essentially equal commodities that differ only in magnitude as units of universal labour-time, must
be simultaneously a relation between qualitatively different things as distinct use-values. This constitutes:

A whole complex of contradictory premises since the fulfilment of one condition depends directly upon the fulfilment of its opposite. The exchange process must comprise the evolution and solution of these contradictions (Marx, ibid: 44).

The contradiction is resolved through the emergence of a universal equivalent or money. The emergence of the money form as the universal equivalent is not the prerequisite of commodity production, but an emergent result of a social process; a solution to the problem that universal labour-time exists only as an abstraction for individual commodities - 'every commodity is the commodity which as a result of the alienation of its particular use-value, must appear as the direct materialisation of universal labour-time' (Marx, ibid: 45). The determination of the universal equivalent highlights both the contradictory premises of the money form and the extent to which money is the precipitate of a real historical process of abstraction. Money emerges or is determined by the contradictions inherent in the commodity form of labour.
1.2.a. The Contradictory Determination of Money as Universal Equivalent.

With respect to the social determination of money, Marx was concerned with the following problems: "How is it possible to present a particular commodity as materialised universal labour-time? or 'How can individual labour-time in a particular commodity assume a universal character'?". The solution to these problems is contained within the social process of exchange through which universal labour-time appears as a specific thing, as a commodity in addition to and apart from all other commodities. A social process through which one commodity becomes 'the universal equivalent as a consequence of the universal action of all other commodities in relation to it'; a process resulting in the 'direct reification of universal labour-time' (Marx, ibid: 46-7; Marx's italics). The commodity set apart acquires a dual use-value: a 'specific' use-value and a 'universal' use-value: the latter having a socially determined form and having the same use-value for all other commodities as a universal medium of exchange. Money is a crystallization of the exchange-value of commodities formed in the exchange process: that is, commodities must assume a new determinate form in order to confront each other as exchange-values. Thus:

A social relation of production appears as something existing apart from individual human beings, and the distinctive relations into which they enter in the
course of production in society appear as the specific properties of a thing - it is this perverted appearance, this prosaically real, and by no means imaginary, mystification that is characteristic of all social forms of labour positing exchange-value (Marx, *ibid*: 49).

The determination of the contradictions of bourgeois society is thus to be found in the process of exchange or the *circulation* of commodities. In order to isolate the contradictions inherent in the commodity form, it is necessary to consider the forms of money arising from the exchange of commodities, and the way in which these forms develop through contradiction. In the *Critique*, Marx assumes the 'measure of value' to be gold: that is, the exchange-values of all commodities is expressed in relation to 'a definite quantity of gold and a definite quantity of this commodity containing equal amounts of labour-time' (Marx, *ibid*: 66). This has both a quantitative and a qualitative aspect: 'golden equivalents' reflect the universal character of the labour-time contained in them on the one hand, and its quantity on the other:

The exchange-value of commodities thus expressed in the form of universal equivalence and simultaneously as the degree of this equivalence in terms of a specific commodity, that is a single equation in which commodities are compared with a specific
commodity, constitutes price. Price is the converted form in which the exchange-values of commodities appears within the circulation process (Marx, ibid: 66; Marx's italics).

The universality of the dynamic by which gold becomes the measure of value presupposes that every single commodity is measured in terms of gold in accordance with the labour-time embodied in both commodities, viz, that the real measure is labour-time.

Gold becomes the measure of value only because all commodities are measured in terms of gold; it is consequently merely an illusion created by the circulation process to suppose that money makes commodities commensurable. On the contrary, it is only the commensurability of commodities as materialised labour-time which converts gold into money (Marx, ibid: 67-8).

In a society of generalised commodity production the social power of money is determined by its function as universal equivalent: as a reified embodiment of abstract labour through which the concrete labour of individuals is mediated and determined. Money is determined by and embodies the contradiction between value and use-value; and
this contradictory determination articulates the fundamental crisis tendencies of bourgeois society.

1.2. b. The Contradictions of the Money Form and the Origins of Capitalist Crisis.

Commodities become universal equivalents through alienation. However, the prices of commodities represent only the \textit{nominal} conversion of commodities into the universal equivalent. The conversion of commodities into gold has still to be put into practice through their sale on the market. Commodities are made to sell, but they must be sold in order to prove their social usefulness. Commodities confront each other in a dual form: really, as use-values and nominally, as exchange-values; and within the latter, universal labour-time assumes an imaginary existence as price. This constitutes the fundamental contradiction of the commodity form, for while the difference between exchange-value and price appears to be nominal, it is 'so far from being a nominal difference that all the storms which threaten the commodity in the actual process of circulation centre upon it'. Only circulation can show whether a commodity is transformed into the quantity of gold anticipated in its price - the commodity must prove itself to be a use-value:

The commodity as such \textit{is} an exchange-value, the commodity \textit{has} a price. This difference between
exchange-value and price is a reflection of the fact that the particular individual labour contained in the commodity can only through alienation be represented as its opposite, impersonal, abstract, general — and only in this form social labour, i.e., money.... Gold as a measure of value, entails the necessity for the alienation of commodities in exchange for glittering gold, and thus the possibility for their non-alienation. In short, there is here contained in latent form the whole contradiction which arises because the product is a commodity, or because the particular labour of an isolated individual can become socially effective only if it is expressed as its direct opposite i.e., universal labour (Marx, *ibid*: 69-70; My italics).

In bourgeois society production relations do not exist in advance, but must be established by the transfer of things. In contrast to a planned economy, the relationship between the technical and social aspects of production results in the production relations between (wo)men being organised by things, rather than for the purpose of the material production of things. The 'transfer of things establishes a direct production relation between determined individuals' (Rubin, *op cit*: 15). The 'material process of production' and the 'system of production relations' are not adjusted to each other in advance, and the process is consequently liable to continual crisis:
They must be adjusted at each stage, at each of the single transactions into which economic life is formally broken up. If this does not take place, they will inevitably diverge, and a gap will emerge in the process of social reproduction. In the commodity economy such a divergence is always possible. Either production relations which do not stand for real movements of products in the process of production are developed (speculation), or production relations indispensable for the normal performance of the production process are absent (sales crisis) (Rubin, ibid: 17).

A society of generalised commodity production is, therefore, marked by the important social rôle played by things. The social function of things corresponds to different production relations among (wo)men. In the Critique and Vol. 1 of Capital the basic production relations of a commodity producing society are examined, with more complex determinations being established in later volumes of Capital. It is evident from Marx's analysis that the social function of a thing gives the thing a determined social form, and Marx's system examines an increasingly complex determination of forms. Marx traces the social and historical development of these forms, and demonstrates the way in which they reflect social relations between (wo)men. Having begun with the commodity as the
simplest social determination in capitalist society, and the emergence and importance of the money form and its fundamental contradictions, I will now move to a consideration of the simplest social determinations of 'law' in capitalist society: the legal subject. This will lay the basis for an analysis of the more complex determination implied by the capitalist state.

1.3. Commodity Production and the Legal Form: The Determination of the Legal State.

In developing an analysis of the legal form it is necessary to start with its most simple and abstract determination: the legal subject. As with the analysis of the value form, it is necessary to begin with the most abstract and pure form and move historically towards the concrete. In this way it is possible to see law as an historical category corresponding to a particular form of society. The state is not merely an 'ideological form', but constitutes a 'form of social being' which expresses material social relations. The state form is social with respect to a particular form of society - capitalist society - and a basic prerequisite for legal regulation is thus a conflict of private interests. This is both the logical premise of the legal form, and the historical origin of the development of the legal superstructure (Pashukanis, 1989: 72-6, 81).
1.3, a. Private Property and the Determination of the Abstract Legal Subject.

The development of the legal form corresponds to the development of private property or the possibility of the 'unimpeded possession' and 'alienation' of property. Property becomes the basis of the legal form only when it can be freely disposed of on the market. The category of subject is the most general expression of this process, and the form of the legal subject follows directly from the analysis of the commodity form. While commodities (objects) constitute the 'social link' between individuals in the production process, the realisation of the value embodied in commodities requires an active will with respect to the owner of the commodity:

At the same time, therefore, that the product of labour becomes a commodity and a bearer of value, man acquires the capacity to be a legal subject and a bearer of rights..... Relations of a kind where man is defined only by contrast with an object, that is as a subject..... The social relation that is rooted in production presents itself simultaneously in two absurd forms: as the value of commodities, and as man's capacity to be the subject of rights (Pashukanis, ibid: 112-3).
As the multiplicity of concrete labour dissolves into the abstract with the value form, so the legal form abstracts from the multiplicity of relations between (wo)men and objects to produce an abstract and impersonal legal subject. In capitalist society legal subjects are absolutely free and equal to all other owners of commodities, but this freedom is defined in abstraction from concrete individuals, and becomes fixed, not to particular objects, but to objects in general. The process precipitates 'an absolute, fixed right which follows the object wherever chance may take it'. Consequently:

In addition to the mystical quality of value, there appears a no less enigmatic phenomenon: law. A homogeneously integrated relation assumes two fundamental abstract aspects at the same time: and economic and a legal aspect..... Subjective law is a social phenomenon attributed to the individual in the same way that value - likewise a social phenomenon - is attributed to the object as a product of labour. Legal fetishism complements commodity fetishism (Pashukanis, ibid: 117; My italics).

In capitalist society the general capacity to possess a right is distinguished from concrete legal claims. This form is generated historically through the process of exchange by which the constant movement of values creates the idea of a fixed bearer of abstract
rights. Pashukanis highlighted the process of *abstraction* inherent in capitalist development and the determination of the legal state:

As socially regulative forces become more powerful, so the subject loses material tangibility. His personal energy is supplanted by the power of the social, that is of class organisation, whose highest form of expression is the state. In this form, the impersonal *abstraction* of state power functioning with ideal stability and continuity in time and space is the equivalent of the interpersonal, abstract subject (Pashukanis, *ibid*: 118-9; *My italics*).

Logically and temporally prior to the state is an organically established norm of subjective domination. This norm is premised on the abstract nature of labour and legal subjects in bourgeois society. The legal subject is what Pashukanis (*ibid*: 121) termed an 'abstract owner of commodities raised to the heavens'. In bourgeois society, property in the form of capital denotes the freedom to transform property into successive forms in order to secure the maximum amount of unearned income, and this is a movement that is inconceivable without a class of propertyless individuals. Bourgeois freedom is purely *formal* freedom, and presupposes a class whose rights have been expropriated. This dialectic between the form and content of bourgeois rights is explored by Marx in his analysis of 'primitive accumulation' (Marx, 1954: 667-724). The dialectic of
capitalist property is both absorbed by 'fixed' legal forms and constantly explodes these forms through the direct use of force and violence (Pashukanis, op cit: 127).


The state emerges historically as a 'guarantor of market exchange' or as an authority representing the 'impersonal interests of the system'. The power of the state is, therefore, abstracted from the direct power of the propertied class. While the bourgeoisie rules directly with respect to the dependence of the state on the banking sector and the dependence of the worker on her employer, this does not explain the form of the state. This raises the question: 'Why does class rule not remain what it is, the factual subjugation of one section of the population by the other? Why does it assume the form of official state rule? (or) Why does the machinery of state coercion not come into being as the private machinery of the ruling class; why does it detach itself from the ruling class and take on the form of an impersonal apparatus of public power, separate from society? (Pashukanis, ibid: 139). In order to answer these questions it is necessary to examine the material determination of the legal state as a form of social being.
The emergence of ideological state forms takes place 'behind the backs' of individuals, and it is always necessary to examine the material relations they reflect and express. The subjugation affected by the capitalist state is not an ideological duplication of the subjugation of the worker by the capitalist. The state is separate from the interests of the ruling class and does not mediate the individual exploitative relations between capital and labour. In capitalist society, the state must appear as the abstract collective person; as a coercive body acting in the interests of all parties to legal transactions:

The autonomous will of those engaged in exchange is an indispensable precondition wherever the categories of value and exchange-value come into play. Exchange-value ceases to be exchange-value, the commodity ceases to be a commodity, if exchange ratios are determined by an authority situated outside the internal laws of the market..... Coercion is neither abstract nor impersonal - hence it cannot figure as a social function (Pashukanis, ibid: 143).

The modern constitutional state is a very convenient form for the bourgeoisie, but this should not veil the fact that it is derived from objective reality. State power represents the general will only to the extent that society is a market. However, the free and equal owners of commodities that meet in the capitalist market are free
and equal only with respect to abstract relations of appropriation and alienation. In bourgeois society, commodity owners are not all free and equal, but are bound by ties of mutual dependence. These networks of mutual dependence form the real basis of state power. The abstract state is determined by the abstract regulation of labour in a society of generalised commodity production. The legal state is ultimately determined by the contradiction between use-value and exchange-value; with the state logically premised on the maintenance of abstraction.

The work of Rubin and Pashukanis has made a significant contribution to the development of a scientific analysis of the capitalist state. Pashukanis illustrated the way in which the 'legal' form of the state is a derivative of the social relations of production in a society of generalised commodity production. Law is not 'ideological' or part of the political and legal 'superstructure', but a material phenomenon that exists only in institutions such as the state through which it is expressed. Law is commodity production: the 'legal' form corresponding to its 'economic' content. However, Pashukanis was concerned to develop an analysis of the class state, without exploring the specific form of capitalist class power embedded in particular relations of production. The analysis of Pashukanis should be relegated to the status of a useful and important preamble for a more genuine and concrete theory of the capitalist state (Binns, 1980: 107) [1]: the capitalist state is determined at a lower level of abstraction. In order to develop an
adequate analysis of the the complex determinations of the capitalist state, I will now move from the analysis of 'legal regulation' to a consideration of the 'class regulation' implied by capitalist (re)production.

1.4. The Capital Form and the Determination of the Class State.

In order to develop a scientific analysis of the capitalist state, it is necessary to consider the historically specific nature of production and reproduction in bourgeois society. Capitalism arises out of, but is not identical with, commodity production. The approach of Rubin and Pashukanis results in the 'fetishism of commodity fetishism' (Binns, ibid: 105): the form of the state derived exclusively from the exchange of commodities. In capitalist society, the state form is determined by social forms of labour derived not from the production of commodities, but the production of surplus-value. In capitalist society:

The process of production is the immediate unity of labour process and valorisation process, just as its immediate result, the commodity, is the immediate unity of use-value and exchange-value. But the labour process is only the means whereby the valorisation process is implemented and the valorisation process
is essentially the *production of surplus-value*, i.e. the *objectification of unpaid labour* (Marx, 1976: 991; *Marx's italics*).

The production of capitalist commodities must be considered as a continuous and connected process by which the capital relationship between capitalists and wage-labourers is constantly produced and reproduced. The conditions of production are also those of reproduction (Marx, 1954: 531-2). Part of the social product must be devoted to the production of new products or to the process of productive consumption. Capitalist production involves the reproduction of capital or self-expanding value. Marx was concerned to highlight the way in which the continuity of the production process endows it with new characteristics vis-à-vis simple commodity production, viz, the emergence of *money* as the fundamental and most abstract form of social power.

1.4.a. Variable Capital and the Reproduction of Labour-Power,

Through the expenditure of labour-power in the production process, the labourer produces a fund out of which she is paid (variable capital), and from this fund the labourer receives a sum of money representing the transmuted form of a part of her product. Considering capitalist production as a whole, the capitalist class
constantly provide the labouring class with 'order-notes' in the form of money representing a portion of the product produced by the labourers that has been appropriated by the capitalist class. The 'order-notes' constantly flow back to the capitalist class, and in this way the labouring class receives a share in its own product; although the nature of this transaction is 'veiled by the commodity form of the product and the money form of the commodity' (Marx, *ibid*: 533). Variable capital represents the historical form of the maintenance and reproduction of labour in capitalist society, by which the capitalist class advances a portion of labour, realised in a product, back to the labourer in the form of money.

The continuous nature of reproduction ensures that all capital is transformed into accumulated surplus-value: capital as value appropriated without equivalent that is appropriated through the unpaid labour of others materialised in either commodities or money. As Marx (*ibid*: 535) demonstrated, the transformation of money into capital involves more than the production and circulation of commodities:

On the one side, the possessor of value or money, on the other, the possessor of the value-creating substance; on the one side, the possessor of the means of production and subsistence, on the other, the possessor of nothing but labour-power, must confront one another as buyer and seller. The
separation of labour from its product, of subjective labour-power from the objective conditions of labour, was therefore the real foundation in fact, and the starting point of capitalist production (Marx, ibid: 535).

As a result of the continuous process of 'simple reproduction', the above premise becomes the 'peculiar result' of capitalist production. This result is constantly renewed and perpetuated through capitalist (re)production. The labourer enters the labour process alienated from her labour-power that has been sold to the capitalist, and proceeds to produce a product that belongs to the capitalist. The labourer produces objective material wealth, but in the form of capital - an alien power that dominates and exploits her. So what is produced over and above everything else is the wage labourer. In capitalist society, the distinction between individual and productive consumption disappears. The capitalist class benefits both from what is received from the labourer in the form of labour-power, and what is advanced in return, in the form of money. The capital given in exchange for labour-power allows the reproduction of that means of production indispensable to capital, viz, the labourer:

The individual consumption of the labourer is unproductive as regards himself, for it reproduces nothing but the needy individual; it is productive to the capitalist and to the state, since it is the
production of the power that creates their wealth
(Marx, ibid: 538).

The political power of capital is determined by the social power of money. The state is logically premised on a particular form of abstraction, viz, the abstraction of individual labourers from the means of (re)production. The logical and historical premises of capitalist state power is, therefore, the maintenance of the social power of money qua capital. The form of the capitalist state is determined by the unity of capitalist production as a labour process and a valorisation process. The class state is determined by the contradictions of the capital form of labour.

1.4.b. The Capital Form and the Determination of the Capitalist Class State.

The reproduction of labour-power through variable capital highlights the important relationship between money and the state. The form and function of the capitalist state is derived from the social power of money in the reproduction of labour-power as capital (rather than from the maintenance of the abstract premises of commodity circulation as implied by the work of Pashukanis). It is important to differentiate between the two distinct but simultaneously occurring circuits involving the 'simple' circulation of commodities \( C \) and money \( M \) (Marx, 1954: 145-53; 1971: 86-125):
The circuit C-M-C, or selling in order to purchase represents the 'metamorphosis' through which every commodity passes in order to become a direct use-value for its owner: it is resolved into C-C, or use-value exchanged for use-value, with money facilitating the intermediary stage of the metamorphosis. The circuit is contradictory owing to the separation of sale and purchase, and the polarisation of the contradiction between use-value and exchange-value at each phase of the circuit (ie. C-M, M-C). The circuit does not, however, imply the 'exploitation' of labour as labour-power:

The social movement is for the commodity owners on the one hand an external necessity and on the other merely a formal intermediary process enabling each individual to obtain different use-values of the same total value as that of the commodities which he has thrown into circulation (Marx, *ibid*: 101; *My italics*).

In contrast, the circuit M-C-M, or buying in order to sell, in which money appears as the goal of circulation, is resolved into M-M. While it appears absurd to exchange money for money, this absurdity disappears as soon as the specificity of bourgeois production is considered:
In real life people do not buy in order to sell, but they buy at a low price in order to sell at a high price. The exchange of money for commodities in order to then exchange these for a larger amount of money, so that the extremes $M, M$ are quantitatively different, if not qualitatively. This quantitative difference presupposes the *exchange of non-equivalents* (Marx, *ibid*: 123; Marx's italics).

The distinction between $C-M-C$ and $M-C-M$ can be resolved into the distinction between money as money and money as *capital*. In the circuit $M-C-M$, *value* is an active factor, or value in process, and constantly changes in both *form* and *magnitude* in order to throw off surplus-value. The fundamental basis of capitalist class relations is the abstract power of money as capital. The circulation of commodities in the circuit $C-M-C$ is important to the development of private property, but the exchange of commodities as concrete equivalents does not require the emergence of the state to create and maintain the abstract subject. The material basis of the development of the capitalist state is, therefore, the development of money as capital, or the insertion of money into the process of production. While law is commodity production (Pashukanis, *supra*: 23), the state is capital; or more specifically, a political form of the capital relation. The state is a *social relation*, or a form of social being that expresses material social relations: the relations between capital and labour.

Money, the law and the state are the complementary economic, legal and political forms of capitalist power: a unity embodied in capitalist property where money represents the most abstract form of capital, and the power of money is institutionalised in the law and enforced by the state (Clarke, 1988: 15). The political power of capital is embodied in the social power of money. The separation of these forms of power articulates the basic form of the liberal state. The logical and historical emergence of the liberal state form approximates to the penetration of capital into production, the subordination of social production to the rule of money. The ideological and political crises associated with 'primitive accumulation' were resolved through the reconstitution of the state on the basis of a fundamental separation of civil society and the state, or to put it in the terms introduced above, the separation of the social power of money from the political power of the state. It is, therefore, the penetration of capital into production that provides the fundamental premise of the liberal state form:

The subordination of social production to the power of money gave rise to antagonistic social relations of production in which the power of money confronted the direct producers in the form of capital, and in which social production was subordinated to the
reproduction of capital. Money and the law were consequently the social forms through which civil society and the state were subordinated to the power of capital (Clarke, ibid: 18).

The above argument has fundamental implications with regard to the theoretical study of the form and function of the state in capitalist society. The state is not an 'instrument' of capital, but is itself a form of the capital relation [2]. The state is determined by the contradiction between value and use-value, and this contradiction is inherent in the institutional and representative mechanisms of the state. The development of the state form is a result of this contradiction in movement. The abstract state developed alongside the abstract legal subject or 'citizen'. Capitalist society is not, however, constituted by abstract legal subjects, but with concrete social actors with concrete demands and needs which diverge from the demands and needs compatible with the rationality of the abstract order. The abstraction of the state from the direct rule of capital implies that the representation of concrete interests through 'democratic' state mechanisms cannot be totally formalised within the abstract order. Legal and monetary regulation need, therefore, to be complemented by bureaucratic and administrative control.

At the level of the state, the contradiction between value and use-value is manifested in the form of the contradiction between legal/monetary regulation and administration: underlying the formal
and abstract regulation of the liberal state are control, force and violence.

1.5. Regulation, Administration and the Problem of Abstraction.

The contradiction between value and use-value that is inherent in the capitalist state form makes it impossible for the concrete claims and demands articulated through the representative mechanisms of the state to be adequately formalised and made compatible with the abstract order: force and control are thus the logical concomitants of abstract regulation. The maintenance of order in bourgeois society is premised on the continued separation of needs and capacities implied by the 'absolute poverty' of bourgeois private property (Kay & Mott, 1982: 1-27). Bourgeois society is marked from earlier social formations through its unitary system of order: the relationship between producers and non-producers is neither immediate nor personal, but mediated through a single, over-arching framework qua the state. Politics is abstracted from relations of production by the establishment of formal equivalence through the law of contract, and the task of maintaining this order becomes the exclusive function of the state. The state is historically and logically premised on the maintenance of abstraction.
1.5.a. Regulation, Administration and the Contradictions of the Capitalist State.

In bourgeois society force and violence are abstracted from the immediate relations of production; the latter becoming the subject of the 'dull compulsion of the uncompressed laws of reproduction', while force is made the legitimate function of a single body that stands outside and apart from the process of production (Holloway & Picciotto, 1978: 24). Linked to the development of the state is the development of a mass of uniform subjects (population): a vital prerequisite to a system of social production in which the means and conditions of life are constituted by identical social things qua commodities. Equivalence and the development of the 'abstract individual' thus has its political roots in citizenship and the state, and is created and reproduced through the exercise of actual or threatened force.

The state is constituted as part of the abstract order, and the maintenance of abstraction is the precondition for the preservation of the state. The historical development of the modern state presupposes the abolition of social specificity, and the establishment of uniformity as the fundamental principle of regulatory classification (Kay & Mott, op cit: 91). The development of capitalism and the intensification of private property required that social classes were created and maintained by the state. This process originated in primitive accumulation through which the means of
production were forcibly separated from the direct producers, and the latter developed as labour-power through the administrative machinery of the state. The dialectic of capitalist property was both absorbed by 'fixed' legal forms, and constantly exploded these forms through the direct use of violence (Pashukanis, supra: 20).

Law is derived from categories in which abstraction is inherent. In contrast, the universality of administration is purely formal, for in the last instance the state serves merely to confirm the rights of private property (Marx & Engels, 1970: 80); to impose the legal form on social relationships, and thus to restructure economic activity into capital and labour on an orderly basis (Kay & Mott, op cit: 95). The contradictory determination of the state makes this process problematical, and the formal and abstract mechanisms of the law are necessarily complemented by the substantive and discretionary mechanisms of administration. The state form is determined, therefore, by the perpetual struggle between concrete and abstract labour; between the working class and capital. The origins of administration are the development of social labour. Administration and legal forms arise from the movements of social labour, and the efforts of the state to contain these developments in formal terms. The activities of the state are directed at discontinuities of abstraction a posteriori:

The study of law and administration over time can be taken as an archaeology of decayed bodies politic,
the corpses of organised working class oppositions....
Administration is working class power post festum; working class political victories captured and formalised at their moment of triumph (Kay & Mott, ibid: 96)

The work of Kay & Mott is fundamentally important with respect to highlighting the way in which the capitalist state is determined through the struggle between concrete and abstract labour. However, the work of Kay & Mott is undermined by a 'formalistic' approach to the analysis of the form and function of the capitalist state. The fundamental weakness of Political Order and the Law of Labour is the way in which Kay & Mott fail to differentiate between administration and regulation, and thus the way in which the contradiction between value and use-value are manifested at the level of the state. The way in which regulation is formal and abstract while administration is concrete and discretionary. The contradiction between administration and regulation is the way in which the contradiction between value and use-value is manifested at the level of the state. Kay & Mott collapse the contradiction, and as a consequence, their analysis tends towards the 'reflectionist' and 'epiphenomenalist' approach which their work is explicitly attempting to avoid. The development of a concrete analysis of state regulation and administration needs to be premised on an examination of the specific rôle of the state in the regulation and administration of use-values in capitalist society.
I. S. b. The Regulation of Production and Consumption in Bourgeois Society.

Working class struggle takes on a dual form that reflects the duality of capitalist production as a labour process and a valorisation process: the struggle of the working class as consumers for unmediated use-values and the struggle of the working class as producers for control over the conditions of labour. However, in capitalist society there is an "immediate unity" between production and consumption:

Production is consumption, consumption is production. Consumptive production. Productive consumption..... then make a further distinction. The first figures as reproduction, the second as productive consumption. All investigation into the first concern productive or unproductive labour; investigations into the second concern productive or non-productive consumption (Marx, 1973: 93)

In bourgeois society the unity is mediated by relations of distribution. Capital is posited doubly as an agent of production and a source of income qua profit and interest. However, distribution presupposes the subsumption of individuals to specific relations of production; while exchange is the process of mediation between
production-determined distribution and consumption. Production, distribution, exchange and consumption 'form members of a totality' or 'distinctions within a unity': a definite production thus determines a definite consumption, distribution and exchange, as well as definite relations between these different moments (Marx, ibid: 99; Marx's italics). Struggle over the distribution of use-values determines the way in which use-values are produced, while struggle over the way in which use-values are produced determines the distribution and exchange of use-values.

The state must simultaneously maintain consumptive production and productive consumption. The former implies an antagonistic relation between the state and labour, as the state attempts to formalise working class struggle within the labour process. The latter implies an antagonistic relation between the state and labour as the state attempts to formalise working class struggle over the products of labour. The state has a non-antagonistic relation with capital with respect to both functions: the state attempting to formalise the struggle between capitals with respect to both the production and realisation of surplus-value. The extent to which the contradictory premises of the state prohibit the formalisation of these struggles through legal and monetary regulation results in determination of bureaucratic and administrative control.

The regulation and administration of industrial relations, utility consumption and health and safety at work constitute examples
of the three types of state regulation and control outlined above, and form the substantive focus of my thesis. In this Chapter I have demonstrated the contradictory determination of these forms of state regulation. The proceeding chapters will explore the concrete manifestation of these contradictions in the historical and logical development of state regulatory agencies concerned with the British water industry.

1.6. Safe in Their Hands? Abstract
Labour and the Politics of "Public Service".

In this thesis I trace the logical and historical development of the capitalist state as it has impinged in a very specific way on the regulation and management of the water industry in England and Wales over the past 200 years. The thesis will explore the contradictions inherent in the practice and ideology of 'public service' as manifested in forms of state regulation and administration; the way in which they are determined by the contradiction between value and use-value. My analysis will proceed logically and historically. I consider both the way in which the state has attempted to maintain its fundamental 'liberal' form through the formalisation of contradiction and the historically specific forms of administrative control that have developed in response to working class struggle.
The fundamental theoretical concern of my analysis is to demonstrate the extent to which contradiction is inherent in the state form and, therefore, a fundamental locus of class struggle in capitalist society: the continual struggle to impose the commodity form on labour, and labour's attempts to escape this imposition, and to impose its autonomy as something independent of capital and its social forms (Cleaver, 1979).

The state regulation and administration of the water industry was determined through the contradiction between value and use-value. The contradiction became increasingly manifest in the 19th Century as the rapid industrialisation and urbanisation of Britain increased the need for effective use-values in the form of pure and wholesome drinking water and systems of waste disposal. The need for water services was incompatible with the valorisation imperatives of capital: the result was a serious threat to 'public health' which threatened the reproduction of labour as 'variable capital'. The early development of the water industry was determined through the regulation of the liberal state form which attempted to 'formalise' the contradiction within the 'abstract order'. Throughout the 19th Century legislation attempted to 'regulate' the production of water services (use-values) through the 'legal form' of contract. The state attempted to force water companies to supply water services on demand and determined maximum levels of price and minimum levels of service. The legislation was resisted by water capitals as it posed a direct threat to the valorisation of capital. The contradiction could
not be contained within the 'abstract order' and the state became increasingly involved in the (concrete) administration of water services.

The contradiction between value and use-value could not be contained within the 'abstract order'. The municipalisation of water services resulted in a marked improvement in the quality of drinking water produced by water undertakings and the systems developed by local authorities for the disposal of sewage and industrial effluent. However, the direct administration of water services by the state shifted the contradiction between value and use-value to the level of the state. The development of 'municipal enterprise' facilitated the (concrete) management of water services and the technical and administrative determination of use-values to be mediated by a politically mediated 'law of money' qua municipal taxation. The emergent threat of organised labour heightened the contradictions of the municipal state. The direct representation of (concrete) labour within the municipal state and the discretionary powers of municipal state administration resulted in a serious 'fiscal crisis' of the municipal state. The crisis was resolved through the bureaucratisation of the demands of the labour movement: the development of concrete managerial structures to mediate the democratically determined demand for use-values in the context of the (abstract) valorisation imperatives of capital accumulation.
The development of 'public service' bureaucracy allowed the demands of the labour movement for use-values to be 'planned' in the context of the valorisation imperatives of an increasingly 'socialised' and 'centralised' capital. The development of the 'public service' state was legitimated through 'Fabian Socialism' which highlighted the 'democratic' form of centralised state planning. The Fabian water industry was marked by the development of 'concretist' and hierarchical managerial structures concerned with 'planning' the effective production and distribution of water services in accordance with the politically-determined demand for use-values. The development of Fabian/Keynesian planning shifted the contradiction between value and use-value to the centre of the state apparatus: the democratic determination and technocratic provision of use-values undermined the 'liberal' basis of the state and evoked a serious and protracted 'fiscal crisis' of the state. The contradiction became manifest with respect to the water industry in an increasingly serious institutional paralysis through which the Fabian/Keynesian water industry became increasingly incapable of effectively delivering use-values whilst simultaneously undermining the production of surplus-value.

The crisis of the Fabian/Keynesian water industry was resolved through the restructuring of the (concrete) managerial structure of the industry on the basis of a technocratic rationality which attempted to mediate the production of use-values through a politically-determined 'law of money'. The 1973 Water Act created
large regional water authorities and subjected these entities to rigorous financial constraints. The technocratic 'managerialism' undermined the democratic rationality of state planning and resulted in their being no rational basis for investment decisions. The 'managerialist' water industry became increasingly ineffective: the operation of the industry resulted in fiscal inflation and the constraints imposed by the state in response resulted in further cuts in investment and levels of service. The Fabian/Keynesian form of state and management decomposed from within, and the decomposition was legitimated through a neo-liberal discourse which articulated the institutional paralysis of 'managerialism'.

The crisis of the 'managerialist' water industry was resolved through the privatisation of the industry in 1989. The managerialist restructuring of the water industry produced large efficient entities capable of operating as capital; the privatisation of the water industry resolved the institutional paralysis of 'managerialism' and facilitated a fundamental increase in capital investment and associated improvements in levels of service. The neo-liberal restructuring resolved the crisis of the state through (re)imposing the abstract domination of money on to the state regulation and management of the water industry. The neo-liberal state is constituted by OFWAT which has the function of ensuring that the (concrete) use-values produced by the water industry are mediated through (abstract) exchange-values. The neo-liberal restructuring of the water industry has resulted in a fundamental restructuring of
management and managerial control systems: the restructuring of (concrete) managerialism on the basis of the (abstract) imperatives of capital accumulation. The development of 'abstract management' is therefore the principal precipitate of the process through which concrete labour has been subordinated to the abstract power of capital.

In Part One I examine the historical development of the regulatory and administrative forms that have been determined by the contradictions inherent in the nature of water as a commodity. I examine the development of these forms as 'contradiction in movement' and examine the material basis of a series of 'ideological' forms premised on 'public service'. In Chapter Two I explore the determination of the municipal state in the 19th and early 20th centuries and its ideological form as Gas and Water Socialism. In Chapter Three I examine the determination of the 'planner-state' and its ideological form of Fabian socialism. In Chapter Four I examine the determination of the 'neo-liberal' state and its ideological form of neo-liberal 'citizenship' rights. In Part Two I explore the determination of 'abstract management' in the neo-liberal water industry.
Notes

1. See also Warrington (1980) for a critical assessment of the work of Pashukanis, and the contribution of Pashukanis to the analysis of the capitalist state.

2. Most writers within the Marxist tradition have tended to collapse the contradiction between value and use-value when considering the determination of the capitalist state. This is evident in Classical Marxism, particularly the *Communist Manifesto*, and later works by Engels and Lenin (Marx & Engels, 1965: 34-5; Engels, 1968a: 575-83; Lenin, 1968: 265-272). This is particularly evident with respect to Lenin's *State and Revolution*. Following Engels in *The Origins of the Family, Private Property and the State*, Lenin presents the state as 'a product and a manifestation of the irreconcilability of class antagonism'. The state is presented as standing 'above society' and 'alienating itself more and more from it'. While Lenin correctly presented the state as a class state, his instrumentalist approach fails to highlight the contradictory determination of the state and, therefore, the *limitations* of the functionality of the state for capital.
The erroneous conceptualisation of the state was perpetuated by Antonio Gramsci (1971: 210-78) who differentiated between the 'economic' and 'political' power of capital, and conceptualised the state as a 'relatively autonomous' agency with the function of resolving crises originating within civil society. The separation of state and civil society and, therefore, the collapsing of the contradiction between value and use-value with respect to the determination of the capitalist state, is also evident in the work of Marxist and Post-Marxist theories of the state - particularly the structural functionalism associated with Louis Althusser, Nicos Poulantzas and Jürgen Habermas (Althusser, 1990: 87-128; Habermas, 1983; Offe, 1984; Poulantzas, 1978). Similarly, writers from the French Regulation School stress the functionality of the state for capital without considering its contradictory determinations (Aglietta, 1979; Palloix, 1976; and more recently, Jessop, 1990, particularly, pp. 191-272). These approaches are fundamentally flawed as they presuppose the separation of the 'political' and economic' spheres of society, and fail to consider the contradictory determination of all social forms in capitalist society.
Chapter Two

Gas and Water Socialism?
The Contradictions of Municipal State Enterprise.

In capitalist society water is a commodity with the contradictory determination of being simultaneously a use-value and an exchange-value. In its concrete and palpable form water is essential both to the maintenance of life and to the production, processing and distribution of other use-values. The contradictory determination of the water commodity means that the concrete and palpable aspects of water supply and disposal are determined and mediated by abstract labour or exchange-value: the human need for pure and wholesome drinking water and clean and unpolluted waterways subordinated to the valorisation of capital. As Marx noted in Vol. III. of Capital, the contradictory determinations of production in capitalist society results in the 'excretions' of human consumption grossly contaminating rivers rather than being applied to the production of useful agricultural goods (Marx, 1959: 101). In the context of rapid industrialisation and urbanisation during the 19th Century, this contradiction had dire consequences for the living conditions of the nascent working class.
The main manifestation of the contradiction between value and use-value in the production of utilities was the increasing threat to public health and safety. The threat was particularly marked in the cities and towns which were subject to phenomenal growth during the 19th Century [1]. The contradiction determined the development of forms of state regulation and administration focused predominantly at the municipal level. The development of Gas and Water Socialism as an ideological form developed behind the backs of 19th Century social actors; articulating the material contradiction between value and use-value at the level of the municipal state. The political struggle over the municipal state form resulted in the concept taking on divergent class perspectives. The emergent working class movement developed Gas and Water Socialism as a critique of the capitalist system. Gas and Water Socialism constituted an important argument for production based on unmediated use-value and cooperation. In contrast, the concept was developed by liberals and Fabian socialists in an attempt to ameliorate the conditions of the working class while containing working class demands within the abstract order.

In this Chapter I will explore the concrete development of the contradiction between value and use-value and the divergent class-based responses to the contradiction constituted by the political programmes of liberals, Fabian socialists and radical working class socialists. I trace the resolution of the contradiction on the basis of Fabian socialism and argue that the resolution of 'public service' on the basis of class compromise and centralised administrative
bureaucratisation illustrates the contradictory and oppressive determination of 'public service' as a political, economic and ideological form. The analysis in this Chapter will provide the historical context for an examination of the development of 'public service' water industry regulation and management during the 20th Century.

2.1. Laissez-Faire and State Intervention in the 19th Century Gas and Water Industries.

The evolution of the municipal state in Britain has been presented as the result of the need to ameliorate the increasingly deleterious effects of industrial development in the context of concerns that government should be limited, competent and representative (Smellie, 1957: 23-44). The need for social control became increasingly evident as the parallel processes of industrialisation and urbanisation resulted in overcrowded and insanitary living conditions for the emergent working class. In the burgeoning towns and cities, streets and waterways were transformed into open sewers which, in the context of inadequate supplies of clean and wholesome drinking water, resulted in epidemics of serious diseases such as typhoid, typhus and cholera. The towns and cities were not only unhealthy and insanitary but increasingly unsafe and dangerous: the dispossession of agricultural workers and skilled artisans produced bands of paupers and vagabonds that preyed on the
wealthy middle class as they walked along unlit streets in the dark hours.

The politics of 'improvement' developed as a response to the failure of private enterprise to produce utility goods that would ameliorate the worst excesses of these conditions. Throughout the 19th Century the state became increasingly involved in the regulation and administration of utility services. The problem was how to contain social reform within the abstract order. In the provision of utilities the problem was resolved through the development of municipal enterprise. The municipal state increasingly took over the function of utility provision: a development that shifted the contradiction between value and use-value to the level of the municipal state. The piecemeal and ad hoc nature of social reform in the 19th Century was ultimately determined by the contradictions inherent in the municipal state form. Similarly, liberal social and economic theory developed through the contradiction, and the shift in the locus of class struggle to the level of the state shifted the liberal emphasis from laissez-faire to state intervention and social reform.

Nineteenth Century liberalism developed through the contradiction between value and use-value. The primary concern of liberal social theorists and politicians was how to 'manage' the contradictions of capitalism within the abstract order. The piecemeal, *ad hoc* and inconsistent process of social reform was ultimately determined by the contradictions inherent in the municipal state form. The contradiction between value and use-value and its manifestation in the increasing threat to public health and safety posed a serious challenge to the analytical models of society developed by Classical Liberalism. The analytical models of Classical Economics had to come to terms with the problems associated with rapid industrialisation and urbanisation, and there was a marked contrast between analytical and prescriptive elements in the writings of Adam Smith, David Ricardo, Thomas Malthus, and in the work of later liberals such as Jeremy Bentham and John Stuart Mill. The classical liberals were faced with the problem that the concrete development of capitalist society increasingly diverged from their abstract analytical models; and theorists were increasingly forced to accept the regulatory rôle of the state in the maintenance of the liberal order.

The contrast between the individualist tenets of *laissez-faire* liberalism and the incipient interventionism forced by the pressures
of industrial development was particularly evident with respect to the issue of public health. In Britain, economic individualism was compounded by varieties of religious individualism premised upon spiritual self-scrutiny and self-responsibility (Lukes, 1973: 94-8). The attack on the 1848 Public Health Act by The Economist was premised on the notion that suffering and evil were abominations of nature. Classical economists generally considered public health issues beyond their terms of reference, and economic individualists such as Thomas Macaulay and Samuel Smiles often turned collectivist on issues of social policy (Taylor, 1972: 45-6). These ambiguities were to play an important rôle in the development of the 19th Century gas and water industries.

The work of utilitarian liberals such as Jeremy Bentham and Edwin Chadwick constituted the most systematic attempt to address the contradictions of Classical Liberalism. Utilitarian Liberalism played a fundamental rôle in articulating the relationship between laissez-faire liberalism and state intervention. The work of Jeremy Bentham and Edwin Chadwick highlighted the need for reform; the necessary limits of state intervention; and the need for strong centralised control of public administration. The principal concern of Bentham and Chadwick was the need to limit the local discretion of improvement commissions and ad hoc boards by centralised state control. The greatest happiness of the greatest number compatible with the security of the person and property was resolved into the maintenance of total abstraction by the state.
The 19th Century liberals were also faced with increasing demands for the reform of local government and in particular demands for the extension of the franchise. Notwithstanding the fragmented and ad hoc response to the problems of public health, reform had shifted the contradiction to the level of the municipal state and the imposition of local taxation increasingly resulted in the demand for representation within the local state. The development of municipal enterprise undermined the abstract premises of the liberal state and necessitated a reformulation of liberal democracy on the basis of direct (concrete/abstract) rather than indirect (abstract) representation. The most important proponent of the new democratic theory was John Stuart Mill. The distinguishing feature of Mill's laissez-faire was the special rôle granted to municipal government [2]. While Bentham and Chadwick were concerned with the efficiency of local government and the importance of centralised administrative control, Mill focused on the rôle of local government in the education for, and defence of, liberty; local representative government providing defence against the discretionary powers associated with the expansion of administrative intervention (Mill, 1972, 266-7).

The work of Mill was fundamental to the development of Fabian socialism (Pease, 1916: 22; Webb 1962, 78-9). In tracing the evolution of 'municipal socialism', Sidney and Beatrice Webb (1922: 397-487) argued that the evolution of the 'new principles' of local government could be traced to the relationship between the deleterious impact of
the industrial revolution and the profit system on the health of the masses and the emergence of new conceptions of 'political liberty' that were subsequently incorporated into the administrative and legislative projects of utilitarian philosophers. The new capitalist class 'unwittingly' laid the basis for modern democracy by destroying the guilds and monopolies that restricted citizenship to members of trade groups, and allowed the emergence of a universal and undifferentiated class of 'citizen-consumers'. The principle of government had shifted from 'associations of producers' to 'associations of consumers'. The abolition of the profit motive was effected not in the interest of the producers of services but in the interest of the whole body of consumers.

The shift in the contradiction between value and use-value to the level of the municipal state shifted the focus of liberalism from laissez-faire to the development of constitutional structures that would impose abstraction at the level of the state. The discretion available to local administrators was to be limited by the imposition of the rule of money through the representation of (abstract) 'citizen-consumers' qua ratepayers within the institutional mechanisms of the municipal state. In order to understand the development of liberalism in the 19th Century, it is necessary to trace the concrete development of the contradiction between value and use-value as the determination of the municipal state.
2.1.b. The Politics of Improvement and the Development of Municipal Enterprise.

The most important departure from laissez-faire during the early 19th Century was the public provision of gas and water by municipal enterprise. The basis of the development of municipalism in Britain can be traced to the reforms of the 1830s. The Poor Law Amendment Act of 1834, and the Municipal Corporations Act of 1835, laid the basis for the central control of local authorities that was to endure until 1929. However, the 1835 Act failed to lay the basis for a systematic development of local government; specifying neither areas of responsibility nor demarcations of function. The development of public health services was therefore piecemeal and inconsistent, and usually resulted from the actions by progressive authorities and ad hoc bodies such as Improvement Commissions.

The investigations of the Poor Law Commissioners were crucial in highlighting the problem of public health in 19th Century Britain. The 1842 Report on the Sanitary Conditions of the Labouring Population of Great Britain investigated the relationship between poverty and poor health. The Report highlighted the manifold defects of existing water supplies and the wasteful effects of competition. Competition, it was argued, resulted in neither an improvement in individual choice nor an amendment of supplies. The negative effects of the private ownership of water was further reported in the Royal Commission on the Health of Towns in 1845. The Commission reported
that in Coventry spring water supplies were adequate to meet the needs of the whole population. However, the conduit and right of supply had fallen into the hands of a private individual, and as a consequence only 300-400 from a total of 7,200 houses received a supply. In Liverpool, two companies had a monopoly over the supply of water, and were able to charge high prices and make large profits from water that was defective in quality and often contaminated by sewage. In Chester, poor citizens were not supplied at all, and were forced to obtain water either by begging, or by drawing water from the grossly polluted River Dee that flowed through the City.

The Commission recommended that the only way to secure a copious supply of pure water for all citizens was to entrust the service to an independent and disinterested body, and that water companies should be forced to comply with the demands of local authorities; the latter being given powers to purchase ineffective companies or to establish waterworks where none existed. The process of reform was opposed by the powerful vested interests of private water companies. The 1848 Public Health Act reflected a compromise between the advocates of health reform and the influential private interests of water companies. The Act established local boards of health which were 'enabled' to provide water supplies for their districts; although the Act stipulated that boards could only act with the permission of existing private companies. The imposition of definite obligations on local authorities with respect to water supply was not achieved until the Public Health Act of 1875, which
enshrined the recommendations of the 1869 Royal Sanitary Commission. The 1875 Act gave local authorities the power to supply water to all or part of their districts that were not covered by SWCs.

By the last quarter of the 19th Century the municipalisation of water was widely recognised as the only effective means of ensuring the effective regulation of water resources: an important landmark being the decision of the House of Lords to allow the passage of the Sheffield Corporation Bill (1887) which transferred the ownership of the Sheffield Water Company to Sheffield Corporation on the grounds of public policy. Municipalisation was responsible for improvements in the quality and quantity of water supply: an improvement attributed to the replacement of the principles of commercial enterprise with those of public utility (Robson, 1935: 319). The municipalisation of water proceeded at a rapid rate in the second part of the 19th Century: by 1914 there were 326 municipal water undertakings in Britain constituting 80% of undertakings and accounting for 82% of output (Millward, 1991: 117).

The negative impact of competition was also an important determinant with respect to the state regulation of the gas industry. The early development of the gas industry reflected a total dominance of private enterprise [3]; although development was also inextricably linked to the 'politics of improvement'. The initial business of a company was usually constituted by a contract with the local authority to supply gas for the purposes of streetlighting. Indeed,
the supply of cheap gas for streetlighting was usually a condition of a company being allowed to excavate thoroughfares in order to lay mains. Large companies that required large amounts of capital for their development were usually established by an act of Parliament that limited liability; and the resulting statute usually imposed strict conditions on the operation of the company [4].

The early development of the gas industry was marked by increasing public concern over the operational effectiveness and efficiency of gas companies. These concerns included the high monopoly charges resulting from amalgamations, price-fixing and zoning; the health hazards resulting from the duplication and often triplication of gas works through noxious fumes, leakage and the opening of highways; and the poor quality of gas with respect to pressure, neglect of apparatus and the inaccuracy of meters (Robson, *op cit*: 305-6). In the context of these problems Parliament was forced to develop increasingly powerful mechanisms of public regulation and control over the gas industry.

In 1847 the *Surveying Officers Commission* reported on the deleterious impact of competition between gas companies vis-à-vis the interests of consumers: competition was usually short-lived and consumers had to pay for contests through rates paid on excess capital when companies merged or went bankrupt. During the 1860s and 1870s state regulation restricted competition through 'districting' and 'zoning'; controlled prices and dividends; and put an obligation on
gas companies to supply customers on demand [5]. In the context of these problems there was an increasing trend for gas to be supplied by municipal enterprise, and by 1914 there were over 300 publically-owned gas companies accounting for 40% of all authorised undertakings (Millward, *op cit*: 116-8; Falkus, 1977: 146-51).

The development of municipal enterprise was determined by the failure of state regulation that attempted to 'formalise' the need for effective utilities through the commodity form. The state attempted to force private utility companies to produce use-values commensurate with politically determined (concrete) needs. The enduring opposition of water and gas capitals, and the subsequent failure of the regulatory framework illustrates the extent to which the state was unable to transcend the abstract order and ensure the production of use-values beyond the level of effective demand through *regulation*. The development of public utilities and the direct *administration* of utilities by the municipal state was determined by the inability of the state to adequately formalise the contradictions of capitalism. Municipal administration developed with the *discretionary* power to *control* the production of use-values beyond the level of effective demand and to *force* payment through local taxation. The development of municipal trading had, therefore, the fundamental implication of shifting the contradiction between value and use-value to the centre of the administrative and representative mechanisms of the local state.
2.1.c. The Contradictions of Municipal Enterprise and the Development of "Public Service" Labour.

The development of municipal administration and the subsequent shift in the locus of the contradiction to the level of the state had important implications with respect to the labour employed by the utility industries. As the state was forced to take on the functions of the direct control and administration of utilities it also took on the function of maintaining the mediation of concrete by abstract labour. Public health legislation was implemented in the context of powerful and entrenched opposition of business. In London, the City Corporation, dominated by business interests, successfully exempted London from the provisions of the 1848 Public Health Act. Following a cholera epidemic in the same year a Royal Commission recommended the establishment of a single Metropolitan Commission for Drainage to replace the existing seven commissions, and the Metropolitan Board of Works (MBW) was established in 1855 with powers to oversee the reconstruction and maintenance of drainage on a London-wide basis. The development of the MBW resulted in the replacement of 'direct' by 'contract' utility labour and heightened the contradictions of the municipal state form.

The impact of the replacement of direct by contract labour was highlighted by Henry Mayhew in his London Labour and the London Poor. The development of contract labour had particularly serious
consequences on the pay and conditions of the 'sewer flushers'. The average pay of sewer flushers decreased from between 24 and 27 shillings a week to between 21 and 22 shillings a week, and contractors forced workers to spend considerable sums of money in the provision of their own equipment. As Mayhew commented:

It's the old story, I regret to say - a reduction in the wages of the labouring men. But this indeed is the inevitable effect of the contract system..... To contractors the comforts and health of the labouring men must necessarily be a secondary consideration to the realisation of profit. Men can always be found; safe investment cannot (Quoted in Dix & Williams, 1987: 24).

The employment of contract labour was an attempt by the municipal state to *regulate* utility labour through the commodification of labour. The failure of the state to adequately formalise the contradictions of capitalist development is illustrated by the failure of the contract labour to deliver the use-values commensurate with social need. As a consequence, the number of municipal workers rose dramatically in the latter half of the 19th Century: the state took on the function of the direct *administration* of utility industries. The increase reflected both the municipalisation of monopolies such as gas and water, and the concerns of 'ratepayers' groups' with 'local economy'; the latter
concern leading many parish authorities to employ direct labour following the dismissal of contractors where their work was considered inefficient and too costly. The origins of state labour was thus an attempt to overcome the contradictions inherent in capitalist production: an attempt to liberate concrete labour from processes of abstraction and reconstitute abstraction within the institutional mechanisms of the state.

The increase in the number of municipal employees was not matched by an increase in trade union activity. Prior to the emergence of New Unionism municipal employees retained an ambiguous and somewhat hostile attitude to organised labour. Local government remained fragmented and unable to coordinate public health effectively. The exception was the development of municipal enterprise in Birmingham where a group of wealthy and creditworthy industrialists and bankers led by Joseph Chamberlain, developed a 'new' liberalism that attempted to ameliorate the worst excesses of capitalist development, whilst integrating workers within the municipal state as individual 'citizen-consumers'. In Birmingham, municipal enterprise developed to the point where the municipal state was able to 'formalise' the contradictions of its own determination.

The development of municipalism in the middle decades of the 19th Century took place in the absence of an integrated or effective working class opposition. This was reflected in the form and function of municipal provision through which the state attempted to ensure the productive consumption of labour whilst maintaining the abstract mediation of utility commodities. In the 1860s and 1870s Birmingham was unique with respect to both the prominent rôle played by capitalists in the public life of the City, and the limited organisation of labour. These factors facilitated a programme of municipalisation developed by Joseph Chamberlain. The programme was based on an explicit concern with the public health of the labouring masses, and was developed in the context of an extension of the franchise to many working people in Birmingham by the 1867 Reform Act.

Chamberlain was an advocate of deliberate reformism to protect the interests of wealth (Hobsbawm, 1968: 328). A conscious municipal policy was engineered premised on the problem of sewage (Briggs, 1968: 214). Birmingham's sewage was piped into the River Tame at Saltley in a raw state. Following an injunction in the Chancery Court restraining the Council from depositing solid sewage at the Tame outfall, and the rejection of a plan by the 'Gladstonian' Public Works
Committee to build a new sewerage works in the Tame Valley, a special Sewage Enquiry Committee was established in 1870. The Committee was dominated by 'new' Chamberlainite Liberals, and produced an important and influential social document that highlighted the appalling state of the City's sanitary system, and demonstrated the way in which this was related to overall and differential mortality rates in the City. Chamberlain used the Report to highlight the disparities of life in the City, the relationship of these disparities to 'pestiferous nuisances', and thus the case for social control. Despite the opposition of private interests, by 1875 the Committee had assumed responsibility for the implementation of a new sewage plan. This was given further impetus by the 1875 Public Health Act, which allowed the creation of 'united districts' for specified sanitary purposes, and which led to the creation of the Birmingham, Tame and New District Drainage Board.

The municipalisation of gas played a central rôle in Birmingham's ambitious plans for the development of a new sanitary system. Chamberlain argued that municipalisation strengthened the power and influence of the local council which should be encouraged to become a real local parliament. Monopolies sustained by the state should be in the hands of the representatives of the people, to whom the profits by right should go. A central tenet of Chamberlain's initial programme was that the substantial profits generated by a municipally-owned gas undertaking could be used to improve the health of Birmingham. In 1884 gas was taken into municipal ownership;
the purchase of the gasworks raising the borough debt from £0.5M to £2.5M.

Chamberlain's argument for the municipalisation of water was premised upon the 'great social weakness' of a system that forced the poor to drink water 'which is as bad as sewage before clarification'. Following the 1869 Royal Commission on Sanitary Reform, he argued that 'the power of life and death' should not be left in private hands, and 'whereas there should be a profit made on a gas undertaking, the waterworks should never be a source of profit, as all profit should go in the reduction of the price of water' (Briggs, *ibid:* 223-4). The 1872 Public Health Act led to the appointment of a Medical Officer of Health, and his reports, together with a smallpox epidemic in 1874, and the results of the survey of sanitary conditions by the Sanitary Committee which was established following the 1873 local elections, allowed Chamberlain to overcome the opposition of the Birmingham Water Company and the House of Lords, and the waterworks were taken into municipal ownership in 1876.

Chamberlain articulated the shift of the contradiction between value and use-value to the level of the municipal state. Chamberlain recognised that the contradictions of capitalist development could not be adequately formalised by the liberal state and consciously developed administrative mechanisms to mediate the contradiction. The principles that guided Chamberlain in Birmingham were inserted into the Radical programme of 1885, and were eventually applied to
Whitehall and Empire. The ideas developed in Birmingham were also important with respect to the reform of local government. By the 1880s the structure that had developed piecemeal from 1832 was a morass of confused and overlapping authorities and ad hoc commissions. Following the 1884 Reform Act and the campaign by Chamberlain's National Liberals for the extension and codification of local government, the 1888 Local Government Act established County Councils, including the London County Council (LCC). The Local Government Act of 1894 democratised urban and rural sanitary districts through the development of urban and rural district councils.

New Liberalism provided the context for the emergence of Gas and Water Socialism as a political concept: the most important example of this being the Fabian/Progressive Liberal alliance on the LCC. Chamberlainite liberalism developed through the contradiction between value and use-value and the Radical reforms of the 1880s laid the basis for a heightened level of class struggle over the form of the municipal state. The development of municipalism in Birmingham and other cities was a product of a liberalism that had developed through the contradiction between value and use-value. Liberalism had to adapt to the contradiction inherent in capitalist production emerging at the level of the municipal state. The maintenance of abstraction required the emergence of municipal abstract citizens or 'citizen-consumers'. The emergence of labour as a class power in the late 1880s, however, threatened to rupture the abstract basis of the
municipal state. The working class response to the contradictions of capitalist development was to develop Gas and Water Socialism as a critique of capitalism and the alienating social relations inherent in capitalist production.

2.2. Gas and Water Socialism as Revolutionary Critique.

The Radical Liberalism which developed in the 1860s and 1870s was fundamental in shaping the form of working class politics which emerged in the 1880s and 1890s. The power of democracy was a central theme in the revolutionary politics of the SDF and ILP. As the contradiction between value and use-value shifted to the level of the state, the concept of radical democracy took on polarised class-based perspectives, viz. bureaucratic control and workers' control. Class struggle was increasingly constituted by struggle over the form of the state; and was manifested in the form of a strong anti-statist undercurrent in working class politics. In the development of political strategy, trade unionists and socialists were able to draw upon diverse currents of socialist theory. These theories were to play an important part in the development of a strong anti-statist undercurrent that was to emerge coterminously with the employers' counter-attack on New Unionism and the subsequent 'Labour Alliance'. Gas and Water Socialism was an important element in this incipient anti-statism as may be demonstrated with regard to theoretical expositions of socialists between 1890 and the emergence of
Syndicalism in 1911-2. This provides the key to understanding the political significance of Gas and Water Socialism as the crisis of the municipal state.

2.2.a. Working Class Politics in Late 19th Century Britain: From Radical Liberalism to Revolutionary Socialism.

The 'Great Depression' focused Radical Liberal opinion on the 'Social Question', and the impact of mass unemployment led many radicals to search for a new social theory. From around 1879 there was a proliferation of new radical groupings: most notably, the 'Democratic Federation' formed by delegates of radical clubs in London. The period was a time of intense flux and diversity, and the impact of Marxian currents from Continental Europe exacerbated the confusion. In particular, the 'Gotha Programme' and the electoral success of the SPD in Germany were to have a marked influence in Britain. The writings of Marx were not available in English, and as a consequence, Radicals were unable to differentiate the Marxian and Lassallean currents in the German settlement. The above confusion leads Barry (1965: 133-6) to suggest that four main models of the economic form of a future socialist society were available to socialists during the 1870s and 1880s.
First, John Sketchley, founder of the Social Democratic Association in 1878, and author of the Principles of Social Democracy (1879), equated 'scientific socialism' with the approach of Lassalle and argued that this was compatible with his own Chartist-Owenite conception of local, self-regulative co-operative associations protected by a central state. This illustrates the influence of Continental Anarchism that had been popularised by the Russian anarchist Peter Kropotkin. Second, and also influenced by the 'Gotha Programme' and Kropotkin, was Joseph Lane's Land and Labour League. The programme of the League contained Radical demands for political reform and land nationalisation, and demands that transcended Radicalism such as the proposal that the wealth of society should be shared by all. Third, Lane and his followers drifted further towards anarchism and anti-statism during the late 1890s. The Anti-State Communist Manifesto (1897) argued for the development of free associations of workers with no central authority over them. Fourth, the 'centralist' model developed by E. Belfort Bax. Bax had read the German edition of Capital, and was acquainted with Hermann Jung who had worked with Marx on the IWMA. In Modern Socialism (1879) Bax expounded the view that socialism would concentrate capital in the hands of the people as represented by the executive of a 'democratised' modern state.

When the Democratic Federation [DF] publically advanced to a socialist position in 1883, the proposals contained within Socialism Made Plain, Being the Social and Political Manifesto of the Democratic
Federation outlined the ultimate aim as the socialisation of the means of production, distribution and exchange. However, a programme of more immediate reforms were outlined including free education and school meals, an eight hour day, national banks, the nationalisation of the railways and the municipalisation of gas, water and electricity. In 1884 when the DF became the SDF, the party stood for the state (Municipal) ownership of the means of production, distribution and exchange; the state having first been democratised by political reforms in order that the working class would elect a Government directly representing its own class interests. The formation of the SDF had included the affiliation of the Land and Labour League who were federalist and anti-statist, and this led to a vague commitment by the SDF to establish collective or common property regulated by society. The municipalisation of water and gas were therefore conceptualised in terms of workers' control, with socialist strategy clearly premised on class struggle over the form of the state.

2.2.b. Class Struggle and the Form of the Municipal State: Gas and Water Socialism as Workers' Control.

The principal focus of socialist theory and practice during the 1890s was the form of the capitalist state. The response of capital to New Unionism included a marked bureaucratisation of the state apparatus. In this context, leading socialists of the SDF and the ILP
increasingly advocated workers' control and cooperation as a response to the bureaucratic domination of capital and the state. Hyndman, for example, shifted substantially closer to an Owenite position during the 1890s; and increasingly questioned the efficacy of nationalisation. In the *Economics of Socialism* (1896), Hyndman developed an analysis of the Post Office which suggested that while the organisation was socialistic in *form*, it was not socialistic in 'nature' *(content)*. The Post Office had the potential to become the 'nucleus of a great co-operative system': postal workers and their families needed food, clothing and house-room, and all would render useful service in return for these and other necessaries of life.

There is evidence that many socialists conceptualised Gas and Water Socialism as a mechanism that would facilitate an attack upon the alienating relation contained within the capitalist state: that is, that public ownership should raise the status of labour as workers. In 1894 Hyndman and William Morris wrote that workers should be encouraged to take a more direct interest in their enterprises; including the right to elect their own superintendents. This view was taken further by William Morris and E. Balfort Bax, who, in *Socialism: its Growth and Outcome* (1893), developed the argument that socialists should not attempt to capture the national state. In a statement of 'anarchist federalism', they suggested that the growth of municipal government should be seen not as an extension of democracy under the national state, but as a means of *destroying* the national state. Through the continuous action of federalism and internationalism, the
power of the national state would be sapped. The writings of Tom Mann illustrate the extent to which elements of 'anti-statism' were present within the ILP. In *Trade Unionism and Co-operation in the Future* (1897), Mann argued for co-operative production rather than nationalisation as the main route to industrial democracy.

The political dynamic of New Unionism was to play an important rôle in the emergence of independent labour politics. The increasing constitutionalism of the trade unions associated with New Unionism was a result of their defeat in the industrial struggles of the 1890s counter-attack (Hinton, 1983: 60-3). The new unions were successively defeated in the gas and docks industries, and needed to secure formal recognition sanctioned by Parliament. While the counter-attack was to play an important rôle in the establishment of the *Labour Representation Committee* in 1900, the partial nature of the attack led to the incorporation of labour through the establishment of collective bargaining frameworks. The labour alliance of 1895-1914 forced socialists onto the periphery of the labour movement and into the structures of local government. The socialist currents alluded to above would seem to represent an important critique of these integratory and reformist movements. Socialist theory existed: the weakness of labour in the labour process forced retreat. This was illustrated by the ambiguous anti-statism amongst the working class vis-à-vis the Liberal social reforms of 1906 (Pelling, 1968).
The persistent anti-statism found expression in the syndicalist movement and in the industrial unionism that had become increasingly important by 1910. In the context of a fall in real wages, the failure of Labour MPs to win significant economic changes and the dead-end into which municipal socialism had run, the working class became increasingly frustrated. With regard to municipal socialism, Ramsey MacDonald was to comment, 'After gas and water - what?'. The syndicalist movement provided a useful critique of the orthodox strategy of securing nationalisation within a capitalist economy. Tom Mann was to claim that the running of industry through Parliament would prove more mischievous than present methods. Syndicalism allowed many gains in both membership and solidarity between 1912 and 1914, and led to elements of workers' control to be woven into demands for nationalisation. Miners in South Wales published a manifesto entitled Miners' Next Step, that demanded democratic control of the coal industry at the level of the pit committee.

The political programmes and discourses developed by socialists and trade unionists between 1890 and 1914 illustrates the extent to which Gas and Water Socialism was a focus of the political struggle over the form of the capitalist state. The contradictory determination of the municipal state form allowed real gains for labour and initiated the crisis of the municipal state form. The political manifestations of the crisis were an emergent anti-statism and anti-centralism with respect to labour, and an attempt by capital to centralise and bureaucratise the state through measures such as the
1906 Liberal Reforms. I will now examine the concrete manifestation of this crisis through an exploration of the relationship between New Unionism in the gas and water industries, the representation of labour within the structures of the municipal state and the fundamental crisis of the state that emerged in the first decade of the 20th Century.

2.3. Municipalism and the Problem of Labour: The Crisis of the Municipal State.

The liberal response to the contradiction between value and use-value was increasingly undermined by the autonomous struggles of the nascent working class movement. The late 1880s were marked by the emergence of a new wave of industrial unrest led by socialists of the SDF. This resulted in the unionisation of large numbers of previously unorganised unskilled and semi-skilled workers, including a large number of municipal public servants. The two moments were linked by SDF members such as John Burns, who was both a key player in the emergent New Unionism and an elected member of the LCC. The genesis of New Unionism was the successful organisation of unskilled workers in London by socialists of the SDF. The success of a weak group of workers, the 'Match Girls', who were able to overcome a strong employer with the aid of public support, prompted the
organization of other unskilled workers: most importantly, the dockers and the gas workers.

2.3. a. New Unionism and the Emergent Challenge of Labour.

The struggles associated with New Unionism resulted in a vast increase in both union membership in general and in the organisation of unskilled labourers throughout Britain. The main feature of the New Unionism was a departure from the economism of the labour aristocrats. The new general unions espoused the principles of trade protection, paid few or no benefits and were avowedly political in their aims and objectives. The public, or at least semi-public structure, of the gas industry was one of the most important and enduring examples of New Unionism, and provided an ideal context for the material grounding of political concepts such as Gas and Water Socialism.

The struggle of the gas workers illustrates the way in which working class politics was increasingly focused on the form of the municipal state. The organisation of the gasworkers in Britain was extremely important, as it demonstrated the exceptional case of the development of 19th Century unionism in a sector with the exceptional characteristics of having a high degree of public ownership and control; a high public profile and therefore exposed to the pressures
of public opinion; and a semi-skilled workforce in a powerful bargaining position (Hobsbawm, *op cit*: 172-3). The public profile of the gas industry was successfully manipulated by the gasworkers. Following the Reform Acts 1867 and 1884, and the Local Government of 1888, the labour vote had to be considered at a local level. Gas undertakings were both monopolies and often municipally-owned. The bargaining power of workers in the gas industry was enhanced through their enjoyment of the dual protection of the law: as consumers and employees. Gas undertakings were legally obliged to maintain supplies and to offer minimum conditions of service to employees.

The London gasworkers were organized by socialists such as John Burns, Tom Mann, Ben Tillet and Will Thorn, who was himself a gasworker. In May 1889, the Gas Workers and General Union [GWGU] was formed. The union claimed a reduction from a twelve to an eight hour day in August 1889 and the gas companies conceded this demand without a struggle. The main impetus to the disruption of 1889 was a combination of the intensification of work in a context of technical stagnation and the successful propaganda of the socialists (Hobsbawm, *ibid*: 163-5). The companies were forced to concede the demands for wage rises and the eight-hour day as they found themselves at the temporary mercy of the stokers. The gas companies were producing gas without margins in a technical context of the nascent competition of electricity, and in a political context which, given the municipally-owned and regulated form of the gas industry, forced attention on the emergent labour vote.
The success of the London gasworkers was followed by gas undertakings throughout Britain capitulating to the demand for an eight-hour day. The unwillingness of the gas companies to challenge the demands of the unions was premised upon the successful strike action of workers in Bristol. In Bristol, gasworkers already worked eight-hour shifts. In May 1889, the Bristol United Gaslight Company's Labour Union was formed with 200 members following a dispute over methods of wage payment. In October, a strike was called after the Company rejected the proposals of the union. In the context of low gas stocks, the Company capitulated in less than 24 hours on terms costing around £5,000 per annum. The victory march organised by the Trades Council, and attended by 10,000 socialists and trade unionists, demonstrated the political significance of the dispute. Addressing the demonstration, Vicary the gasworkers' leader, argued that:

With the combination of the workers, capital must give way. Anything and everything you see around you is produced by the workers, and if they produced all they ought to have a share in all (Quoted in Nabb, op cit: 28-9)

Despite the collapse of other general unions, and a sustained counter-attack in the gas industry which included a sustained mechanisation programme between 1890 and 1910, the union managed to retain partial control. The gas industry went through a rapid period of expansion during this period and re-absorbed many of those
displaced by mechanisation. There was no rapid influx of new un-
organized labour, and while many of the stokers operated the new 
machinery, there was resistance to the scrapping of existing and 
expensive capital equipment. In the context of the dual protection of 
the law alluded to above, the stokers were able to partially retain 
their bargaining position. The gasworkers had demonstrated the way in 
which the democratic basis of the state form could be exploited by 
labour in its struggle against capital. The increasing incorporation 
of the working class within the municipal state - as workers, voters 
and increasingly councillors - resulted in a severe and protracted 
crisis of this form of regulation. The emergence of labour as a 
powerful class force heightened the contradictions inherent in the 
municipal form of the state: the contradiction between value and use-
value had shifted to the level of the state and as a result, class 
struggle had taken the form of struggle over the form of the state.

2.3. b. The Politicisation of Municipal Labour 
and the Contradictions of the Municipal State.

The contradictions of the municipal state had initially been 
resolved through the development of the (abstract) municipal 'citizen-
consumer', and through the commodification and intensification of 
municipal labour. The increasing representation of labour within the 
democratic mechanisms of the municipal state, however, increasingly 
undermined the abstract premises of this form of regulation. The 
unionisation of municipal employees, and the involvement of organised
labour in municipal politics, heightened the contradictions of the municipal state to a new level. Municipal employees were fertile ground for the growth of trade unionism. In contrast to the unstable and casual employment conditions of other groups of workers affected by New Unionism such as gasworkers and dockers, local government provided a stable and continual basis for growth. The conditions of municipal employees had improved little since the survey of Mayhew in the 1850s. Combined with the idealism of New Unionism, these factors resulted in a massive growth in the level of trade union membership and activity amongst public servants (Dix & Williams, op cit: 32-4). Within London, it was the water workers who were to provide the main thrust of this unionisation.

The LCC main-drainage employees were concentrated at the main sewage outfalls at Beckton and Crossness on the north and south banks of the River Thames respectively. Beckton gas works had been the focus of Will Thorne’s activity during the gasworkers’ strike, and many of the LCC employees were to join the GWGU – most notably Albin Taylor who was a leading member of the SDF. During 1889, the men at Beckton threatened strike action unless their demands were met - a 48 hour week, 5 shillings a day, 1 week annual leave and the provision of safety equipment. While Taylor and his fellow drainage men were eventually to break with the GWGU to join the rapidly growing Vestry Employees’ Union [VEU] – who rejected the class-based unionism of the former in favour of a more traditional concern with pay, conditions, and funeral benefits – the involvement of water
workers within the GWGU demonstrates the potency of New Unionism during the earlier 1890s. Moreover, the primary objectives of the VEU were to limit the use of contractors and to increase the employment of direct labour; an objective that heightened the crisis of the municipal state.

The counter-attack by capital against New Unionism was replicated within the municipal state through the victimisation of union officials by the 'surveyors' who were their de facto employers. In London, a prime objective of the VEU became the principle that no employee could be dismissed except through an elected committee of the vestry; the union subsequently winning support for this principle from 'progressive' members sympathetic to labour on the LCC. This had a fundamental impact on the principles and practice of public service trade unionism:

(There was) a growing conviction amongst active members that municipal workers were in a unique position in that they were able to exert a decisive influence on who their employers were. A policy of winning sympathetic influence on local authorities through the ballot box by securing the election of candidates who were sympathetic to trade unionism was therefore adopted by municipal employees and
soon came to be seen as a priority objective in establishing the union (Dix & Williams, ibid: 41).

The growth of New Unionism was perceived by bourgeois interests as a serious crisis of British industry, but as The Times noted on August 19th 1902, equally threatening to the 'national interest' was the 'political' moment of New Unionism qua municipal socialism. The Times noted the extent to which, following the Paris meeting of the International Socialist Conference in 1900, which had highlighted the importance of the municipal state to socialist struggle, the major strands of British socialism had all made the successful capture and manipulation of local government an important step on the road to 'unqualified socialism'. The largest threat was constituted by socialists in the SDF and the ILP. The Times urged apathetic municipal electors to 'wake up' to this socialist threat, which threatened the entire basis of private enterprise either through direct appropriation, or through the increasing burden on the rates that was posing an increasing threat to levels of profitability. The concrete representation of labour within the institutional mechanisms of the municipal state became increasingly manifest through a severe and protracted fiscal crisis of the local state.
2.3.c. Municipal Labour, Class Struggle and the "Fiscal Crisis" of the Municipal State.

The municipal state developed through and articulated the contradiction between value and use-value: the contradiction was manifest at the level of the state as the contradiction between regulation and administration, and was heightened by the representation of concrete labour through the democratic and administrative mechanisms of the state. Through the discretionary power inherent in the administrative moment of the state, municipal enterprise was able to produce unmediated use-values and thereby exacerbate the contradictions inherent in the municipal state form. The contradiction became manifest as the fiscal crisis of the state. The 'economic' struggle by capital against New Unionism was therefore complemented by the 'political' and 'ideological' struggle against municipal socialism. The struggle to (re)impose abstraction was an attempt to simultaneously restructuring the political, economic and ideological aspects of the capital relation at the level of the municipal state: the result was the bureaucratisation and institutionalisation of the working class movement through collective bargaining and bureaucratic public service.

The most explicit manifestation of the fiscal crisis of the state was the growing level of municipal debt. Municipal debt increased between 1874 and 1899 by £183M to £300M, against a reduction in the national debt of £137M; while taxation for the
purposes of local expenditure in England and Wales increased from £17M to £38M between 1869 and 1899 (The Times: 28-08-02). The negative impact of the increasing burden of local taxation can be illustrated with respect to the railway industry. Between 1882 and 1901, the local tax burden on the great London railway companies increased by 160% from £76,703 to £199,420; an increase 'out of all proportion' to the improvements made to stock and property. Railways had been forced to contribute to the development of municipal tramway systems with which they were often in direct competition. Railway companies were increasingly unwilling to contribute to the development of 'municipal luxuries' such as water supply and drainage, from which they derived no intrinsic benefit. The direct losses fell on railway shareholders, and municipal enterprise became a subject of lamentation at the half-yearly meetings of all the major railway companies.

Publications such as The Times were concerned to develop a 'moral panic' suggesting that all municipalisation, whether carried out by 'labour' or 'progressive' local authorities, was part of a programme for the socialisation of production rather than for the 'improvement' of public service or saving of rates. The Times quoted at length from the speeches and journals of the SDF, ILP and Fabian Society which equated municipal improvement with the struggle for socialism. The Times criticised the 'underhand' way in which socialists had been able to secure a hold on local government through the so-called 'Municipal Workers' Committees'. Delegates to these
committees were drawn from trade unions, trade councils, socialist bodies and co-operative societies. The committees provided a mechanism both for the formulation of socialist policy and for defraying the expenses of working class socialists standing in local elections.

The election of working class socialists onto local government bodies was perceived as a grave political threat. On September 8, 1902, The Times fulminated against 'the tendencies towards degeneration' involved in the process through which local authorities were taking on an increasing number of complex functions while at the same time 'businessmen' were increasingly reluctant to stand for municipal office - men willing to govern in the 'general interests of the community' were not always willing to 'keep shop' for their fellow citizens. Businessmen had been dissuaded from standing for municipal office through the increasing demands on their time, the increasing need to bid for municipal contracts, and the 'mischievous' campaigns run by trade unionists against businessmen who failed to either pay union rates or recognise trade unions. The resolution of the fiscal crisis of the state on the basis of capital required that abstraction was (re)imposed on the implementation of state functions and state labour processes. The regulation of labour could not be premised on the demands of concrete labour. As the correspondent of The Times argued:
The administration of the new municipalism involves the giving out of such important contracts, the employment of so much labour, and the expansion on so practical a scale of the fundamental principles of a thorough-going socialism, tends to encourage the entrance into municipal government of men who have axes to grind, who see advantages for their own class in direct employment, who want to promote the expansion of the socialist idea by still further exploiting the municipality. So the falling off in the one direction is accompanied by the greater introduction of undesirable elements on the other (The Times, 08-09-1902; My italics).

*The Times* documented the cases of a gasworker from Blackburn, a street trader from Wolverhampton and a steelworker from a 'northern industrial town' who had all been recently elected as 'labour' representatives. None of the men earned over 30 Shillings a week, and were unlikely to possess 'that practical knowledge of finance and industrial management needed to efficiently run municipal enterprises'. Such men were unlikely to serve the general interest of the community *qua* ratepayers, were likely to have 'friends' in the trade union movement, and were therefore thoroughly untrustworthy with respect to 'the delicate question of the direct employment of labour'.
The new working class socialists placed the selfish interests of labour before the general (abstract) interests of municipal citizens. Within the structure of local government the refusal of 'efficient' members to cooperate with councillors whose 'position in life was little better than that of labourers', meant that the latter could not always be kept from the committees where they might do 'harm'. As a result, more and more public work was falling on the shoulders of the 'more qualified' members, and as The Times pointed out, in the context of a rapid increase in the amount and complexity of tasks falling on local government, this could have only one consequence - an increase in municipal bureaucracy. Increasingly, the real duties of local government were devolved to permanent officials and experts. The concrete demands of labour were institutionalised and formalised within the bureaucratic mechanisms of the state.

The expansion of the municipal bureaucracy was also a source of political concern to the interests of capital. Permanent officials had a vested interest in the expansion of municipal enterprise; a result of both their sense of 'public service' and the 'substantial pecuniary benefits' that would accrue to them. Municipal officials and experts were increasingly perceived as a 'distinct political force' with a vested interest in the expansion of municipal socialism; and increasingly viewed as a threat to ratepayers, private traders and national industries. The development of Gas and Water Socialism resulted in the contradictory determination of public service bureaucracy and the emergence of public servants as a distinct
political force. The challenge of labour had been institutionalised within the state and the resulting bureaucratisation and centralisation had shifted the contradiction between value and use-value to increasingly centralised mechanisms of state regulation and administration. This process occurred simultaneously with the demobilisation and institutionalisation of working class struggle at the level of the municipal state labour process.

2.3.d. Direct Labour, Class Struggle and the Crisis of the Municipal State Labour Process.

The origin of the direct employment of labour was the establishment of the London County Council Works Department in May 1892. This had followed pressure by socialists on the LCC such as John Burns on the issue that LCC contracts should not be awarded to contractors who failed to observe trade union rates of pay and conditions. The inability of contractors to deliver services effectively on these terms led to the establishment of the Works Department. The control of the labour process by elected members of the council engendered an immediate crisis of labour discipline. A Manager of the LCC Works Department highlighted the 'demoralisation' that resulted from a situation in which workers elected their own employers:

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For some time after the Works Department was established there was a tendency on the part of the skilled workmen in our employ not to do the same amount of work for the Council as they would be expected to do for a contractor, and it was only after repeated dismissals that the idea was shaken.....

In connexion with this matter I am afraid that the visits of individual members of the Council to our works, who enter into conversation with the men employed there, is apt to be misconstrued. Some of the men store up their grievances, real and fancied, until councillors go on to the works, when they are related, and often, I am afraid, in a most exaggerated form. Several of the foremen have complained to me of the bad effect this has on the men, and have stated that their authority over them is very much diminished (Quoted in The Times, 10-09-1902)

Councillors naturally desired to stay on good terms with men whom they both employed and whose votes they depended on for their re-election. The situation was exacerbated with the emergence of public sector trade unions and the involvement of the unions in municipal workers' committees. In London, trade unions such as the Municipal Employees Association (MEA) had gained in strength owing to the related process of New Unionism and the expansion of local government employment. These unions pursued demands for minimum
wage provision, a 48 hour working week, and uniform wages for all grades in all districts irrespective of competence or efficiency. The unions increasingly used the elective strength of their collective membership to support or veto candidates in local elections on the basis of support for their programmes.

The result of these developments was an increasing call for the 

disenfranchisement

of municipal servants: the reconstitution of the employment relation on a more abstract basis. Sir Thomas Hughes, a municipal notable from Liverpool, is quoted in The Times as arguing that there was no great hardship in a man 'ceasing to have a voice in the choice of his master' on becoming a corporation employee. The threat of direct labour was not confined to the question of profit and loss: direct labour was presented as a central element of the socialist project of transferring all 'remunerative employment' to the state or municipality, and the trade union project of protecting workers from the discipline of the labour market (The Times, 10-09-1902).

The resolution of the crisis on the basis of capital required the (re)imposition of abstraction on the institutional mechanisms of state production and consumption: a process achieved through the bureaucratisation of the working class movement as producers (bureaucratised collective bargaining) and consumers (public service bureaucracy). The municipal public servants were demobilised through the development of the centralised and bureaucratic mechanisms of
collective bargaining associated with 'Whitelyism'. The working class were not totally defeated but were demobilised and their demands were institutionalised through bureaucratic modes of regulation and administration. The theory and practice of Fabian Socialism articulated the class compromise and provided the ideological support for socialist strategies premised on the integration of the working class within the state. The crisis of the municipal state was resolved on the basis of Fabian socialism; and Fabian socialism was to provide the key ideological concepts for the development of the water industry in the 20th Century, viz, the grounding of state regulation, administration and management on notions of public service.

2.4. Fabian Socialism, Class Compromise and the Development of "Public Service" Bureaucracy.

The struggle over the municipal state form resulted in the concept of Gas and Water Socialism assuming divergent class perspectives: liberal reform and revolutionary critique. The struggle was not decisively resolved on the basis of capital: labour was demobilised and incorporated within the institutional mechanisms of the municipal state. Fabian Socialism developed as a response to the contradiction between value and use-value; attempting to resolve the crisis on the basis of labour through liberal social theory and practice. Fabian Socialism provided the ideological legitimation for
the class compromise associated with the bureaucratisation of the workers' movement. The Fabian articulation of socialist politics through the abstract concepts of liberalism provided the ideal ideological support for the development of the modes of 'public service' regulation and provision that developed through the bureaucratisation of working class demands. In order to demonstrate the contradictory determination of 'public service' it is therefore necessary to trace the abstract premises of Fabian social theory.

2.4.a, Fabian Social Theory and the Problem of Labour.

Fabian Socialism is premised explicitly on marginalist economics and liberal social theory. The emergence of marginalist economics reflected a concern to defend the liberal order against the combined threat of trade unionism, working class agitation and social reform towards the end of the 19th Century. Marginalism replaced the classical cost theory of value with a subjectivist theory of value that removed questions of distribution from the domain of economics, and reformulated the rationality of capitalism in terms of its allocative efficiency as a system for the provision of human needs. The 'problem of order' was redefined as 'the problem of reconciling the efficiency of capitalist relations of production and exchange with the equity of capitalist relations of distribution' (Clarke, 1991b: 9). The abstraction of the property-owning individual from capitalist social relations was premised on the irresolvable contradiction
between the formal rationality and substantive irrationality of capitalism: for Fabian socialists, the contradiction could be resolved through the transformation of private into state property (Clarke, *ibid*: 178) - the development of *municipal enterprise*.

The development of working class agitation and politics in the early 1890s left Fabian Socialism with the 'problem' of rationalising the industrial struggle associated with New Unionism. The relationship between Fabian social theory and trade unionism is ambiguous and to some extent contradictory (Melitz, 1959: 554-560). The Fabians accepted the liberal definition of the state as the agency of ultimate sovereignty and the embodiment of legitimate coercion. The state was the most representative agency in society as it represented every individual, and therefore social change and development should only be effected by the state following the agreement of individual citizens expressed through the ballot box. Trade union methods premised on potential coercion, extra parliamentary action and the elevation of the narrow interests of labour over the wider interests of consumers and citizens were problematic. Fabians accepted the theory of wages developed by John Cairnes, which argued that trade unions could not affect general wage levels, and that the actions of organised workers could only be at the expense of their unorganised and less fortunate colleagues.

The explosion of labour activity associated with New Unionism forced a reappraisal of the Fabian attitude towards trade unions, and
throughout the 1890s the Fabians adopted an increasingly pro-trade union position. The theoretical differences between Fabian socialism and trade unionism were tackled by Sidney and Beatrice Webb in *Industrial Democracy* (1920). Collective bargaining was reconciled with neo-classical economic theory on the basis of Alfred Marshall's 'higgling and bargaining' theory of wage determination. Trade unions were reconciled with political liberalism through the focus on the increasingly democratic orientations and practices of trade unions: internally, through their representative structures and externally, through their function of sensitising society to the grievances and claims of the labouring class. The Webbs retained a very narrow view on the rôle and functions of trade unions, and this was reflected in the Fabian model of Gas and Water Socialism.

The political strategy of the Fabian Society was premised upon the rejection of Marx's theory of value, and the development of a critique of capitalist society within the theoretical confines of the theory of marginal utility developed by Stanley Jevons. Fabian political strategy was premised upon the permeation of existing bourgeois political institutions - particularly local government and the Liberal Party. This position was most clearly set out in the *Fabian Essays in Socialism* published in 1889. In these essays Gas and Water Socialism emerged as a central theme. George Bernard Shaw developed the Jevonian theory of value in order to assert the social origins of wealth; reversing the conclusions of neo-classical economics from its own premises. This allowed municipalism to be
directly equated with socialism: Sidney Webb arguing that the public policy of the Liberal Party in London and Birmingham represented important victories for socialism.

The main concern of the Fabian socialists was the integration of labour within the democratic mechanisms of the state: to resolve the struggle over the state form on the basis of labour through the representation of individual labourers as abstract citizen-consumers. The Fabian model of public ownership was essentially a strategy of class compromise: the working class were to be given rights as citizen-consumers within the democratic mechanisms of the municipal state and the workplace, while the abstraction of labour was maintained at the level of the labour process. This was reflected in the Fabian model of public ownership.

The Fabian conceptualisation of public ownership was explored by Annie Besant in the Fabian Essay entitled Industry Under Socialism. Besant argued for the development of the co-operative organisation of industry under the initiatives of the newly formed county councils and established town councils - the 'municipalisation of industry'. The 'great' industries were already being trustified by capitalists and would eventually be taken over by the state. 'Small' industries, such as the gas and water industries, would be managed locally by committees of the local council. The Fabians did not recommend major changes in the management structures of enterprises taken into state ownership. In Industrial Democracy (1897), the Webbs argued that
within state enterprises, policy should be determined by salaried officials of the state or municipality, technical management should remain with experts, and aspects of working conditions should be put in the hands of workers and their union. Workers were to have equal rights in the election of municipal and parliamentary representatives, but were to have no special or privileged rights as employees. The Fabians articulated the centralisation and bureaucratisation inherent in the contradictory determination of the municipal state.

2.4.b. Class Struggle and the Bureaucratisation of the Workers' Movement.

The primary concern of the Fabians was to provide an ideological justification for the bureaucratisation of the workers' movement. The approach of Sidney and Beatrice Webb was to argue that the trade unions had undergone a radical transformation, and as a result, the British working class had become thoroughly imbued with Fabian statism, constitutionalism and gradualism. The 'success' of New Unionism facilitated a shift in socialist strategy towards gradualism and constitutionalism. The new approach crushed the 'Revolutionary Owenism' that had emerged during the 1880s, and which, through publications such as 'Justice' (1883-9), preached the need for a collective commonwealth of all workers to effect a 'complete international social revolution'.

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The Webbs presented the integration of working class socialists within the institutional mechanisms of the state as important advances for socialism. Developments such as the election of John Burns to the LCC in January 1889, and Tom Mann's appointment as president of the Dockers' Union, persuaded the labour movement of the impracticality of accepting the labour theory of value and the 'inevitability of gradualism'. Mann and Burns left the SDF and embarked on the road to bureaucratic, municipal collectivism. The rationale of the new collectivist movement was to encourage working class socialists to become active, not only in their trade union and co-operative movement, but to stand for election in municipal elections, and more generally, to use their electoral influence to forward practical proposals to advance collectivist and labour interests (Webb & Webb, 1965: 412).

The Webbs argued that the local government reforms of 1888 and 1894 enabled socialists to take a more active rôle in local affairs, widened the scope of public ownership, and demonstrated the practical feasibility of Fabian State Socialism. The most important result of New Unionism was that 'revolutionary socialism' ceased to grow, and the rival propaganda of constitutional action became the characteristic feature of the British Socialist Movement.... The new policy... from 1889 onwards, increasingly justified by its success' (Webb & Webb, Ibid: 412-3). New Unionism represented an important advance in social theory and methods; a widening of mental horizons; a genuine elevation of the trade union movement facilitated by the
enfranchisement of the working class. The great engine of taxation was in the hands of the wage earners. The Owenite aim of superseding all existing social structures had been obviated by the fact that labour could now capture those that already existed. The ultimate function of Fabian Socialism was thus to provide the ideological legitimation for the development of public service bureaucracy.

2.5. Summary and Conclusion.

The contradiction between use-value and value was inherent in the municipal state form. The municipal state emerged in order to provide the use-values essential to the effective reproduction of labour-power as capital. The liberal form of the municipal state limited the extent to which it could provide effective use-values, and the direct administration of gas and water resources by the municipal state resulted in the incorporation of labour; this incorporation heightening the contradictions of the municipal state form which became manifest through an increasingly serious fiscal crisis of the state. The growth of public service bureaucracy and the resulting administration by 'experts' was an attempt to solve the contradiction, and was ideologically legitimated through the Fabian equation of bureaucracy directly with socialism. As I will demonstrate in Chapter Three the contradictory determination of 'public service' as a management ideology and practice laid the basis for the development of the monolithic and centralised 'planner-state' regulation of the water industry. In this Chapter I have demonstrated
the historical materiality of the contradictions inherent in 'public service' as a state form.
Notes

1. Between 1821 and 1831 the population of Manchester, Leeds, Bradford, Birmingham, Liverpool and Sheffield increased by 44.9%, 47.3%, 65.5%, 41.5%, 45.8% & 40.5%. Population increases in large cities slowed towards the middle of the 19th Century. However, the population of London continued to rise throughout the Century: from 1,873,676 in 1841 to 4,232,118 in 1891 (Briggs, op cit: 60, 86, passim).

2. The attitude of John Stuart Mill to state intervention in the 19th Century water industry is explored by Schwartz (1966: passim). In 1842 Mill wrote an article in The Examiner that examined a report entitled 'Public Agency v. Trading Companies' that had been prepared by the Metropolitan Sanitary Association in an attempt to agitate for the application of Edwin Chadwick's principles in London. The main convergence between Chadwick and Mill was on the issue of the social costs of bad sanitation: the way in which bad sanitation killed more people than any war, and the way in which infectious diseases were major causes of destitution, widowhood and orphanage. Indeed, the Report led Mill to modify his theory of population: proving that what Malthus called the 'positive checks of population' - misery and vice - did not diminish numbers, but
simply kept the population in a younger and more sickly state. Mill highlighted the 'economy of labour' that would result from London being supplied by a single water or gas company under state supervision. A discussion of the role of J.S. Mill in the development of the water industry in London can also be found in Gibbon & Bell (1939: 64-5).

3. The growth of the gas industry in Britain reflected cyclical movements of economic activity. The primary periods of growth took place in the cyclical economic booms of 1818-25, 1831-7 and 1842-6. See Falkus (1967: 495-6) for a detailed discussion of the early development of the gas industry.

4. In Bristol, the charter of the Bristol Gas Light Company, granted in 1819, limited dividends to 10% and stipulated that any surplus would be payable to the Commissioners for Public Lighting in aid of rates. The Company also agreed to supply the Commissioners with gas at a fixed price of £5 per lamp, per year, for a period of at least 21 years. See Nabb (op cit: 4-5) for a detailed discussion of the conditions under which the Bristol Gas Light Company was constituted.

5. The Gasworks Clauses Act of 1847 limited company dividends to 10%. In 1860 the Metropolis Gas Act attempted to eliminate overlapping and waste through the concept of 'districting'. Successive gas acts
from the 1840s controlled the price of gas supplied to private consumers and ensured that gas was supplied on demand. The 'sliding scale' developed from the 1860s directly linked prices and dividends in an inverse relationship, while the Gasworks Clauses Act of 1871 placed an obligation upon gas undertakings to supply consumers on demand. See Williams (1981: 40-4) for an extended discussion of 19th Century gas legislation.

6. In other cities it was more usual for shopkeepers and struggling professional men to play a leading rôle in municipal affairs. The main battles usually centred upon finance, and the quality of municipal provision was usually determined by the struggle over the level of rates and the quality of administrative officials.
Chapter Three

Planning For Freedom?
The Contradictions of the Fabian Planner-State.

The contradiction between value and use-value that is inherent in capitalist production resulted in the municipal state becoming increasingly involved in the direct administration of utility services throughout the 19th and early 20th Centuries. The contradiction appeared at the level of the state as the contradiction between regulation and administration, and was heightened by the democratic representation of labour within the regulative and administrative mechanisms of the municipal state. The contradiction became manifest as a severe 'fiscal crisis' of the municipal state and was resolved through the development of a public service bureaucracy at the municipal level. The bureaucratisation of the workers' movement was ideologically legitimated through the discourse of Fabian Socialism which equated the development of public service bureaucracy directly with socialism. The Fabian discourse of 'public service' was to provide the ideological legitimation for the centralised state planning that developed through the progressive centralisation and concentration of capital; a development that shifted the contradiction
between value and use-value to the centre of the state apparatus. The *planner-state* developed through and articulated the contradiction between value and use-value (Negri, 1988).

The planner-state attempted to transcend the contradictions of capitalist development by *planning* the production and consumption of use-values whilst maintaining capital accumulation. The planner-state integrated labour within the state, and the resulting corporatist structures were ideologically legitimated by a Fabian discourse that focused on *planning for freedom*. The contradiction between value and use-value was shifted to the level of the state, and the rationality of the planner-state was increasingly undermined by its failure to transcend the law of money and deliver politically-determined use-values. The crisis of the planner-state was perceived as a *technical* problem, and the technocratic and managerialist reforms developed in the post-war period increasingly undermined the social democratic legitimation of state planning and evoked the internal decomposition of the planner-state. In this Chapter I trace the development, crisis and decomposition of the planner-state regulation and administration of the water industry in Britain; and demonstrate the way in which the crisis of the planner-state was resolved through the emergence of a neo-liberal project that (re)imposed *abstraction* on the regulation and provision of water services.
3.1. The Challenge of Labour and Development of the "Planner-State".

The work of the Italian 'autonomist' Toni Negri is useful in developing the concept of the planner-state. Negri's analysis is limited by his rhetorical approach to the periodisation of capitalist development and the 'economism' inherent in his analysis of the state. Negri presents 'the state as the plan' in a way that prevents an assessment of the contradictory determination of the capitalist state. The state is premised on the contradiction between value and use-value and is therefore simultaneously the plan and the anti-plan. However, the notion of the planner-state developed by Negri does provide an excellent basis for theorising the determination of the forms of centralised state planning which emerged in the first half of the 20th Century.

The planner-state developed through the contradiction between value and use-value. The mediation of concrete through abstract labour became increasingly problematic owing to the autonomous struggle of the working class. The development of the planner-state represented the culmination of a process through which capital attempted to contain labour within the abstract order. The initial response of capital was violence and repression: externally, through the propagation of counter-revolution and internally, through the repression of the syndicalist and trade union movements and a fundamental refinement in strategies for the extraction of relative surplus-value - specifically, the development of mass-assembly
production (Fordism) and scientific management (Taylorism). The recomposition of the working class on this basis resulted in the massification and levelling of the working class and heightened the crisis of the liberal state-form. The crises following 1929 resulted in the recognition of the autonomy of the working class and attempted to harness the dynamic movements of the class to the development of capital: a development that required the emergence of the state as planner with 'permanent revolution' as its object (Negri, op cit: 14).

The material development of the planner-state was articulated through the ideological discourse of Keynesianism. The emergence of the working class as a political entity introduced unknown variables into the equilibrium model of capitalism developed by neo-classical economics and invalidated Say's Law. The expansion of the supply base through the 1920s associated with the expansion of relative surplus-value failed to call forth its own demand. The build up of an excess of supply resulted in a lower level of net investment and reduced the marginal efficiency of capital. The uncertainty introduced by the autonomous existence of the working class upset the conventions linking present and future through investment expectations. The Keynesian planner-state was concerned with the emerging technical necessity of removing uncertainties and re-establishing economic convention. The planner-state emerged in order to undertake the de facto elimination of the pathological structural elements of capitalist development. The state emerged as 'productive subject' with the primary concern of confronting and preventing the depressive
moments of the economic cycle: guaranteeing the equivalence of saving and investment in order to eliminate traces of over-investment.

The theory of effective demand recognised the autonomous moment of the working class within and potentially outside capital. The dialectic of 'effective demand' attempted to control and contain a continual revolution of incomes and investment. The structure of the state needed to reflect the impact of the working class: the planner-state was a state based on labour. Keynesianism reiterated the relationship between monetary and productive capital, or the unity of capitalist production as a labour process and a valorisation process. Through the re-introduction of the laws of the 'average rate of profit' and the 'convergence of real and money wages', the relation of money capital disappeared and the law of value was able to regulate social development on the basis of the 'common good'.

The Keynesian planner-state was ultimately premised on a utopian notion of capital: the illusory communism of capital (Negri, ibid: 32). The planner-state was utopian and illusory as the state is unable to overcome the contradiction between value and use-value through which it developed and on which it is constituted. The administrative and planning mechanisms associated with the planner-state developed in the attempt to contain labour within the abstract order. The integration of concrete labour within the state heightened the contradiction on which the planner-state was premised, and the planner-state was increasingly unable to ensure the production of either use-values or values. In Britain, the Fabians collapsed the
contradiction between value and use-value and presented the development of the planner-state as progressive and socialistic. The crisis of the planner-state was conceptualised as a technical problem that would be resolved through the application of science and technology to the regulatory and administrative mechanisms of the state. The Fabian technocratic-planner-state was determined therefore through the contradictions of Keynesianism.

3.2. Rationalisation and the Development of the Technocratic Fabian State.

The technocratic-state was a moment of the planner-state and was premised on the application of science and technology to the contradictions of capitalist development. In capitalist society science and technology confirm the autocracy of capital and are powers inimical to labour through their confirmation of the real subsumption of labour to capital (Marx, 1954: 410; 1976: 1024) [1]. The emergence of the technocratic-state was a response to the emergence of labour as an autonomous political subject; an attempt to socialise the development and refinement of mechanisms for the planning, coordination and production of relative surplus-value. During the 1920s and 1930s in Britain, the main dynamic for the development of the technocratic-state was the 'rationalisation movement': representatives of capital concerned with the inability of competition to ensure the necessary restructuring of capital, and the need for
the Government and the banks to sponsor rationalisation in order to eliminate excess capacity, introduce advanced methods of production and increase investment on the basis of increased cooperation between capital and labour (Clarke, 1988: 230). The technocratic-state regulation of the water industry developed through the limitations of the central regulation-municipal administration configuration that developed during the 19th Century.

3.2.a. The Limitations of Municipalism: The Rationalisation and Centralisation of the Inter-War Water Industry.

The main dynamic to the development of the water industry in the first half of the 20th Century was the concern of the state with respect to the uncoordinated and piecemeal operations of small ad hoc authorities. Undertakers operated either through special acts of Parliament based on the 1847 Waterworks Clauses Act that laid out sources and limits of supply, the nature and site of works and maximum prices and dividends (in the case of SWCs), or operated under the general powers of the Public Health Acts. The rapid urbanisation of the late 19th and early 20th centuries forced municipal corporations to augment supplies from increasingly remote sources: Manchester, Liverpool and Birmingham procuring supplies from 106, 68, and 74 miles respectively. The result of these ad hoc developments was often overlapping and wasteful absurdities such as the competitive pumping of sources and the duplication of trunk mains.
from remote sources. The undertakers that undertook extensions of supply were required to make a fresh application to Parliament in order to extend or modify their powers. The central state lacked both the powers and the knowledge to undertake long-term planning or to devise or enforce alternative and improved methods of supply, and could apply only restrictive and negative mechanisms of control.

The overlapping and waste of ad hoc development became an increasing concern of the state. In 1923 an Advisory Committee on Water constituted by representatives of undertakers was established within the Ministry of Health in order to make recommendations on changes in water law and practice. This was complemented in 1924 when the Ministry of Health started to encourage the formation of 'Regional Advisory Water Committees' on which the interests of undertakers, county councils and the Ministry of Health were represented. It was however the unprecedented drought of 1934 that highlighted the limitations of the ad hoc development and fragmented nature of the water industry. The 1934 Water Supplies (Exceptional Shortage Orders) Act gave the Minister (temporary) powers to abolish or modify limitations on abstraction and supply and to force undertakers to supply other undertakers. The 1934 Rural Water Supplies Act facilitated the provision of exchequer grants for the extension of rural supplies that had previously been obstructed by the prohibitive costs of distribution. The 1934 Supply of Water in Bulk Act allowed the transfer of bulk supplies between undertakers with the consent of the Minister of Health. In 1935 the 'Inland Water
Survey' was established in order to collect and collate records on underground and surface water resources.

The 1934 drought also resulted in the reconstitution of the Advisory Water Committee as the Central Advisory Water Committee (CAWC) on which the interests of all aspects of water were represented. Following its inception in 1937, the CAWC published a series of reports that were to be fundamental in shaping the reforms associated with the 1945 Water Act. The reports were concerned with the development of new mechanisms of water planning, the simplification of procedures by which undertakers could obtain additional powers, the supply of water for industry and the development of new river boards to take over the functions of land drainage, the prevention of pollution and the management of fisheries from existing local authorities and ad hoc bodies. In mapping out the 'defects in the present system' the 1944 White Paper A National Water Policy (HMSO, 1944) was concerned primarily with the vague and ill-defined responsibilities and powers of both central government and local undertakers; the multiplicity of undertakers; the lack of detailed information on water resources; the lack of a legal obligation on undertakers to supply water for non-domestic (industrial) purposes; and the inadequacy of rural supplies.
3.2.b. The 1945 Water Act as the Apotheosis of the Fabian Water Industry.

The 1944 White Paper laid out the objectives and principles of a 'national water policy': viz, 'to make the best and most economical use of the nation's water resources..... allocation of resources must conform with a planned water economy and be based on informed estimates of needs'. This required the development of efficient means of collecting and using information relating to water resources and the development of effective mechanisms to apply this information. The Fabian planner-state regulation of water was to be premised on three general principles; principles that formed the basis of the 1945 Water Act, viz:

1. **Central control**: the prevention of haphazard and wasteful development.

2. **Democratic control**: the responsibility for the administration of water resources to be placed with the Minister responsible to Parliament at the centre and elected local authorities at the periphery.

3. **Common good**: Sectional interests subordinated to the national interest and the development of mechanisms to permit the political mediation of conflict (HMSO, ibid: 7).
The 1945 Water Act was designed to rationalise the provision of water in Britain. The Act gave the Minister responsibility for promoting the conservation and proper use of water resources and to secure the effective execution by water undertakers, under their control and discretion, of a national policy relating to water. The Act required water undertakers to procure adequate supplies in order to provide a wholesome and continuous supply, and where supplies were sufficient to make water available for those other purposes, such as industry and trade, on which the life and prosperity of the community depended. The Act facilitated the development of tariff scales that permitted the 'cross-subsidisation' of rural water and sewerage services. The Act established machinery designed to rationalise the industry with respect to the number of operating units; including the granting of compulsory powers to the Minister in order to enforce the merging of groups of small undertakers. The Act finally reconstituted the CAWC on a statutory basis with enhanced powers that enabled it to make representations to ministers on any questions within its terms of reference.

3.2.c. Rationalisation, Planning and the Origins of Fabian Technocracy.

The development of the technocratic state was rationalised by the left on the basis of Soviet planning, and the 'rationalisation
movement' found its political obverse in the 'planning movement'. The 'planning movement' was dominated by 'radical' scientists such as Hyman Levy, PMS Blackett and JBS Haldane. The main vehicle of the radical scientists was the National Union of Scientific Workers (renamed the Association of Scientific Workers [AScW] in 1927). The leadership of the union consistently argued for the harnessing of science and technology for socialism. Capitalist society was unable to realize the full benefits of science and technology, and the 'planning movement' became increasingly concerned with the application of science through socialist planning: the maximisation of the production of use-values allowing the alleviation of unemployment and poverty. The radical scientists correctly highlighted the way in which capitalist social relations limit the production of use-values and allow social needs to be subordinated to the production of surplus-value. The radical scientists did not however problematise the form and function of science and technology in capitalist society, and this allowed the project of the radical scientists to be incorporated within the project of Fabian idealism.

The most important dynamic in the development of scientific planning by the state was the practical necessity for the state to employ science and scientists in the war effort. The scientific functions undertaken by the state did not however challenge traditional patterns of ownership and control, and most of the scientific planning frameworks were dismantled following the end of the war (Steward and Wield, 1984: 185). The development of the
planner-state from the late 1940s resulted in the left in the ASCW being increasingly marginalised in both the labour movement and the scientific institutions of the state. The orientation of the radical scientists was appropriated by the Fabian vision of a technocratic planner-state, and radical scientists such as JD Bernal and PMS Blackett were among the members of the Labour Party's 'science group', headed in the early 1960s by Richard Crossman, which was to provide the ideological backdrop for Harold Wilson's call to 'forge a new socialist Britain in the white heat of the scientific and technological revolution'.

The Keynesian notion of 'common good' was amenable to incorporation within Fabian ideology and political discourse: the rupture of the liberal state-form facilitating the development of Gas and Water Socialism within the institutional mechanisms of the national state. The planner-state facilitated the political determination of use-values through mechanisms of centralised planning and coordination: the planner-state as public servant. The development of the planner-state as public servant can be traced through the work of GDH Cole: the marked changes in Cole's theory of the state illustrating the essential idealism of Fabian social theory and the redefinition and reinterpretation of 'public service' on the basis of a rationalisation of the progressive movement of capital.
3.3. Fabian Socialism and the Planner-State as "Public Servant".

The main problem in assessing the development of Fabian state theory arises from the absence of a coherent or systematic Fabian paradigm. The conceptual premises of Fabianism are eclectic and essentially pragmatic: Utilitarian Liberalism, Hegelian Idealism, Christianity and Marxism-Leninism have all contributed towards the construction of a nebulous and logically inconsistent Fabian paradigm. There are a number of unifying elements that give an external coherence to Fabianism as a conceptual paradigm: total commitment to parliamentary democracy, unequivocal support for the welfare state, and an idealist interpretation of history by which socialism is seen as advancing and surpassing capitalism owing to the moral superiority of the socialist values of equality, freedom and fellowship (George & Wilding, 1985: 69-70). As I will demonstrate, however, Fabian Socialism is further unified by a total commitment to the notion of the state as public servant and this had important implications with respect to the legitimation of the centralised and bureaucratic planner-state as progressive and inherently socialistic.
3.3.a. Guild Socialism and the Democratic Determination of Production and Consumption.

The work of GDH Cole between 1917 and 1944 illustrates both the idealism of Fabian state theory and the way in which this resulted in the ideological legitimation of the planner-state. Prior to WW1 the Left in Britain had become increasingly polarised between the syndicalism of the SDF and ILP and the technocratic statism of Fabian Socialism: the diametrically opposed models of Gas and Water Socialism developed by the syndicalists and Fabians being premised on the interests of producers and consumers respectively. The work of Cole represents an attempt to mediate the conflict between producers and consumers on the basis of a pluralistic and democratic socialism. The changing forms of democratic mediation expounded by Cole, however, underline the idealist nature of Fabian social theory: from the direct democratic control of production and consumption by labour within the municipal state to 'nationalisation' where consumption was to be determined democratically and production coordinated and controlled by the state on the basis of the 'common good'.

The central concern of Cole's thought in the late 1910s was with workers' control and the mechanisms through which this could be achieved in contemporary capitalist society; the latter concern leading to Cole being the major exponent of 'Guild Socialism' [2]. The Fabian focus on distribution and a corresponding neglect of production led to Cole's initial rejection of Fabianism. In the context
of an incipient anarcho-syndicalism, Cole evoked the Romanticism of John Ruskin, William Morris, Hilaire Belloc and G.K. Chesterton in order to rail against a Fabian socialism that had 'forgotten the need to make the workplace the arena of joyful creativity, or to erect bulwarks against the development of servility and bureaucracy' (Wright, 1976: 24).

The demand for 'workers control' was an objective trend to which Cole gave theoretical and practical expression (Cole, 1972); Cole attempting to develop a theory of democracy, citizenship and consumerism that was premised quite clearly on the labour theory of value (Cole, 1980: 18-19). The core of Cole's argument was that the tension between associated producers and associated consumers was soluble via democratic institutional mechanisms (Cole, *ibid*: 78-95). The capitalist value-form could be mediated politically; a principle that was later to underpin the *modus operandi* of the planner-state. In 1919 democratic mediation was to be premised on the direct democracy of workers as producers and consumers. The abolition of class inequality was to be achieved by transferring the power of capital to self-governing associations (guilds) of producers. Cole's interest in the mediaeval guilds was premised upon the way in which their operation spanned the public/private dualism; a feature that offered a potential political configuration that would avoid both the egoism of capitalism and the collectivism of state socialism.
The guilds offered a model of associative production that was at once individual: the private (self) regulation of production in the context of public (social) responsibility to consumers. Guilds would be organised on the basis of 'function', and this offered a framework for the simultaneous differentiation and unification of interests: the private action of producers being functional for the whole of society. Guild society would be premised on an equitable balance of interests between producers and consumers: the development of a 'civic spirit' ensuring that producers were socially responsible and constrained by the social meanings of their decisions and actions.

The 'Civic Spirit' highlights the relationship between Cole and the liberal state theory of Rousseau (Vernon, 1980: xvi–xxi). Cole argued that Rousseau's dichotomy between state and civil society was incidental to the major thrust of the Social Contract. The General Will 'did' not reside merely in... that complex of formal institutions which we call the state (but in) the whole life of the community'. Rousseau was a theorist of the 'social tie' concerned with the state as a 'complex of institutions' that embraced the public/private realm (Cole, 1973: xxi). This interpretation of Rousseau [3] provides the backdrop to Cole's theoretical schema: viz, an attempt to fuse modes of association premised upon functional differentiation and participatory democracy. In contrast to Rousseau, who argued that the state was required as an antedote to 'specialisation', Cole argued that it is in the performance of specific functions that the General Will finds its essential expression. This
led Cole to develop a theory of democracy that deviated markedly from classical jurisprudence: Cole advocating the extension of democracy into industry in order to release the creative impulses and 'civic spirit' stifled by capitalism (Cole, 1980: 115-6).

In *Guild Socialism Restated* (1920) Cole developed an argument for workers control, and attempted to specify the institutional mechanisms that would be required in order to extend citizenship into industry. Liberal democracy was in practice meaningless as voting could not alter the vital distinction between master and wage-slave and the material inequalities this implied. The basic principle of democracy was that the 'will of one cannot be substituted for the will of many'; that democracy can only be truly real when it is premised on *function* and *purpose*. True representation was functional representation, and there needed to be as many elected groups in society as there were essential functions. The concept of *functional democracy* allowed Cole to address the tension between the interests of producers and consumers. The Fabians and the cooperative movement subordinated the interests of producers to those of consumers, while the trade unions subordinated the interests of consumers to those of producers. Guild Socialism was concerned with the interests of both producers and consumers, although the exercise of control by producers and consumers was premised upon different meanings of 'control' and was to be exercised through different institutional mechanisms.
The control of production was related to the internal conditions of industry; the freedom (self-management) of workers by hand or by brain. The control of consumption was related to the quantity, quality and price of the products of industry. Production and consumption corresponded to two sets of interests that were related yet distinct: the whole body of producers constituting the whole body of consumers arranged in a different formation. The two interests could be mediated by functional democracy. The community would place self-governing producers on trust (by their honour) to produce goods and services, while simultaneously developing institutional mechanisms that represented and safeguarded the interests of consumers. Consumption was differentiated on the basis of goods that were either individually or collectively consumed, and these differentiated interests were to be functionally regulated by the various bodies that had spontaneously emerged from the movement of the working class. The trade unions, the cooperative movement and municipal corporations would regulate production, individual consumption and collective consumption respectively.

In his outline of a future Guild Society, Cole envisaged the development of a series of institutional mechanisms that would replace the law of value by the democratic coordination of organised supply and organised demand. This mechanism would rescue producers from servility, while enabling and extending the freedom and autonomy of individuals. The 'sovereignty' of the consumer would not extend to the management of industry or the conduct of labour. The efficient
.operation of industry was to be left to the guilds; guild labourers
freed from the crippling servility of capitalist social relations
being left 'on their honour' to provide willing and communal service.
The rôle of associated consumers was primarily 'complementary' rather
than antagonistic; to articulate and define the needs and desires of
consumers and to expect producers to be willing and eager to respond.
In 1920, therefore, 'public service' was to be premised on the
autonomy of the working class as producers and consumers outside
capital.

3.3. b. Capitalist Rationalisation and Fabian
Idealism: From Workers' Control to Stalinist
Central Planning.

The contrast between the earlier writings of GDH Cole (Cole, 1920, 1972, 1980) and the later writings (Cole, 1943) illustrates both
the essentially idealist nature of Fabian socialism and the influence
of Stalinism [4]. In the context of marked changes in the historical
materiality of capitalist state and civil society, Cole's conception of
the state and socialism fundamentally changed between 1920 and 1943:
from workers' self-government to centralised state planning and
control (Cole, ibid: 32-3). The case for socialism still rested upon
the ethics of social justice and human fraternity, on the inherent
human desire to serve fellow human beings; but, while this still
formed the fundamental premise of state intervention, the public
service state had been moved to a higher level of structuration, and
the autonomy of workers as producers and consumers had disappeared under the juggernaut of the planner-state.

During the inter-war period Cole increasingly advocated centralised bureaucratic planning as the desired model for British socialism (Cole, 1943: 30-51; 1950: passim). Socialism needed to be constructed within the emergent 'framework of hugeness'. Monopolists and oligopolists stood condemned because they failed to serve the public well. Capitalism stood condemned because the fundamental contradiction between value and use-value resulted in under-production and unemployment. The planner-state was a mechanism with the capacity to organize human society for the good of all in accordance with the fundamental ideals of socialism.

Socialist planning worked in the Soviet Union where unemployment had been abolished allowing an expansion in the production of use-values to the limits of the productive power of the economy. The Soviet system had transcended the law of value and the development of systematic collective planning would enable the law of value to be transcended in Britain. Comprehensive war-time planning had partially suspended the law of value and illustrated to small employers, managers and technicians the practicality, and indeed the technical desirability, of an alternative economic system premised on Keynesian economics and centralised and bureaucratic planning (Cole, ibid: 30-51). The 'public service' state would resolve the
contradiction between value and use-value and produce an abundance of use-values for its citizens.

The emergent hegemony of the consumer in Cole's work can be illustrated through an examination of Cole's prescriptive work that set out the model of nationalisation he envisaged following a post-war victory by the Labour Party (Cole, 1943: passim). The nationalised industries were to be subject to the general directives of a 'planning commission': a non-executive body of managers and technicians that would be responsible to Parliament. This commission would also represent the interests of workers in an industry. Workers would become 'partners' with management through the establishment of 'works councils'; bodies separate from trade unions that would exercise management functions in partnership with management technicians. Managers and technicians were to be left free in day-to-day administrative matters from the 'political interference' of planning authorities. The removal of the profit motive would enable (wo)man to fulfil her instinctive desire to serve her fellows, and this would ensure the optimum production and distribution of use-values. The social determination of needs were to be set politically by Parliament and the necessary use-values delivered by autonomous technical experts.

The choice facing Britain in 1943 was whether the huge concentrations of capital, that would ultimately result in a form of unitary control, would be controlled by irresponsible monopolists or
subjected to democratic collective planning: a choice between socialism or fascism (Cole, *ibid*: 39). Socialism had to be centrally planned or it would fail, and it would fail because it would be unable to deliver the use-values that would deliver an adequate standard of living to the people. Through the 'socialisation' of key industries and top-down collective state planning, Fabian socialism would at once solve the central contradiction of capitalism, and demonstrate the moral superiority of socialism. Cole cited with admiration the system of planning developed within the Soviet Union. The Five Year Plan facilitated the firm control of 'key' industries and services by which their output was planned on the basis of a collective conception of needs. In Britain democratic planning was to be constructed with the freedom of individual 'consumers' safeguarded by Parliament and the 'price system' - the state and the (mediated) law of money (Cole, *ibid*: 45; 1950: 89).

The work of Cole epitomised the political naivety of Fabian Socialism, but more fundamentally, Cole demonstrated the intellectual and political convergence of Fabian Socialism and Keynesian Liberalism. The work of Cole remained trapped within the utopian conceptualisation of state and capital articulated by Keynesianism. The idealist conceptualisation of the Fabian state was ultimately premised upon a technologically deterministic interpretation of social development. The British economy had failed to deliver the use-values commensurate with popular needs owing to the irrationality and incompetence of capitalist oligopolists and monopolists. The planner-
state would facilitate the political determination of needs and establish the rational planning and productive mechanisms necessary to produce the required use-values. The contradiction between value and use-value was a technical problem that was to be solved through the political application of the socialist values of equality, freedom and fellowship.

The development of the planner-state marked the apotheosis of Gas and Water Socialism. The planner-state had, however, not resolved the contradiction between value and use-value, but had shifted the contradiction to the centre of the institutional mechanisms of the state: labour subordinated within the institutional mechanisms of the state to a socialised law of money. The problem of abstraction was to become the primary function of the state. The Keynesian Post-War Settlement was simultaneously, therefore, the apotheosis and the crisis of the planner-state. I will now explore the way in which post-war Fabians perceived the crisis of the state in terms of technical limitations in the mechanisms for the production and distribution of use-values that would be resolved through the systematic application of science and technology. Technocracy however undermined the democratic rationality of the planner-state and the deepening contradictions were to form the basis for the emergence of the neo-liberal state in the 1980s.
3.4. The Crisis of the Planner-State and the Rise of Fabian Technocracy.

Fabian social theory rationalised the election victory of the Labour Party in 1945 as the transcendence of the capitalist value-form. Keynes had destroyed the economic argument for socialism, and only the 'political' and 'moral' arguments for socialism remained. The monolithic and bureaucratic planner-state was Gas and Water Socialism par excellence. The Fabians collapsed the contradiction between value and use-value, and equated the rationalisation and centralisation associated with the planner-state directly with socialist development. The Fabians were, however, left with the awkward task of explaining and legitimating the inequalities in power and resources that marked the immediate post-war period. These inequalities were articulated by an increasingly serious 'fiscal crisis' of the state, by which the ability of the state to satisfy social needs was increasingly constrained by prohibitive costs. Fabian socialists presented the crisis of the planner-state as a technical problem that would be resolved through the application of science and technology. The debate within Fabianism focused on the way in which science and technology were to be applied and controlled by the planner-state.

The Liberal Fabian Richard Crossman argued for the partial re-integration of labour through the co-determination (mitbestimmungsrecht) of technological development; the actions of
industrialists and state technocrats mediated by works councils and ministers responsible to Parliament. The Technocratic Fabianism of Anthony Crosland articulated the internal decomposition of the planner-state, and argued for the application of quasi-market managerialism and technical rationality to the institutions of the state. The state had become an autonomous political entity and the main issue had become focused on whether the technocratic functions of the state were to be exercised in a progressive or reactionary way; an issue resolved into whether Parliament was controlled by the Labour Party or the Conservative Party. Crosland articulated the irrationality of the planner-state, and following the election victory of the Labour Party in 1964, the technocracy of Crosland was incorporated into Harold Wilson's vision for the forging of a socialist Britain through the 'white heat of the scientific and technological revolution'.

The tension between the liberal and technocratic moments of Fabianism was reflected in the debate between Crossman and Crosland, and articulated different responses to the contradiction between value and use-value on which the Fabian planner-state was premised. Crossman and Crosland were both ultimately concerned with the problem of abstraction. Crossman was concerned with the democratic representation of labour within the abstract order, while Crosland was directly concerned with the application of capitalist managerialism to the crisis of the technocratic planner-state.

The debate between Crossman and Crosland during the 1950s was premised on the form of control that would allow the technocratic state to be harnessed for socialism. Richard Crossman argued for the democratisation of the technocratic-state. Powerful technocrats were to be made accountable to workers' councils and Parliament. The essence of Crossman's argument was that while Keynes had undermined the 'economic' arguments for socialism, the appalling waste of human and natural resources and the gross injustices that continued unabated in the 'new capitalism', left the 'political' and 'moral' case for socialism undiminished. Waste and injustice would be eliminated through the extension of political democracy to the economic sphere. The main feature of the immediate post-war phase of capitalist development was the emergence of an irresponsible and unaccountable managerial oligarchy in the public and private sectors of industry. The problem for socialists was to enlarge individual freedom by making oligopolists the *servants* rather than the masters of the nation; a socialist strategy that was to extend freedom by *planning for freedom* (Crossman, 1956: 63-5).

The large-scale nature of primary and utility industries provided the economic rationale for the extension of public ownership; a development that would simultaneously curb oligopoly and
increase efficiency. The argument for socialism was premised on both
the economic argument that it would increase productivity and
therefore living standards, and the political argument that socialist
planning would provide a defence of personal freedom and
responsibility in an increasingly managerial society. The planning
Leviathan was a necessary evil, and this highlighted the importance
of ensuring that government departments and nationalised industries
were brought under effective democratic control.

Nationalisation did not ensure the responsiveness of industries
to the community. Crossman alluded to the ineffectiveness of
Consumers' Councils, and claimed that the only effective defence for
consumers was through their elected representatives in local and
central government. Consumption needed to be mediated by the
planner-state in order to ensure its mediated abstraction and this
introduced the problem of labour into Crossman's schema. Crossman was
primarily concerned to defend and extend the 'political' and 'economic'
rights of labour within the abstract order. As a consequence,
socialism was presented as a project that would make economic power
responsive to the community (consumers) and to workers in particular
industries (producers). Labour would be co-opted within the
mechanisms of the planner-state and produce use-values to the level
of social need as defined by central and municipal democratic
agencies of the state.
The co-option of labour was unproblematical for Grossman owing to his contention that labour had already won the class war (Grossman, *ibid*: 67-70). The balance of class forces had been reduced to a technical problem that could be mediated and redressed through the democratic institutions of Parliament. The economic wing of the labour movement was now superfluous in the struggle for socialism; the power of labour exercised through the trade unions being an element of the technical problem that was to be mediated through democratic planning. There was a serious tension between the sectional interests represented by trade unions and the *national interest* represented by a Labour Government. Trade unions occupied a powerful if not essential place in the modern mixed economy; holding a level of bargaining power at least as powerful as the managerial class. Trade union leaders were an important locus of economic power, and for Grossman it was a first principle of socialism that those who hold economic power must be held responsible to the elected representatives of the people.

The inefficiency and inequality that were manifestations of the crisis of the planner-state were resolved into a technical problem that would be solved through the democratic control of technology: a problem premised on the lack of planning mechanisms to coordinate the increasingly centralised and socialised nature of production. Crossman argued that the massive growth in state intervention and planning during the post-war period was a necessary corollary of the increasingly rapid development of science and technology. The
increasing rapidity of technological change was detonating a social explosion in an unplanned society. The consequences of this social explosion had added a new scientific case to the traditional moral and political case for socialist planning. New technologies and scientific discoveries were having disastrous consequences on an unplanned society that was unwilling and unprepared to receive them. The problem would be resolved through the development of planning mechanisms that would make it possible to be 'the masters, not the slaves of technological change' (Crossman, ibid: 139-40).

The development of a technocratic state required fundamental constitutional and administrative reforms that would bring scientists, technologists and other experts into the centre of the British establishment: Scientists in Whitehall as Crossman entitled a Fabian lecture delivered in 1963 (Crossman, ibid: 141-3). The pace of technological change facing Britain in the early 1960s necessitated the development and scientific application of a system of indicative planning similar to that applied during the Second World War. This required an interchange of personnel between the universities, industry and Whitehall which would facilitate the solving of social problems through the appointment of committees of relevant experts.

However, the crisis of the technocratic/planner state was not a crisis of the uncoordinated nature of production and distribution, but a crisis premised on the contradiction between value and use-value. The 'white heat' of Harold Wilson's revolution was not premised on
the democratic idealism of Crossman, but the technocracy of Anthony Crosland: Crosland advocating the introduction of managerialism and market proxies into the institutional mechanisms of the state in an attempt to counteract the emergent fiscal crisis of the planner-state.

3.4. b. Fabianism and the Crisis of the Planner-State: Anthony Crosland and the Development of "Managerialism".

The internal decomposition of the Fabian planner-state was articulated by the technocratic Fabianism of Anthony Crosland. The way in which Crosland legitimated the re-application of the (mediated) law of money to the state on the basis of socialist development was through his argument that the shift from laissez-faire to the state control associated with the Keynesian Welfare State [KWS] had resulted in a society qualitatively distinct from both capitalism and socialism - statism (Crosland, 1952). Statism rendered the traditional tenets of socialist (Marxist) theory irrelevant. The increasing strength of socialist parties and trade unions made it increasingly difficult for any political party to win elections without promising to reform the worst excesses of liberal capitalism. The self-confidence of the capitalist class had been drained by the deflation and stagnation of the 1930s, and in the context of the centralisation of production and the separation of ownership and control, the concerns of the business classes had shifted from an
ideological defence of the market and the absolute rights of property, to a *technical* concern with how to maintain profits and technical efficiency.

The essence of statism was the transformation of the structure and function of the state that had been wrought by a fundamental shift in the locus of economic and social power. The separation of ownership and control had made the socialisation of production unnecessary. With the growth in joint stock companies, individual property rights were no longer the essential locus of economic and social power. Power had been transferred to salaried managers and executives. As a consequence, the pursuit of higher dividends had become a less important impetus to expansion, and the employing class had become far less hostile to the state and far more likely to cooperate with Government economic and industrial policy. The state had developed into an 'independent intermediate power, dominating the economic life of the country', and a fundamental feature of capitalism had disappeared: *viz*, the *absolute autonomy of economic life* (Crosland, *ibid*: 39).

The emergence of the state as an increasingly powerful and independent force dominating the economic sphere of society was an inevitable feature of post-capitalist society. The expansion in the level of spending on social services demanded by progressive forces in order to remove the insecurity and inequality of *laissez-faire* and to encourage social harmony required a vast increase in the marginal
rate of tax paid by the rich. Furthermore, the political unacceptability of unemployment following the experience of the 1930s, and the development by Keynes of effective technical mechanisms to maintain aggregate demand and aggregate supply at full employment levels, required the state to maintain demand via progressive fiscal measures that transferred income from savings to consumption through an increase in the level and spread of welfare benefits and an increase in social investment. The dominant ideological discourse had become concerned with the duties of the state and how the duties of the state were to be financed. The crisis of the planner-state led Crosland to the problem of labour; but in contrast to Crossman, the crisis was to be resolved through the direct (unmediated) intensification and repression of labour by the state.

The discourse of statism allowed Crosland to present the (re)imposition of abstraction as progressive. While statism did not constitute socialism, it did mark an important advance for socialists. The constitution of statism had transformed the socialist agenda, and the main issue had become the problem of inequality. The statist society of the 1950s remained blighted by marked inequalities in the areas of education, access to the professions, and living standards. These problems would be solved by increasing the efficiency of the economy. The central problem and inspiration for the left was the organisation and structure of industry (Crosland, ibid: 65). The problems of industry were premised on production rather than
consumption. The weakness of the price mechanism had been resolved through the development of competition policies in the private sector and effective pricing policies in the nationalised sector. The problem of industry was the problem of labour: specifically, 'industrial relations psychology and the general tone and atmosphere in industry' - the irrationality of labour. Statism had increased the bargaining position of the worker without either increasing her social status or curing the class hostility emanating from her exclusion from rights and participation.

The work of Crosland articulated and rationalised the internal decomposition of the planner-state, and the problem of labour became an increasing concern of the state during the 1960s and 1970s: specifically, the need to reduce unofficial stoppages and to link wage-increases to increases in productivity [5] (Nyman, 1989: 203-12). The problem of labour also found concrete expression in the managerialisation of the state sector during the early 1970s. The Fabians had assimilated and developed the utopian conceptualisation of capital articulated by Keynesianism, and rationalised the oppressive and repressive edifice of the planner-state as a part of the progressive and harmonious movement towards socialism. The socialistic and democratic legitimation of the planner-state was increasingly undermined by the technocratic and bureaucratic reforms developed in response to the contradictions of the planner-state.
The planner-state was actually determined through the movement of the contradiction between value and use-value to the centre of the state apparatus. The Fabian ideology of the planner-state as progressive was increasingly undermined by the state maintenance of abstraction in the context of increasing working class demands for use-values. The state attempted to contain the emergent 'fiscal' crisis through the further rationalisation of production, and this formed the material basis of the Fabian technocracy of the post-war period. The generalisation of the crisis during the 1960s and 1970s heightened the contradictions within the state and the resulting *managerialisation* ruptured the democratic logic of the planner-state from within, and laid the basis for the neo-liberal project of re-establishing the autonomous social power of money.

3.5. The Fiscal Crisis of the Planner-State and the "Managerialisation" of the Water Industry.

The fiscal crisis of the state was manifested through the increasing inability of the water industry to deliver the use-values commensurate with actual and projected levels of population growth and industrial development during the post-war period. The growth of the industry had been on the basis of *ad hoc* and piecemeal reforms that had attempted to impose centralised coordination and control on the (democratic) municipal provision of water services: reforms that
had resulted in institutional paralysis as neither central nor municipal authorities had been able to raise the finance that would allow the effective coordination and operation of the industry. While the management of the post-war water industry was indeed marked by an increasingly technocratic and systematic approach to the augmentation and conservation of water resources, the divergence of interests at different stages of the 'water cycle' and the increasing need to control the public sector borrowing requirement [PSBR] undermined the operational effectiveness of the industry. This institutional paralysis provided the context for the managerialisation of the water industry in 1973.

3.5.a. The Contradictions of Fabian Planning and the Rationalisation of the Post-War Water Industry.

The crisis of planner-state regulation of water was perceived as a technical problem emanating from the fragmentary nature of the industry. The problem of fragmentation of the water industry and the diversity of interests concerned with water regulation, had been a concern of successive governments throughout the post-war period. Prior to the 1973 reorganisation, the water sector comprised the following diversity of interests: 198 statutory water undertakers, 1300 sewerage authorities, 29 river authorities, local authorities, the Water Resources Board, the British Waterways Board, the Central Electricity Generating Board, industrial companies, agriculturalists
and water amenity groups. The diversity of interests and the number of undertakers clearly illustrated the failure of the explicit policy set out in the 1944 White Paper A National Water Policy (HMSO, 1944), and incorporated within the 1945 Water Act. With regard to water supply, the paper was concerned with the way in which the number of statutory undertakings inhibited the promotion of major capital projects and the employment of expert staff.

The 1945 Water Act established machinery in order to facilitate the re-grouping of water supply undertakings on the basis of larger 'water areas' that had been specified by the Department of the Environment's Engineering Inspectorate on the basis of 'hydrological integration'. The process resulted in the number of undertakers being reduced to 198 by 1971. These comprised local authorities, joint boards and SWCs. Sewerage and sewage disposal authorities also remained fragmented. In 1971 there were 1300 county borough and county district councils operating under the 1936 Public Health Act. The problem with respect to the design and development of major sewerage schemes was that they were constrained by natural watersheds that seldom coincided with local authority boundaries. In order to prevent the gross pollution of rivers from such a fragmented system, ministers had powers under the 1936 Public Health Act (as amended and strengthened by the 1951 Rivers [Prevention of Pollution] Act) to create joint boards; although this power had seldom been used, and the majority of the joint boards existing in 1971 were created before 1914.
The 1945 Water Act failed to provide an effective mechanism for the planning of water resources. The need for such a system was highlighted by the Report of the Proudman Committee that was established by the CAWC in 1955 in order to consider anticipated increases in the demand for water and the problems associated with meeting expected increases in demand. The Committee reported in 1962, and projected that on the basis of an increase in demand of 2.4% per year between 1955 and 1960, the demand for water would double by 2000. Moreover, rainfall was heaviest in the North and West of England and in Wales and demand was projected to grow most rapidly in South and East England. The projected increase in demand therefore required the development and conservation of existing resources and the movement of water over long distances. The recommendations of the Committee for 'comprehensive new authorities' to manage the overall resources of a river basin and the need for a national water policy were incorporated within the 1963 Water Resources Act with respect to the creation of 29 hydrologically-based river authorities and the Water Resources Board (WRB).

The WRB was established in order to provide a national agency for the collection of data, research and planning, and was intended to act as an advisory body to river authorities and the Government. The members of the board were appointed on the basis of their scientific expertise in the field of sanitary engineering or chemistry, and were expected to provide technical assistance in the area of the development of major hydrometric schemes. The WRB undertook a series
of influential hydrological surveys which highlighted the need to plan water resources over increasingly large areas (Water Resources Board, 1973a). With data supplied by river authorities and water undertakers, the WRB undertook a survey of the projected resource requirements of England and Wales that highlighted the increasing need to undertake major hydrological projects such as the transfer of water between river basins, the regulation of river flows and a series of complex and expensive capital projects in South East England and Lincolnshire - most notably a plan to build a huge tidal barrage across The Wash.

The 1963 Water Resources Act was an explicit attempt to develop a more systematic and technically efficient framework for planning water resources. The new river authorities were based on natural watersheds, and were given responsibility for land drainage, fisheries, the control of pollution and water conservation. The majority of the members of the new river authorities were however representatives of local government - who were also concerned with the cheap disposal of sewage effluent. The function of controlling pollution had been taken from the 'inefficient' local authorities by the 1948 River Board Act, and successive legislation had given river boards the power to impose increasingly rigorous 'consents'. The 1960 Clean Rivers [Estuaries and Tidal] Act gave river authorities the power to control all significant new discharges into estuaries, and the Secretary of State had the power to make orders under the Rivers [Prevention of Pollution] Acts concerning existing discharges. Given
the make-up of the river authorities, the increasingly rigorous consents were not exercised in any meaningful way, and no orders or consents were issued for any of the major estuaries in the post-war period.

The perceived failure of the 1963 reforms resulted in the CAWC being re-convened in September 1969 in order to consider 'how in the light of.... technological and other developments the functions relating to water conservation, management of water resources, water supply, sewerage, sewage disposal and the prevention of pollution..... can best be organised' (Department of the Environment, 1971: 1) [6]. The Committee reflected the conflict between competing users of water resources at different stages of the water cycle, and in particular the conflict between organisations with an interest in augmenting public water supplies in order to meet anticipated increased demand for drinking water and organisations with an interest in using water resources as an industrial raw material or as a conduit for the disposal of sewage and industrial waste.

The political context of the reorganisation of the water industry in 1973 was the publication of an influential report by the Royal Commission on Local Government in England (the Redcliffe-Maud Report). The Report argued that water services should remain the responsibility of local authorities, but it was widely felt among ministers and senior civil servants that Redcliffe-Maud had failed to give sufficient consideration to the technical issues that had been
highlighted by the CAWC sub-committee on *The Growing Demand for Water* (the Proudman Committee). In 1962 Proudman reported that on the basis of projected trends, the demand for water was likely to double by 2000, and that given the diversity of interests involved in the management of water resources, the increased demand would not be met without the development of an overall system of planning. The 1971 Report by the CAWC highlighted the way in which Government 'loan sanctions' had effectively blocked the 'consents' that required the construction of new sewerage works. The report resulted in the 1973 Water Act which attempted to re-impose (mediated) abstraction on the water industry through *managerialism*.

**3.5.b. Institutional Paralysis, Technical Rationalisation and the Origins of "Managerialism".**

The 1973 Water Act removed water services from the control of elected municipal authorities and facilitated the development of more technical and bureaucratic mechanisms of interest mediation and planning based on integrated river basin management by large multi-function regional water authorities [RWAs]. The CAWC report was central to the genesis of the 1973 Act as it provided the scientific and technological justification for *managerialism*, and legitimated the removal of water and sewerage services from local *democratic* accountability and control. A series of reports by the WRB had highlighted to both senior civil servants within the *Ministry for...*
Housing and Local Government [MHLG] and water industry professionals, the importance of developing an efficient framework for resource planning and capital investment. Contrary to Redcliffe-Maud, the senior civil servants at the MHLG had developed the opinion that managerialism rather than participation was the most effective mode of regulation for water: a working party of civil servants reported in 1969 that water services were a technological matter with little scope for democratic participation (Jordon et al., 1977: 325). The Report of the CAWC and the subsequent 1973 Water Act was to reflect these concerns with planning and finance.

The 1971 CAWC Report highlighted the extent to which the projected increase in the demand for water was likely to increase the importance of water quality: that is, that projected increases in demand would be most efficiently met through the extensive and systematic re-use of water resources. Traditional upland sources were becoming increasingly difficult to exploit: economically, as the costs of transportation had become increasingly prohibitive; politically, as 'public opinion' had become increasingly hostile to the siting of reservoirs in areas of outstanding natural beauty. In order to meet anticipated increases in demand resources for water supply, water would increasingly have to be drawn from the lower reaches of rivers which involved the re-use of diluted sewage effluent as drinking water. The CAWC outlined several obstacles to the successful development of an integrated system of planning for water resources. The problem of augmenting raw water supplies of suitable quality,
quantity and cost was perceived as an *administrative* rather than a *technical* problem.

The most serious administrative problem resulted from the conflict of interest associated with the procurement of new resources for water supply. A serious rigidity in the regulatory framework resulted from the clauses of local acts that restricted the transfer of resources between undertakers. Furthermore, while the 1945 *Water Act* obliged water undertakers, *inter alia*, to procure adequate supplies in order to provide a wholesome and continuous supply for domestic purpose, the 1963 *Water Resources Act* also obliged undertakers to obtain a licence to abstract water from the relevant river authority who were given a duty to take actions for 'conserving, redistributing..... or augmenting water resources in their area'. While river authorities needed to have regard to the duty of undertakers to provide water for domestic purposes, there was a strain between the conservation interests of the river authority and the financial and quality concerns of the undertakers.

The fragmented nature of the water industry inhibited the effective application of the joint and national hydrometric schemes that had been developed by the WRB. Schemes involved more than one authority, and given the way in which costs and benefits would necessarily apply to the river basin as a whole, and the way in which the balance of costs and benefits might change at some future date, the apportionment of costs between authorities and agencies was
highly complex and increasingly problematic. The conflict of interest was particularly acute between sewerage authorities discharging effluent into a river and water supply undertakers wanting to abstract water for drinking water farther down stream. Higher expenditure on sewerage treatment would only benefit authorities and agencies farther downstream. In the River Trent Basin the upper reaches of the river is a conduit for the disposal of sewage and other effluent from Stoke-on-Trent, Birmingham (via the River Tame) and Leicester (via the River Sour). The WRB were concerned with projected shortages of water in the North Nottinghamshire area of the basin that would only be met by using the lower reaches of the River Trent as a source of drinking water. The WRB developed an econometric model to achieve the rational apportionment of costs and benefits for the basin as a whole (Water Resources Board, 1973b: 1-6).

The conclusion of the 1971 CAWC Report was that these conflicts, and others involving land-use and the siting of industry in catchment areas, could only be effectively mediated through the development of effective and comprehensive mechanisms of planning. Water management was a problem for, and a benefit to, the whole river basin, and what was needed was a framework that would allow the equation of costs and benefits in naturally determined hydrological areas. The CAWC argued that a comprehensive 'water management plan' should be developed for every river basin, and that this required fundamental organisational and financial reforms to the
existing regulatory framework. The Report recommended that the water industry should be restructured in order to facilitate effective coordination and planning: specifically, mechanisms that would facilitate coordination between national plans and priorities and the implementation of plans and policies at regional level by newly created regional water authorities [RWAs].

The RWAs were to be responsible for the development of 'Action Plans' that would establish the short and medium term priorities vis-à-vis the implementation of a 'National Plan'. The 'Action Plan' would specify the amount of finance (aggregate value) that Central Government had decided to commit to projects in the regions. This amount was to be calculated on the basis of the projected future demand for water and the current state of the economy. In addition to the development of Action Plans, the RWAs were to develop long-term 'Regional Plans' that would project and interpolate the National Plan with future Action Plans on the basis of the projected growth in population and industrial activity. The CAWC, however, stressed the enduring 'public service' conception of water services: that provision should adapt in accordance with other factors and authorities (Department of the Environment, op cit: 45)

In order to facilitate effective planning the CAWC argued that the RWAs should fulfil the following criteria. First, RWAs should be organised on the basis of function, and therefore based on a river basin or group of river basins. Second, RWAs should be reasonably
self-sufficient for resources in order to keep bulk transfers to a minimum. Third, RWAs should be large enough to attract and retain staff of sufficient expertise and calibre to enable the efficient undertaking of planning and operational functions. In essence, the CAWC recommended that the RWAs should be the smallest areas that satisfied the criteria for effective planning, and the CAWC recommendation of 10 was subsequently incorporated into the 1973 Water Act.

Senior civil servants in the MHLG and the DoE had a firm commitment to multi-function RWAs prior to the Report of the CAWC (Jordon et al. op cit: 318-320; Jordon & Richardson, 1977: 45). The legitimacy of the Report and the resulting reorganisation, however, was dependent on wide consultation and participation, and many of the members of the CAWC represented entrenched and powerful local government interests opposed to the removal of water services from municipal authorities. The Report was necessarily inconclusive with respect to the regulatory framework of the future water industry: outlining two alternative models based on either multi-purpose authorities with both planning and operational functions or a regulatory planning body with operational functions being undertaken by single-purpose operational agencies. The power of senior state personnel resulted in the former model being adopted; but not without important concessions that were to have a fundamental impact on the operational effectiveness of the post-1973 industry.
3.5.c. The 1973 Water Act and the Contradictory Determination of "Managerialism".

The 1973 Water Act restructured the water industry on the basis of 'Integrated River Basin Management' by which ten new RWAs were made responsible for all aspects of the water cycle within their naturally determined hydrological areas. The RWAs took over the assets of local authorities, joint boards and river authorities, and were to act as public utilities operating within commercial criteria and financial objectives laid down by the Secretary of State. In order that the new RWAs would be able to efficiently manage the anticipated capital investment programme, the 1973 Act laid the basis for the development of charging systems that enabled the full value of water resources to be realised: in particular, the Act laid the basis for the development of 'investment appraisal' mechanisms in order to prevent 'over investment'. The economic and financial objectives of the new RWAs were:

1. The development of charging systems which ensure that the demand for services (and hence investment) is not exaggerated by the supply of services at prices which are too low in relation to the value of the resources used. Charges should not be seen as a way of getting the necessary revenue and allocating the cost fairly among
different users of the service, but to ensure the optimum use of available resources by making users aware of the cost of supplying the water which they use. The best way of ensuring this is to relate the charge for the water used directly to the cost of that water. To develop the metering of domestic properties - while having due regard to the balance between 'economic' benefits and the 'social' costs to public health.

2. The development of techniques of investment appraisal which ensure that demand is met in the most efficient way with due regard to the timing of investment.

3. To ensure that revenue is sufficient to balance recurrent expenditure over a period of years. Like the nationalised industries, the RWAs will require target rates of return on capital (Department of the Environment, 1973: 31).

The entrenched power of local authority representatives on the CAWC resulted in a series of concessions and compromises, and the post-1973 water industry deviated from the model envisaged by the CAWC in several fundamental ways. The CAWC Report envisaged an organisational structure that comprised a chairman appointed by the Secretary of State on the basis of his (sic) proven ability in guiding complex organisations and a board of 10 to 15 appointed by the
Secretary of State on the basis of technical expertise or membership of major local authorities. The majority of the members appointed to the RWA boards were local government nominees, and rather than the small boards envisaged by the CAWC, large and cumbersome boards of up to 50 members were established. Furthermore, the maintenance of sewage distribution systems remained with local authorities who were to act as the agents of the RWAs (Jordon et al, op cit: 330-1). The enduring strength of labour prevented exclusion, but in the context of managerialisation, the representation of labour within the state had become essentially meaningless. The emerging weakness of labour was manifested by the Government's refusal to follow the recommendations of the CAWC and develop a 'national water authority': planning functions being retained within government departments, while the National Water Council [NWC] was established in order to provide a consultative and advisory body at national level.

The reforms of the 1970s resulted in the managerialisation of the water industry. The industry was removed from local democratically elected bodies in order to resolve the crisis through rational planning and administration. The existing regulatory framework was considered inadequate with respect to the coordination and financing of the massive programme of capital investment that was considered necessary in order to meet anticipated increases in the demand for water. The crisis was resolved through the development of 'integrated river basin management' that would focus on the re-use of existing resources rather than developing more
costly new resources: an attempt to solve the fiscal crisis of the state through technical and scientific planning.

The focus shifted from a concern with water *quantity* to a concern with water *quality*. It did so, however, in an attempt to re-apply the law of money through the regulation of the production of use-values through a mediated law of value. Managerialisation was legitimised on the basis of 'public service', and the increasingly strict financial targets imposed on the water industry further inhibited the effective production of use-values and further undermined the rationality of the planner-state. This provided the basis for the development and legitimation of the neo-liberal state.

3.6. The Contradictions of "Managerialism" and the "Fiscal Crisis" of the State.

Managerialisation removed the water industry from democratic control and subjected the industry to bureaucratic rationality. The fiscal crisis of the state was to be resolved through the bureaucratic and technocratic reform of the regulatory and administrative mechanisms of the state. The planner-state was premised on the political-democratic determination of use-values. The removal of democratic control implied the removal of the rational basis for decisions on finance. Managerialism precipitated heightened
levels of fiscal inflation and increasingly stringent bureaucratic controls on finance in order to ameliorate the fiscal crisis of the state. The contradictions of managerialism resulted in serious cuts in public spending and the managerialist water industry became increasingly unable to produce either values or use-values. The bureaucratic control associated with managerialism did however facilitate the (re)imposition of (mediated) abstraction on the mechanisms through which water services were produced and consumed.

3.6.a. The Contradictions of "Managerialism" and the Re-imposition of the "Law of Money".

The managerialisation of the water industry associated with crisis of the public service planner-state was marked by an increasing concern to re-impose the law of money on the regulative mechanisms of the water industry. During the period following 1973 the reforms were marked by the introduction of increasingly rigorous financial controls over the RWAs. Between 1974 and 1983 the RWAs were subject to a system of controls through capital allocations, and in 1983 these controls were tightened through the introduction of External Finance Limits [EFLs] which limited the amount of external finance that RWAs were permitted to procure per annum [7]. EFLs contained an inbuilt tendency for entitlements to be underspent as the RWAs needed to pay due regard to the way in which changes in the financial climate could increase borrowing requirements and result in the EFL being overshot. In 1982/3 these controls resulted
in a capital allocation for the water industry in England and Wales being under-utilised by £193M: only £219M of a total EFL of £412M being utilised (National Water Council, 1983: 19). The overall impact of this measure was to reduce both the borrowing and capital investment of water authorities during the early to mid-80s.

The RWAs were subjected to further financial controls through the development of 'financial targets'. In 1981 the Government announced that RWAs should be earning a rate of return on the net value of their assets of at least 1.25% by 1983/84 (Water Authorities [Return on Assets] Order 1981). By 1986 this figure had been increased to 1.95% - a near doubling of water industry profitability in five years. The main mechanism by which this was achieved was through the introduction of 'performance aims': a Government imposed target for 'efficiency' improvement in order to ensure that financial targets were not met simply through the introduction of higher charges or reductions in service. The introduction of 'current cost accounting' in line with the above Order, in place of 'historic cost accounting' which was the traditional method of accounting in the public sector, reduced the levels of profitability by taking into account the cost of renewing assets at current prices.

The re-imposition of the law of money required fundamental changes to the institutional structure of the water industry: most fundamentally, the marginalisation or exclusion of labour at the micro and macro levels of the industry. The appointment of
sympathetic people to the boards of nationalised industries has been central to the neo-liberal project of 'Thatcherism' (Gamble, 1988: 103-4): this facilitating the 'de-politicisation' of the state sector, and the breaking of the micro-corporatist structures associated with the KWS [8]. In the Water industry the boards of the RWAs were increasingly constituted by businessmen, accountants and supporters of the neo-liberal project of 'Thatcherism'. Within the management structures of the RWAs, entrepreneurial skills became increasingly important and engineers were increasingly replaced by accountants and professional managers (Severn Trent Water, 1986: 31-2; 1987: 28-9; 1988: 28-31; 1989: 6-9). The 1983 Water Act resulted in the abolition of local authority and trade union representation on the boards of water authorities and the abolition of the macro-corporatist arrangements associated with the NWC.

3.6.b. The Contradictions of "Managerialism" and the Re-imposition of the "Law of Labour".

In capitalist society the production of commodities is simultaneously a labour process and a valorisation process. The reimposition of the law of money required the recommodification of labour, and undermining the power of organized labour has thus been a central feature of the neo-liberal project (Gamble, 1979: 15-7). The 1983 Water Act coincided with a serious confrontation between the state and organised labour in the water industry. The dispute demonstrated the extent to which labour in the state sector
presented an important obstacle to neo-liberal restructuring. The 1983 waterworkers' strike involved a claim by manual workers for a pay settlement that would restore their earnings to the 'upper quartile' of manual worker earnings. The claim was rejected on the grounds that such an increase could not be conceded without commensurate increases in productivity, and that comparisons with the gas and electricity industry were unfair given the higher levels of skilled workers in these industries.

The NWC played a key rôle in the dispute [9]: providing a 'national focus for information'; setting out the employers' case in the national press; arranging media briefings; coordinating a national campaign to conserve supplies; and commissioning an opinion poll of the attitudes of the 'general public' in order to augment the argument of the employers that their offer should be accepted (National Water Council, op cit: 25). The abolition of the NWC by the 1983 Water Act weakened the structures of national collective bargaining and devolved most meaningful issues to individual RWA. National negotiating mechanisms were subsequently abolished with the privatisation of the water industry in 1989 [10].

The development of managerialism resolved the crisis of the planner-state through the exclusion of labour from the institutional mechanisms of the state and the re-imposition of the law of money. The culmination of this process was the 1989 Water Act which transferred the RWAs into the private sector and established OFWAT
as the neo-liberal state regulator. The planner-state had been legitimated on the basis of 'public service' and this allowed the neo-liberal project to be similarly legitimated on the basis of 'public service' to the (abstract) consumer. The dynamic of managerialism facilitated the re-imposition of the logic of capital, and the neo-liberal restructuring of the water industry has resulted in the reconstitution of water-capital on a national and international scale. Managerialism constituted a transitional form of state regulation that developed through the contradictions of the planner-state, and which articulated a dynamic inherent in Fabian social theory: managerialism constituting an attempt to resolve the fiscal crisis of the state through the application of capitalist rationality to the institutional mechanisms of the state. Managerialism facilitated therefore the reconvergence of the state and capital.

3.6.c. "Managerialism" and the Recrudescence of "Water Capital".

The neo-liberal restructuring and privatisation of the water industry has facilitated the development of a major programme of capital spending. In 1990 the projected investment programme for the water industry to 2000 was £28B including capital spending in excess of £2.5B in each of the years 1991 to 1994. These levels of capital spending involved at least a doubling of capital spending for all the companies following privatisation (OFWAT, 1991: 15). Managerialism created large efficient entities capable of operating as capital in
the context of surplus capital looking for investment. The restructuring and privatisation of industries such as water has had a significant impact on UK and international capital markets, and utilities are becoming an increasingly important sector of the UK stock market. In 1987/8, it would have represented 8.5% of turnover, 13.7% of pre-tax profit and 18.5% of quoted UK PLC; ranking second only to the oil industry with regard to turnover and pre-tax profit (£42B and £6.3B), and having the largest operating capital of any sector (£47.5B). The UK Water Industry employed operating capital of £8.4B in the year to March 1988; ranking the industry alongside medium-sized sectors such as conglomerates and electronics.

There are important international perspectives to the neo-liberal restructuring of the water industry in Britain: the Morgan Stanley Index ranking utilities as the largest non-financial sector with 6.3% of global capitalisation (Buchanan and Clapham, 1988: 1, 12-4). Two large French multi-nationals, Generale des Eaux and Lyonnaise des Eaux have increasingly constituted a growing international water sector. These companies have interests in over 150 companies worldwide; including 50% of General Waterworks Corporation, the USA's second largest operator, and Saudi Arabia's water and waste system. These companies have launched joint ventures with large UK multi-nationals such as John Laing and Trafalgar House; accruing large stakes in the UK's statutory water companies [SWCs], and by 1989 French multi-nationals owned 12 out of the 29 SWCs and had
substantial interests in a further six (Financial Weekly, 30-11-88; Financial Times, 04-11-89).

3.7. Summary and Conclusion.

The analysis of the development and crisis of the planner water-state has important implications with respect to the debate concerning the origins and nature of the neo-liberal project associated with 'monetarism' or 'Thatcherism'. The most influential 'Marxist' analyses have presented neo-liberal state projects in terms of external responses to economic crisis from projects constructed and legitimated at the political (Gamble, 1988; Jessop et al., 1988) and ideological (Hall, 1983, 1988) levels of reality. The crisis of the planner-state regulation of water illustrates the weakness and inadequacy of these approaches. The crisis of the planner-state was a crisis of the capital relation: the planner-state decomposed from within owing to the simultaneous decomposition of the economic, political and ideological rationality on which it was premised. The crisis of the planner-state water industry was ultimately a moment in a wider and more fundamental crisis of 'over-accumulation' that resulted from the contradictory determination of capitalist development on a global scale (Clarke, op cit: 287-341).

The planner-state was ideologically legitimated through the discourse of 'public service'. The idealism of Fabian Socialism
resulted in a series of state forms, with different implications for
the determination of labour, all being legitimated on the basis of
'public service'. The contradictory interests of producers and
consumers could not be resolved within the institutional mechanisms
of the planner-state, and the neo-liberal industry emerged in order
to reconstitute the industry on the basis of the utility-maximising
customer of neo-liberal economic theory: the (re)subordination of
use-value to value. The legacy of Fabianism has allowed the re-
domination of the water industry by capital to be legitimated and
articulated through a discourse of 'public service'. The theoretical
premise of public service has shifted from Fabian Socialism to the
neo-liberal economic theory expounded by representatives of the New
Right. This has been manifested politically through John Major's
Citizen's Charter. In Chapter Four I explore the way in which the
contradictions of the planner-state laid the ideological foundations
for the emergence of neo-liberal forms of state regulation premised
on the re-imposition of the water industry to the law of money - the
law of money as public service.
Notes

1. The extent to which autonomy from capital necessitates the development of alternative forms of science and technology is discussed in Cleaver (1992), Dickson (1974) and Illich (1973). The 'Lucas Plan' was a concrete manifestation of working class struggle premised on the development of alternative technology. For a discussion of the Lucas Plan see Cooley (1988) and Wainwright & Elliot (1982).

2. Guild Socialism was centred around the National Guilds League and a monthly journal entitled The Guildsman. In addition to GDH Cole the main exponents of Guild Socialism were Bertrand Russell, RH Tawney, SG Hobson, AJ Plenty and AR Orage. The most important examples of Guild Socialist literature are listed in Cole (1980: 217-8).

3. The theoretical validity of Cole's interpretation of Rousseau is beyond the scope of my discussion here. An assessment of this issue is presented in Vernon (op cit: xxii-xxxiv).
4. The attitude of Sidney and Beatrice Webb to the Soviet Union also illustrates this point. Soviet planning was Gas and Water Socialism taken to its logical conclusion. In a letter to Charles Sarolea in June 1924 Beatrice Webb wrote 'My Husband and I have always been against the Soviet System, and have regarded it as a repetition of Russian autocracy based on a creed - a very Eastern conception' (Mackenzie, 1978: 207; See also Webb & Webb, 1923: 161-2, for a discussion of the early Webbian attitude to Bolshevism). However, following a trip to the Soviet Union in 1932, the failure of the 1924 and 1929 Labour Governments and the economic crisis of 1931, Sidney and Beatrice Webb became increasingly preoccupied with the Soviet Union as the 'New Civilisation' (Webb & Webb, 1937; See also the letters written by Beatrice Webb to Harold Laski, HG Wells and RH Tawney between November 1941 and July 1942 in Mackenzie, op cit: 452-60).

5. A detailed analysis of the way in which the 'problem of labour' became manifest with respect to industrial disputes in the 1960s and 1970s and the response of the state to the crisis precipitated by the disputes can be found in Hyman (1989: 26-54, 196-212).

6. The composition of the CAWC and the organisations and individuals that were consulted by the committee in the preparation of 'The
Future Management of Water in England and Wales' are outlined in Department of the Environment, 1971).

7. The imposition of EFLs was common to all nationalised industries. See Ferner (1985; 1987) for an assessment of the impact of the introduction of EFLs on British Rail.

8. See Beynon & McMylor (1985) for a discussion of the way changes in the organisational structure of the NCB were used to smash the micro and macro settlements within the coal industry.

9. See also Beynon & McMylor (op cit) for a discussion of the rôle of the NCB in the 1984 Miners' Strike.

Chapter Four

Abstract Citizenship and the Contradictions of the Neo-Liberal State.

The crisis of the planner-state and the development of neo-liberal forms of state regulation has resulted in a marked commercialisation of the social relations between public utility services and their consumers. Apologists of the Neo-liberal project have heralded this as a glorious New Age in which "We're all customers now!" (Edgar, 1991). The privatised utilities, with new regulatory bodies charged with championing the cause of the consumer, have empowered individual consumers at the expense of irresponsible bureaucrats and powerful and unrepresentative producer groups. The new quantitatively determined contractual relations between public services and consumers provides the latter with a marked extension of their rights as citizens (Mather, 1991). The new 'consumerism' constitutes an important extension to the social rights of individuals and therefore provides the basis for the development of a new citizenship - abstract citizenship.
The development of abstract citizenship has allowed a redefinition of public service on the basis of neo-liberal social theory, and has provided the ideological legitimisation for the development of neo-liberal forms of state regulation to replace the discredited institutional ruins of the planner-state. In this Chapter I assess the way in which the new citizenship has impinged on the neo-liberal regulation of the water industry. This will provide the context for a critical assessment of the way in which the crisis of the planner-state and the development of neo-liberal forms of state regulation have been rationalised by the post-Marxist and Fabian left as 'progressive'. The theoretical convergence between post-Marxism and neo-Weberian sociology demonstrates the abstract premises of the former and the devastating political implications of incorporating 'abstract citizenship' within socialist political discourse and strategy. I present an alternative assessment of the neo-liberal state that posits abstract citizenship historically, in the context of the crisis of the planner-state, and logically, with respect to the re-imposition of abstraction on the institutional mechanisms of the state.

The crisis of the planner-state has resulted in a fundamental reinterpretation of the meaning of 'citizenship' on the basis of neo-liberal social theory. The theoretical premises of 'public service' have shifted from Fabian Socialism to neo-liberal economic theory. The liberal revival has been concerned to demonstrate the extent to which (abstract) social rights emanate from the operation of property rights in regulated markets rather than from (concrete) entitlements to welfare state services. This has important implications with respect to the regulation of 'public goods' such as water. The rationale of the liberal project has been central to the development of neo-liberal forms of regulation: bodies such as the National Consumer Council (NCC) having been concerned to develop liberal forms of utility regulation premised on the interests of the abstract marginal maximiser. I will explore the neo-liberal premises of the 1989 NCC Report *In the Absence of Competition: A Consumer View of Public Utilities Regulation*; the importance of the Report—being in the way in which it underpinned the subsequent concrete development of the neo-liberal regulation of water in the form of the Office of Water Services (OFWAT).

Neo-liberal economics is premised upon a conception of the individual as a rational utility-maximising consumer - the conceptualisation of social actors as abstract individuals. The action of calculating utility-maximisers spontaneously and impersonally interacting in the market results in both individual liberty and economic efficiency: the market allowing individuals to incorporate all their consumption behaviour into a personal consumption plan that spontaneously produces the optimum allocation of social resources (Barry, 1987: 52-3). The denigration of this conception of the individual as a consumer provided the primary ideological justification for Keynesianism and the plethora of controls and regulation over production and consumption that prevented individuals being allocated resources that satisfied their own (subjectively determined) desires and needs. The primacy of the consumer has been central to the recent liberal renaissance: a renaissance concerned with demonstrating the necessary relationship between spontaneous (ie. unplanned) social development and individual freedom and sovereignty.

The recent resurgence of liberal economics has been premised on the increasing importance of the 'logical positivist' school of philosophy, and the Humean notion that 'reason' is impotent in the construction and justification of political and moral value systems.
The liberal analysis is based on 'consequentialist' rather than 'moral' foundations [1]. The Chicago School justify liberalism through the positivist method of empirical observation. All reasonable men agree that the most important human goals should be liberty and prosperity. Empirical observation demonstrates the extent to which liberty and prosperity are dependent on free markets and limited governments (Friedman, 1982). The public interest is constituted by state policies and institutions that promote the interests of each individual as an anonymous (abstract) member of the public.

The economic freedom of individuals in the sphere of consumption constitutes the direct and most immediate form of freedom. Freedom is defined as freedom from coercion - freedom in the abstract. In modern society the scale of production results in only two forms of economic coordination being feasible: central state direction or voluntary cooperation through the market. The political coordination of economic affairs is necessarily coercive. Political channels of decision-making tend to force conformity as politicians are faced with a limited number of yes/no decisions. The market constitutes a form of economic proportional representation through which the unrestrained decisions of individuals lead to 'unanimity' without 'conformity'. The market allows voluntary cooperation between private individuals and prevents interference in the affairs of individuals through the separation of economic and political power.
4.1.6 Technical Monopoly and State Regulation: From Milton Friedman to the National Consumer Council.

The legitimate functions of the state are extremely limited in a 'free' society. The state has a legitimate function as rule-maker and umpire with respect to maintaining property rights, ensuring that freely-entered contracts are enforced and to maintain zero inflation. The state has important 'economic' functions with respect to countering the effects of 'technical monopoly' and 'neighbourhood effects'. Technical monopoly relates to industries and services such as water where 'voluntary exchange' would be either exceedingly costly or practically impossible; technical and economic efficiency being best served by one producer or enterprise delivering the good (Friedman, ibid: 28). In the context of technical monopoly there are three alternative production/regulation configurations: public monopoly, public regulation and private monopoly. Private monopoly is the least distasteful of these unpalatable alternatives. In the context of rapid technological change the factors leading to technical monopoly are likely to be transient and a private monopoly is the most likely to be eliminated by technological development. Public monopoly or regulation should therefore be organised in a way that permits competition: either an industry is a technical monopoly and competition will fail or an industry is not a technical monopoly in which case the state should not be involved.
The logical positivism of the New Right provides an illustration and explanation of the way in which the planner-state had failed to deliver individual prosperity and freedom. The NCC Report was concerned to explore the threat to utility consumers constituted by undertakers that did not operate in freely competitive markets. Competitive markets ensure that the supplier's goal of maximising profits is dependent upon them providing better value for money than other suppliers. Competitive markets give considerable power to individual consumers and provide incentives for firms to innovate and operate efficiently. In a monopoly situation producers have considerable power over consumers and can behave in ways that would not be acceptable in a competitive market (National Consumer Council, op cit: 23). Competition ensures consumer sovereignty and allocative efficiency, while monopoly results in allocative inefficiency that is manifested in overcharging, low efficiency and poor quality. Nevertheless, monopoly may on occasions be advantageous to consumers: most notably, the 'equity' related to guaranteed supply and the production of 'public goods'. In this context it is important to develop state regulatory mechanisms to protect the interests of individual consumers.

The political imperatives of the planner-state had resulted in forms of state regulation that undermined the interests of individual consumers. The essential nature of utility goods had resulted in 'equity' being a major element in utility regulation. The utility commodities were presented as 'merit goods' that had a 'strategic'
rôle at the macro economic level. Utilities were used as instruments of social and economic policy. Statutory regulations obliged utilities to supply on demand through uniform tariff structures that divorced price from production costs (values) via the principle of 'cross-subsidisation'. There was a clear distinction between regulation and the representation and protection of consumer interests. The form of the industries attempted to solve the problem of natural monopoly through the development of a framework in which utilities had no incentive to abuse their monopoly position. The utility boards were a contradictory combination of 'business management' and 'public interest' charged with the mediocre objective of 'breaking even' (National Consumer Council, ibid: 9-11).

4.1.c. The Market as the Constitution of Freedom and Efficiency.

The premise that individual liberty and allocative efficiency are dependent on limited government and a free market has been central to the liberal revival. The Austrian School has attempted to demonstrate the 'epistemological absurdity' of a single institution such as the state having sufficient economic and social knowledge to enable it to 'fine-tune' the economy; state control of the money supply resulting in 'cheap money' and 'mal-investments' that move the allocation of resources away from the pattern of allocation that would most benefit an 'anonymous [abstract] society' (Hayek, 1944, 1960). The Virginia School of 'public choice' liberals highlight the way
liberal democratic processes allow utility-maximising politicians to pursue their own rather than the 'public interest'. The micro-economic calculus is applied to public life in order to question the extent to which political actors behave in a 'public spirited' and benevolent way (Buchanan & Tullock, 1962). The operation of a plurality of interest groups in a corporatist framework destroys the interests of 'anonymous individuals' and vitiates against the public interest (Olson, 1965, 1982).

The NCC was concerned with the contradictions and limitations of state-managerialism. The theoretical premises of neo-liberal economics provided the ideological legitimation for analyses concerned to illustrate not only that the planner-state had failed to deliver, but that the re-imposition of abstraction provided the only basis for freedom and efficiency. The Report argued that the contradiction between the development of a range of social and economic policy goals for the utilities, and the attempt to develop market-related tariff structures was never resolved. Commitment to policies such as 'cross-subsidisation' led governments to promote monopoly rather than to promote competition and thereby more truly reflect the requirements of consumers. The interests of consumers were undermined through the use of the pricing and investment structures as instruments of macro-economic policy. The views of 'consumer councils' on prices and costs were marginalised by the broader social and economic objectives of the state.
The planner-state form of the utility industries resulted in the exploitation of 'inefficiency opportunities' and the resultant over-manning and managerial slack legitimated the 'privatisation' project of the New Right. Private ownership would have important advantages for consumers as private sector managers would have the positive incentive to increase profits and the negative incentives of the threat of bankruptcy and takeover that were not present in the public sector. Different forms of ownership gave rise to different means and objectives for state intervention: private utilities minimising modes of intervention that serve the interests of the administration of the day at the expense of consumers - such as the promotion of uneconomic rural supplies for 'political' exigency rather than for the benefit of the (abstract) consumer.

Neo-liberal theory has been concerned to develop a social theory on the individualist postulates of micro-economic theory and the postulates of micro-economic theory have provided the modus operandi of neo-liberal state regulation. The 'market' is central to this project as a result of its individualistic premises. The market has no ends or purposes and consequently resources are allocated on the basis of subjectively determined values through the competitive dynamic of supply and demand. The existence of imperfect competition in no way vitiates the efficacy of the market. Competition is not an 'end state' but a 'process' through which the dynamic and rivalrous competition between transactors continually pushes the system towards a hypothetical equilibrium (Barry, op cit: 35). The dynamic of
competition results in the constant correction of imperfections in real-world markets: the dynamic operating in private monopolies through the constant threat of potential competition and takeover.

The public benefit is maximised unintentionally through the actions of individual marginal-maximisers pursuing their own self-interest. The imperfections of real markets heightens the importance of 'property rights' which provide incentives for entrepreneurs to create profits through the location of price differences in real markets. The state lacks the knowledge that is available to decentralised entrepreneurs, and planned systems of provision therefore fail to deliver the optimum allocation of resources. Liberal social theory is thus premised on the utilitarian notion of 'unanimity' and is critical of tendencies towards the politicisation of economic life. The 'public interest' is derived from the interests of autonomous and anonymous (abstract) individuals and (abstract) economic freedom constitutes the fundamental basis of social power.

4.1. d. Property Rights in Regulated Markets: The NCC and the Origins of OFWAT.

The most important consumer issue to arise from the privatisation of the utilities was the form of state regulation that was to be developed alongside the privatised utilities. The principal concern was the development of a regulatory mechanism that would
allow the operation of property rights in the water and electricity markets. The privatisation programme of the 1980s had treated the consumer as a 'residual to other policy considerations', *inter alia*, creating an 'enterprise culture', reducing the power of trade unions, and reducing government expenditure (National Consumer Council, *op cit*: 17-20). Consumers were presented as the 'implied beneficiaries'. Privatisation had 'normalised' the commodity status of the commodities and the resulting increases in efficiency benefitted the consumer through lower prices and improved quality. The NCC questioned the extent to which a unique 'consumer' interest coterminous with the 'public interest' actually existed; particularly given the divergence of interest between different classes of consumers, *viz*, the divergence of interest between industrial-domestic, present-future, and urban-rural customers.

These divergences highlighted the importance of the development of regulatory frameworks that were explicitly premised on the interests of 'real' (abstract) consumers. The monopoly status of utilities did not allow consumers to 'signal' their wishes through their buying power: the power of utilities over their markets giving them *de facto* powers of taxation. These powers provide the *raison d'être* for the establishment and operation of utility regulation: the rôle of regulation being to establish a market 'proxy' which would protect consumers from excessive prices and poor standards of service. Regulation needed to shift the focus from the workers and owners of an industry to those that use its products; to shift the
locus of social power from producers to consumers (NCC, *ibid*: 1-2). The NCC argued that competition or a suitable proxy was the most important element in the future structure and regulation of the utility industries. Regulation would only cover the monopolistic activities of a utility and the monopoly and competitive sectors of an industry would be separated. The effective collation of comparative information and the operation of proxy markets necessitated the breaking up of large monolithic utilities into a large number of small operating companies.

Regulation required a distinction between the 'public interest' and the specific interests of the utility consumers; the regulator being unable to safeguard both interests simultaneously (National Consumer Council, *ibid*: 3-4). Utility regulation required both regulatory bodies with clear objectives and considerable expertise of the industry, and mechanisms to enforce the public accountability of regulatory bodies on the basis of natural justice and common law. The latter function required executive or judicial powers and would be constituted by the Monopoly and Mergers Commission (MMC), which under the 1973 *Fair Trading Act* is required, *inter alia*, to safeguard the 'public interest' through the promotion of competition and the protection of consumers with respect to purchase and use of goods and services. This highlights the abstract nature of neo-liberal regulation: the role of the state being premised above all on the maintenance of its own liberal premises - the state acting as both a form of quasi-market and as the guardian of universal abstraction.
The basic function of utility regulation was to ensure that monopolists did not charge unduly high prices, provide inappropriate levels of service, or operate inefficiently. Regulation was to be premised on the protection of the consumer from the 'exploitative' effects of a monopolistic market through the development of surrogate 'price signals'. Regulation needed to be concerned with both price and quality owing to the fact that companies operating in a competitive market would lose market share if they attempted to raise profit levels by either raising prices or reducing quality vis à vis their competitors. Companies would suffer financial penalties if they failed to deliver quality standards and the consumer would be compensated for any reduction in quality that he (sic) suffered: that is, 'compensation should reflect the value of the service forgone' (National Consumer Council, *ibid*: 5-6).

The NCC highlighted the deficiencies in the regulatory frameworks that had been developed for the gas and telecommunications industries; particularly the absence of quality controls and the retention of public sector institutional forms. The NCC criticism of these frameworks (National Consumer Council, *ibid*: 68-90) were incorporated into the 1989 Water Act: manifested concretely through the development of OFWAT and the separation of the monopoly and competitive operations of the privatised water undertakings. The regulation of utilities in Britain attempted to avoid the problems associated with regulation on the basis of rates of return on capital investment which failed to link costs directly to
profits, and often resulted in unnecessary over-capitalisation. This form of regulation involved the regulator in the long-term planning of utility companies; made the regulatory process expensive and complex; and blurred the lines of responsibility between management and regulator [2]. The Government attempted to overcome these problems by providing internal incentives for companies to meet the previously specified objectives of the regulator.

4.1. e. OFWAT as the Market: Regulation and the unity of price, quality and service

The prices charged by the privatised gas and telecommunications industries were regulated through price-capping. The regulator predicted an outcome premised on the achievement of a 'normal' rate of profit and the difference between prediction and reality provided incentives for increased efficiency and an incentive to reduce quality. In competitive markets consumers made judgements about, and traded off between, price, quality and service. In a monopoly situation consumers could be exploited along all three dimensions, and regulation needed to be concerned with all three dimensions. Regulation needed to result in the establishment of specific quality standards in order to ensure that incentives for increased profits through greater efficiency were not offset by a reduction in quality.
The NCC was concerned that OFWAT would operate as a perfect market proxy. Quality standards would be set in advance, with penalties more onerous than cost savings if these were not met. An effective link would be established between the quality of service an individual received and the individual price they had to pay— with compensation being payable if standards were not met (National Consumer Council, *ibid:* 75-6). The ability of regulatory agencies to make reasonable and informed decisions was dependent upon the ability of the regulator to collect and process information. The ability of regulators to collate information would be improved through the restructuring of utility industries in a way that would facilitate comparative competition: providing examples of 'best practice' and helping to prevent regulators being 'captured' by the utility company. The NCC highlighted the danger that companies could be motivated by factors other than profit-maximisation; in particular employees and managers exploiting monopoly on their own behalf in terms of over-manning or higher wages and thereby increasing prices or reducing quality. The human resource aspects of utility operations also needed to be a legitimate concern of regulation (National Consumer Council, *ibid:* 81).

In this section I have traced the development of OFWAT through the interplay of the crisis of the planner-state, the intellectual discourse of New Right liberalism and a political project concerned with perfecting the mechanisms through which the interests of abstract individuals are mediated with respect to 'natural' and
'technical' monopolies. I have demonstrated the way in which OFWAT was designed to be a market proxy par excellence: the mediated subsumption of concrete by abstract labour through the (re)unification of price and value. The main function of OFWAT would be to provide a mediated (re)unification of labour and valorisation processes. OFWAT was to ensure that the use-values produced by water undertakers were realised through their opposite - mediated exchange-values. The concept of 'public service' has thus been re-defined on the basis of the abstract individual: neo-liberal state regulation being premised upon upholding the interests of (real) abstract individuals in the context of generalised abstraction. I will now consider the regulatory rôle of OFWAT as quasi-market: the simultaneous regulation of price, quality and service imposing abstraction on the institutional mechanisms of the water industry.

4.2. OFWAT and the Regulation of Abstraction.

OFWAT was created by the 1989 Water Act. The Act privatised the existing 10 RWAs and enforced a separation between the 'core' monopoly functions of supplying water and disposing of sewage and other 'enterprise' functions. The environmental regulation functions of the former RWAs were made the responsibility of a new state regulatory agency constituted by the National Rivers Authority [NRA]. Section 60 of the Act established the Drinking Water Inspectorate [DWI] in order to assess and ensure that undertakers complied with
their duties concerning the quality and wholesomeness of drinking water. The 'core' business operations of the former RWAs and the existing SWCs were taken over by 'Water Supply Plcs' [WSPLCs] and were licenced to supply water and dispose of sewage by OFWAT. The licence established charging limits and performance standards and managers were left free within this framework to make profits while meeting quality standards; allowing managers to simultaneously satisfy the interests of shareholders and customers. The function of the regulator was to establish a framework that safeguarded the 'public interest' whilst providing incentives to efficient management (HMSO, 1986: 16-7).

OOFWAT was to provide a proxy for the competitive market. The market proxy was constituted by the development of measurements of comparative competition and the threat of mergers and takeovers. OFWAT was given the function of establishing the licence conditions of the 39 WSPLCs and 'regulating' compliance with the licence conditions through the collection and application of data on operating and capital costs, levels of service and customer care. The data was to form the basis of the conditions laid out in licence agreements and would form the basis of the comparative competition through which 'the market' would assess the efficiency of water undertakers. The main regulatory activities of OFWAT conform to the three dimensions highlighted by the 1989 NCC Report, viz, price, quality and service.
4.2. a. OFWAT and the Regulation of Prices.

In the water industry price increases are regulated by a \((RPI \pm K)\) formula. The value of 'K' is a function of what a company needs to finance the provision of service to customers whilst taking into account the amount needed for capital expenditure and operating costs, offset by improvements in productivity and proceeds from the sale of land. In order to finance a proposed £25b investment programme in improved drinking water quality and reduced pollution in the 10 years following privatisation all water companies were initially awarded positive K values (an average of 5.5% for the first 5 years and 4% for the second 5 years). The economic regulation of the post-privatised water industry is the function of the Charges Control Division of OFWAT. The Division is responsible for advising the DG on adjustments to 'K' either on an interim basis or via a periodic review. The Division undertakes the collection and analysis of financial information, encourages comparative competition, and undertakes periodic efficiency studies. The Division is responsible for developing OFWAT policy on mergers, 'inset' appointments and tariff structures. The Division monitors the performance of companies and the costs and benefits of changes in service standards; limiting 'charges to those that would be charged by companies competing directly with each other' (OFWAT, 1990a: 13).

The Charges Control Division of OFWAT is responsible for developing policy on tariff structures and charging methods. OFWAT
launched a consultation document in 1990, in consultation with the 
Customer Service Committees [CSCs] (infra: 196 et seq), in order to 
promote a debate on alternative charging methods. OFWAT was 
concerned to promote the advantageous, though economically 
prohibitive, method of metering which would provide customers with 'a 
sensible price message to enable them to affect their consumption 
pattern' (OFWAT, ibid: 16). The context of the exercise was a 
situation in which, owing to the need to finance improved quality 
standards, water charges are set to rise by between 22% and 122% by 
2000, and that the 1989 Water Act prohibited charging by rateable 
value on new properties immediately and on all properties after 2000. 
The determination of individual charges needed to be considered 
within the (RPI ± K) formula. The 1989 Act gave each WSPLC the power 
to fix charges for its services within (RPI ± K) within the 
limitations of Licence Condition E by which they are required to 
ensure that no undue preference is shown to, and that there is no 
undue discrimination against, any class of customers or potential 
customers (OFWAT, 1990b, Annex 1: 1).

The above legal framework highlighted the importance of 
developing a series of 'objectives' that charging policies should meet, 
viz, fairness, incentives for economy, and simplicity. The objective of 
'fairness' would ensure that customers in similar circumstances paid 
similar charges and that differences in individual charges properly 
reflected relevant differences in circumstances. The 1989 Water Act 
prohibited the calculation of water charges on the basis of 'ability
to pay'. The balance between 'standing' and 'variable' elements of water bills was to follow consumption, as standing charges weighed heavily upon small properties with low consumption, and households that 'chose' to use large amounts of water needed to have this reflected in their water charges. The customer needed to be able 'to control his (sic) consumption and expenditure in the light of his needs and resources' (OFWAT, ibid: 9-10).

The 'objective' of providing 'simple incentives' to customers and companies was 'to help ensure that the right level of service is provided at the right price.... to achieve improved economy and efficiency and to ensure that resources are well allocated'. Tariff structures needed to 'provide clear price messages which encourage companies to meet customers' demands, subject to achieving statutory environmental and health objectives, at the lowest price' (OFWAT, ibid: 9-11). In order to provide incentives the tariff structure needed to be organized on the basis that if a customer changes the volume of water or sewage services demanded, the change in his (sic) bill would broadly reflect changes in both capital and environmental costs.

The vast capital expenditure programmes required to meet increasingly rigorous environmental standards highlighted the relationship between the economic and environmental aspects of regulation (OFWAT, ibid, Annex 2: 1-5). Environmental considerations were central to decisions on future investment programmes, the structuring and monitoring of investment programmes and the nature
and implementation of charging systems. 'Economic efficiency' required that both the costs and benefits of environmental decisions should be a concern of the regulator. Customers both benefited from, and shared the costs of, environmental programmes and it was important that the costs of initiatives were presented in a way which indicated their implications for individual water bills. It was important to allow customers of water services to make judgements about the value they place on environmental benefits. Regulation needed to be premised upon an articulation between economic and environmental operations of the water industry. Decisions on new (environmental) obligations needed to be translated into investment programmes and prices, and implementation needed to be structured within a medium-term framework that gave customers certainty on their charges and the industry space to manage (and create values).

The establishment of distinct roles for the NRA, OFWAT and WSPLCs made it important that prices reflected the environmental costs attributable to distinct stages in the use cycle (abstraction, treatment, discharge). Values needed to be placed on the services provided by natural environments and environmental costs needed to be incorporated into product prices in order to give producers and consumers proper incentives to balance environmental and other factors. Increasingly tight environmental standards necessarily implied higher charges for customers. The Municipal Waste Water Directive [MWWD] required an end to the dumping of sludge at sea by 1998, and the expansion of treatment to the sewage outflows that
flow into estuaries or the sea. Between 1991 and 1994 around £2.5b. per year was projected for water industry capital investment, and of this between £0.8b. and £1.25b. was required to meet existing and future environmental improvements. The costs spread unevenly across the 10 WSPLCs [3]. Improvements were to be financed through the bills paid by customers as determined by \( RPI \pm K \), and this needed to be reflected in the process of environmental planning and decision making.

OFWAT has argued that customers would not welcome further price rises unless they were confident 'that (price increases) are justified and provided good value for money' (OFWAT, ibid: 15): new obligations needed to be reduced to prices before decisions on environmental improvements were taken. The objective of OFWAT was the development of a rational framework within which costs and benefits of environmental programmes could be evaluated in order to ensure that Ministers' decisions were translated into investment programmes with known consequences for prices. The action of quality regulators on new environmental initiatives, the costs and the differential impact upon the investment programmes of individual companies needed to be analysed in the context of the likely impact upon the bills of individual customers. The final decisions on proposals would fall on ministers who would need to balance the cost of making the improvements and the consequences for customers' bills against the environmental benefits.

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The objective of 'simplicity' and 'comprehensibility' aimed to ensure that customers were clear about how their overall bill was made up and what they could do to influence it. There needed to be a balance between tariffs which were simple and cheap to operate and ones which were more complex but more closely tailored to the circumstances of individual customers (OFWAT, ibid: 9). The main concern was the development of tariff structures that adequately reflected the subjectively defined values placed on utility services by abstract individuals: the confirmation of abstraction through the imposition of the social power of money on the operational mechanisms of the water industry. The development of improvement programmes with respect to drinking water and sewage disposal has to be equated with the prices paid by individual consumers: concrete labour realised and mediated by its opposite in the price form of value.

4.2. b. OFWAT and the Regulation of Quality.

The 1989 Water Act placed a duty on OFWAT to promote competition and encourage efficiency and effectiveness through the mechanisms of 'inset' appointments, comparative competition and mergers. The licences of the WSPLCs lay down the detailed accounting information that is to be made available to OFWAT in its function of encouraging comparative competition. The annual accounts submitted to OFWAT must differentiate between water and sewage activities and activities undertaken in either non-core activities or by subsidiaries.
in order to ensure that there is no cross-subsidy. Comparative competition allows OFWAT to 'form useful conclusions on the benefits to consumers' and allows the financial markets to make judgements about the different quoted companies. The Act obliges OFWAT to refer all mergers involving companies with assets exceeding £30m. to the MMC, although the Director General (DG) of OFWAT has stated that mergers will be encouraged where concentration of ownership results in more efficient management (OFWAT, 1990a: 17-8).

The technical, engineering and scientific aspects of water company performance are monitored by the Engineering Intelligence Division. The Division reports on and certifies information submitted by WSPLCs. The Division is intended to establish a mechanism that ensures the development of the necessary reporting arrangements to enable OFWAT to monitor and compare a company operating performance, levels of service, and investment expenditure..... (and) to support planning for periodic reviews and the efficient and economic integration of new obligations (OFWAT, ibid: 21). The 1989 Act required WSPLCs to develop detailed, long-term 'Asset Management Plans', which together with investment and levels of service projections formed the basis of the K setting. The projections were designed to improve the service provided to water customers, and it is the function of OFWAT to ensure that projected developments are achieved on time and at the lowest acceptable cost to customers.
In order to balance arm's length regulation with an assurance that water customers' monies are being effectively and economically managed, OFWAT requires companies to submit an annual report. The Report provides 'a framework for the submission of the majority of information required to enable OFWAT to monitor progress and compare performance.... (enabling) the generation of time-series information and facilitating non-financial comparisons' (OFWAT, ibid: 22).

Companies report on their medium term progress vis-à-vis the 'Asset Management Plan'; investment procurement strategy; quantitative data on service 'outputs'; progress in meeting drinking water and sewage compliance programmes; an outline of the methodology and procedures adopted to enable the accurate representation of levels of service indicators. Outputs are measured and monitored by a series of quantitatively defined quality standards that are laid down by the operating licences [4]. The regulation of quality illustrates the imposition of abstraction on the operational form of the water industry. The performance indicators developed by OFWAT are designed to ensure that the production of use-values by the WSPLCs is subordinated to the production of value. The concrete performance of the WSPLCs is regulated through abstract measures that quantify quality and facilitate the reduction of use-values to prices and enable comparisons to be made on relative efficiency by international capital markets.
4.2.c. OFWAT and the Regulation of Service.

The 1989 Water Act gave OFWAT particular duties with regard to existing and potential customers of the water industry. The Consumer Affairs Division is responsible for the development of policy vis-à-vis the consumer aspects of regulation. The 1989 Act requires OFWAT to establish and nationally coordinate CSCs, to protect the interests of rural, elderly and disabled customers, to investigate complaints, to approve and modify codes of practice and to establish 10 CSCs corresponding to areas of the former RWAs. The members of the CSCs are appointed on the basis of nominations invited from business, agriculture, local government, the voluntary sector and consumer organizations. The CSCs are independent of the water companies and have a statutory duty to 'keep under review matters of interest to customers and to consult and make representations to companies; to investigate customer complaints; and to advise and report to the Director General' (OFWAT, 1990: 28).

The 1989 Water Act gave OFWAT and the CSCs a duty to investigate unresolved customer complaints. The licences under which WSPLCs operate stipulate that companies must have both a procedure for handling complaints and staff trained to deal effectively with complaints. WSPLCs are given an opportunity to respond to complaints prior to OFWAT becoming involved. Complaints are initially dealt with by the CSCs; though matters such as drinking water may be considered by the DG, who may forward them to the DWI. In the 6 months
following privatisation OFWAT received 541 complaints, a 'significant number' of which concerned drinking water quality.

OFWAT pursues complaints on a 'case by case' basis to secure compensation or rebates where 'the product or service supplied is below the standard for which the customer has paid' (OFWAT, ibid: 29). Licence Conditions G, H, & I obliged the WSPLCs to submit to OFWAT three codes of practice:

1. Relations with customers and CSCs.
2. Guidance to customers that have difficulty paying their bills (procedure prior to disconnection).
3. Leakage from metered supplies.

These codes of practice were formulated jointly by the industry and OFWAT with important input from the NCC. OFWAT is responsible for administering the Guaranteed Standards Scheme by which the failure of a company to meet certain prescribed standards entitles customers to a payment of £5 (or £5 per day for certain sustained failures).

The regulation of service by OFWAT forms the basis of the new abstract citizenship. Public service is redefined on the basis of the micro-economic postulates of neo-liberal economics: the function of regulation being to ensure that individual customers receive value for money. The regulator is the market: the state maintains the relationship between price and value in order to maintain the conditions for successful valorisation by the nascent water capital.
The function of neo-liberal regulation is above all the affirmation of the subordination of concrete by abstract labour. The issue that needs to be explored is the way in which this domination has been ideologically legitimated through a discourse of citizenship. The neo-liberal project is presented as having extended the social rights of individuals at the expense of irresponsible and unrepresentative producers. The fundamental paradox is that the discourse of abstract citizenship has been developed by both the Right and the post-Marxist and Fabian left. The crisis of the planner-state has evoked a crisis in the structuralist and voluntarist politics that were its primary ideological supports.

4.3. Citizenship, Consumption and the Crisis of the British Left.

The crisis of the planner-state has resulted in a convergence between left and right around the concept of citizenship. The redefinition of 'citizenship' has been a central focus of neo-liberalism, and neo-liberal notions of citizenship have provided the institutional premise for neo-liberal state regulation and the neo-conservative political discourse focused upon the development of the 'Citizens' Charter'. Paradoxically, a similar conflation of the politics of citizenship and consumerism is apparent with the post-Marxist left. The post-Marxist preoccupation with citizenship is an attempt to reconstitute the corporate citizenship of the planner-state on individualist neo-liberal premises. The crisis of the post-Marxist
left is inseparable from the crisis of the planner-state: the response to the crisis having been the increasing preoccupation with the pluralism, technological determinism and the normative subjectivism of bourgeois sociology and social philosophy. The concept of 'citizenship' has been central to this project.

The crisis of the post-Marxist left reflects the legacy of Althusserian structuralism and neo-Gramscian voluntarism. The principal weakness of these approaches was the way in which they applied bourgeois sociological solutions to the theoretical limitations of 'Orthodox Marxism' (Clarke, 1991a: 70-86). In an attempt to demonstrate the 'relative autonomy' of the 'political' these approaches interposed 'civil society' between the state and social relations of production and thereby posited the sphere of exchange (civil society) as the locus of capital's domination over labour. This has important implications with respect to the theory of the state. The state is essentially neutral, while the political power of capital is derived from the control of resources in civil society: a conceptualisation derived from the eternalisation of capitalist relations of production presented by classical political economy and the reduction of production to a technical structure of material production independent of social relations. The political implication of this approach was the elimination of resistance to the capital relation and the direction of political activity to 'bourgeois state forms whose effectivity is subordinate to the domination of the capital relation' (Clarke, ibid: 80-1).
The crisis of neo-Marxian structuralism is the crisis of the planner-state. The discourse of citizenship is an attempt to legitimate a revisionism that is explicitly premised on neo-liberal abstraction: the project of socialism having been made congruent with the neo-liberal "New Times" of post-Fordism (Hall & Jacques, 1989). The development of a new sectoral socio-technical paradigm has heightened the crisis of the planner-state and confirmed the marginalisation of the 'working class' as an historical (ie. sociological) actor. The state and the workplace have been marginalised as sites of social struggle, which is increasingly focused on demands for social rights within civil society. The decline of mass production and the development of 'flexible' new technology has reversed the Taylorite concern with the separation of conception and execution with a concern to develop an upskilled and polyvalent workforce (Piore & Sabel, 1984), while the break up of mass markets has heightened the importance of the sphere of consumption as the primary location of freedom and autonomy (Murray, 1989).


The post-Marxist left has been concerned to demonstrate the way in which the demise of the proletariat as a 'political' (ie. sociological) agent of social change has resulted in social struggles transcending the law of value. New social movements (NSMs) have emerged that have attempted to create and defend autonomous spheres
of freedom and cultural meaning that struggle civil society and the
state (Gorz, 1980; Offe, 1985a; Laclau, 1987). The emergence of NSMs
is inseparable from the crisis of the planner-state and is premised
upon a growing realisation among 'political' actors that the conflicts
and contradictions can no longer be resolved on the basis of etatism,
political regulation and bureaucratic control. The NSMs paralleled
the New Right in arguing that there needed to be a reinterpretation
of the legitimate spheres of political action in order to expunge the
deleterious impact of state on civil society (Offe, op cit: 819-20).
The NSMs were concerned to politicise the institutions of civil
society in a way that was unconstrained by channels of
representative-bureaucratic political institutions: to premise
political action upon standards of rationality emanating from the
intermediate sphere between the 'public' and 'private'. The emergence
of NSMs reflected the emergence of a new political paradigm with
political values, issues, actors and institutional practices that
differed fundamentally from the 'old paradigm' associated with the
planner-state.

The development of the new political paradigm reflected a
broadening of oppression and deprivation in advanced capitalist
society and the development of new forms of deprivation that were no
longer 'class specific'. The workplace was no longer the primary site
of social conflict and the law of value was obsolete as the site of
'primordial' conflict (Offe, ibid: 838-56). Conflict increasingly took
place within, and was displacable between, a series of relatively
autonomous spheres. Individuals were oppressed and deprived as workers, citizens and consumers (Habermas, 1988). Oppression and deprivation had deepened through the increasing 'colonisation of the life-world' (Melucci, 1980): production having been replaced by the production of individual, biological and inter-personal identity.

The new paradigm was constituted by new forms of non-institutional politics in which NSMs were the main actors, and challenged the institutional framework of the KWS that was premised upon the commitment of institutional corporate actors to economic growth and security. The new politics was concerned with the politicisation of themes and issues that went beyond the dichotomy between public and private through the universalistic struggles of alliances of groups for identity and autonomy. The alliance of groups comprised any groups to the exclusion only of actors implied by the law of value: a configuration constituted by a 'non-class of non-workers' (Gorz, op cit). The work of Gorz highlights the increasing post-Marxist concern with social struggle posited between the state and the material relations of production, and the premising of new forms of citizenship on technologically determinist models of social development. These themes were taken up by the British left in an attempt to analyse the 'political' success of the New Right project of 'Thatcherism' in its onslaught against the corporatist mechanisms of the KWS.
The discourse of "New Times" (Hall & Jacques, op cit) was an explicit attempt to develop socialist renewal on the basis of Gramscian voluntarism, post-Marxist technological determinism and subjectivist notions of power and identity derived from the post-modernist project of Jean Baudrillard and Michel Foucault. Central to this project are the concepts of citizenship (Mouffe, 1988; Hall & Held, 1989) and consumerism (Mort, 1989, Murray, op cit) and the way in which these need to be combined in the development of a new socialist citizenship (Leadbeater, 1988). The crisis of the planner-state and the development of 'Thatcherism' had been developed within the Poulantzian problematic of the 'relative autonomy of the state' (Jessop et al., 1988; Hall, 1983, 1988): the political projects and ideological discourses generated within civil society by Thatcherism requiring new forms of progressive politics that articulated the new ideological and political forms in the context of an emergent post-Fordist technological paradigm (Jessop et al., 1990). The development of new abstract forms of citizenship are essential in order to defend the progressive remnants of the planner-state and to prepare a new socialist project appropriate to the emergent post-Fordist accumulation/regulation configuration associated with the "New Times" of post-Fordism.

The Marxism Today/New Socialist axis of the British left became increasingly interested in the 'liberating' potential of consumption and the market throughout the 1980s. Thatcherism had successfully articulated popular ideologies of economics (Mort, op cit: 160-3).
During the 1980s Thatcherism was able to construct a strategy and a discourse that articulated this economic common sense. The consumer boom in the mid-1980s and the associated credit boom produced potent late-capitalist images of prosperity. Despite the later economic downturn these images have had a profound impact on popular culture which has been transformed into a 'manic compulsion to consume' and the 'hyper-eroticism of a trip to the shops'. Living with the instability of the 'economic wheel of fortune' had replaced the 'slow but upward gradualism of social democracy'. Thatcherism was able to orchestrate consumption in a way that channelled feelings of growing prosperity to its own brand of economic and political freedom. This had important implications with respect to political discourse and strategy; most notably, the need to premise the discourse and practice of socialism on the needs and aspirations of abstract citizens as consumers.

4.3.b. The Politics of Consumption and the 'New Left' Politics of Abstraction.

The main problem for the left was the over-identification of socialism with production. Consumption had been trivialised and relegated to the privatised 'feminine' sphere of the household or castigated as a moral evil. The left needed to recognise the way 'lifestyle market segmentation' had reinforced the arguments of the NSMs with respect to the politics of identity. The old Fordist market blocs associated with fixed identity structures had broken down into
a diverse array of customer profiles. The 'new politics' needed to develop new styles of presentation and language in order to articulate the fluid and transient structures of identity associated with post-modernism. This required a collapsing of the distinction between politics and life.

The political sphere reflected the political certainties of Fordism that were premised on the workplace and stable political institutions. The collapse of Fordism had resulted in an increasing disengagement of politics and life; a realisation that it is outside the formal spheres of work and politics that individuals have a sense of power, freedom and autonomy. Thatcherism aligned itself with this realisation by giving individuals the opportunity to buy out of a politics that was presented as restrictive and tiresome. The importance of consumption to political strategy was in the way it touched the lives of people where they felt most active and powerful. The relationship between production and consumption had been transformed by the new consumer culture and this needed to form the basis of a new socialist common sense: the meshing of localised points of consumption with social demands and aspirations.

The post-Marxist concern with developing the 'social market' has been reflected in the policy developments of the Labour Party. The Labour Party has abandoned its historical commitment to the socialisation of the means of production in favour of the social regulation of markets. The 'new revisionism' and the 'market socialism'
adopted by the Labour Party is presented as a reflection of the new cultural significance of consuming and of economic life more generally in the 'popular imagination': the emergence of a new 'economic populism', with potentially liberating themes - such as consumption as a source of power and pleasure - that needed to be incorporated into the socialist political project for "New Times" (Mort, op cit: 160). The new revisionism of the Labour Party has been concerned with the problem of the way in which the historical commitment to workers could be accommodated with its new found enthusiasm for markets and the interests of consumers. The Labour Party remains committed to returning the water industry to the state sector; although the 'public service' status of the other utilities would be ensured through the strengthening of regulatory frameworks. In the 'policy review' document Meet The Challenge - Make The Change published in 1989 the Labour Party made the commitment to consumers explicit:

.....attention has in the past been focused more on rights and protection for people at work. In this report we seek to redress the balance - to make the priority that of empowering and protecting the consumer (Quoted in Beishon, 1989).

The main features of the Labour Party proposals were the development of a Consumers' Charter implemented through a Department of Consumer Affairs and an enhanced rôle for the NCC. In respect of
local services, the Labour Party has recommended the introduction of 'local quality audit teams' to monitor local authority performance, the granting of more power to consumers in the control and management of services and an increase in the regulation and monitoring of quality in the health and education services. The utilities would be subject to more rigorous regulation through the establishment of a Consumer Protection Commission that would cover all the utilities in both the public and private sectors and thus bring together and strengthen the present regulatory bodies. The high priests of consumerism have been mainly unimpressed with the Labour Party proposals; primarily over their failure to be sufficiently abstract in their definitions of consumerism and citizenship. The critique of the Labour Party position highlights the extent to which the neo-liberal citizenship implies no less than the complete and total subordination of producers to consumers.

The Director of the Consumers' Association John Beishon (1989: 16-7) has argued that the Labour Party definition of consumerism as 'the aspiration of users and consumers for greater control over both their immediate environment - and the wider social and economic forces which shape it' confused consumerism and citizenship. Beishon questioned the extent to which consumers wanted to control services themselves. Consumer policy needed to be aimed at giving consumers power through their individual choices and protection through central and local government regulatory mechanisms. Beishon argued that forms of democratic control over public services were inferior to more
powerful regulatory bodies premised on openness and public accountability that set standards for public services and offered redress for consumers on default. The Labour Party were also still too concerned with the interests and problems of public service professionals such as teachers and health service workers.

In order to understand the political significance of the development of 'abstract citizenship' it is necessary to undertake an assessment of the form and function of social power in capitalist society. I will begin by exploring the abstract premises of Weberian Sociology before moving on to consider the way in which this abstraction is articulated in the work of Neo-Weberians in their analyses of citizenship and the state in modern capitalist society.


The sociology of Max Weber developed alongside the 'Marginalist' revolution in economics. Marginalism emerged in order to conceptualise the possibility and limits of social reform. The 'objective' basis of social class associated with classical political economy was replaced by an individualist theory of economic relations, as the classical cost theory of value was replaced by a 'subjective' theory of value. The resulting reformulation of 'social
power' posited 'class' and 'class conflict' at a lower level of abstraction as sociological classes premised upon exchange relations and constituted by free associations of individuals organised on the basis of their perception of common interest vis-à-vis the exchange of commodities (Clarke, 1991b: 235-7). Class conflict was removed as an endemic feature of the capitalist system and became contingent upon disturbances to the competitive market system. The 'formal' and 'substantive' rationality of capitalism could be separated in order to define both the limits of reformism and the functions of modern sociology.

The methodological approach of Weber was an elaboration and refinement of the work of the marginalist Karl Menger (Clarke, ibid: 248-50). Following Menger, Weber was concerned with the necessarily abstract status of social theory and the development of 'ideal types' that had a non-necessary correspondence with empirical reality. Weber departed from Menger, however, on the issue of the 'universality' of capitalist rationality. Marginalist economics provided an adequate theory of economic 'action' and institutions as embodiments of economic rationality: the task of sociology was to develop a 'typology' of 'value-orientations' and 'social action' in order to place marginalist economics in a broader context. Sociology situated economic theory within the concrete framework of social life: economics provided the 'formal' framework that sociology would fill with 'social consent' (Clarke, ibid: 268). A theory of social action required both an account of rational orientations of self-interest
and an account of the formation of, and the orientation to, 'legitimate' orders of social organisation.

Economic, political and legal organisations were premised upon typical orientations of action and constituted different forms of 'domination': domination by the market, bureaucracy, religion and so on. The cultural unity of capitalist society was defined by the typically rational value-orientations of social action: the rationality of 'instrumental' rationality (zweckrationalität) independent of its economic form. The rationality of forms of action was not gauged against the subjective orientations of actors, but the extent to which social institutions had been subordinated to 'instrumental' or 'formal' rationality. Instrumental or formal rationality corresponded to the degree of abstraction of procedures or the degree to which regulation was predictable and impersonal. The rationality of these abstract forms of regulation can, however, be derived only from the objective rationality of competitive forms of economic regulation and Weber's formal rationality can be reduced to the economic rationality of marginalism (Clarke, ibid: 280).

The coherence of Weberian sociology rests on the objective rationality of the capitalist economic system. Weber defined economic rationality as a purely formal concept. The economic institutions of capitalist society were abstracted from capitalist social relations. The 'naturalisation' of the social relations of marginal economics thus resulted in the mutable social constraints which define the
limits of the subjective rationality of "formally rational" economic action being fetished as immutable natural and technological constraints - the contradictions of capitalism appearing as the unavoidable fate of humanity (Clarke, ibid: 283). Weber recognised the substantive irrationality of capitalism, but presented this as a necessary concomitant of the generalisation of 'formal rationality'. The fragmentation of modern capitalist society and the rationalisation of the separate spheres resulted in the development of an 'iron cage' that imposed rationality on the action of individuals in each of the separate spheres. Market competition thus imposed rational behaviour on participants in economic life and bureaucratic rules and procedures impose bureaucratic rationality on bureaucrats.

4.4.a. Weberian Sociology, Citizenship and the State.

The emergent relationship between citizenship and consumption has been developed by Weberian sociologists in an attempt to demonstrate the way in which private property and 'regulated market provision' constitute an important focus of 'modern social citizenship' (Harrison, 1991: 213). The bureaucratisation of productive enterprises and the state has rendered the sphere of consumption the primary location of freedom and autonomy (Saunders, 1985, 1990; Saunders & Harris 1991). Neo-Weberian analyses have attempted to demonstrate the theoretical and political naïveté of reformist left attempts to
appropriate citizenship as a defence against the neo-liberal onslaught on the institutions of social welfare. The attempt by the left to develop the social citizenship of TH Marshall in the defence of collective welfare (Hall & Held, op cit: 19) is seriously flawed as it fails to adequately problematise the 'contemporary complexities between citizenship entitlements and the economic structure of capitalist society (Turner, 1990: 190).

The development of global capitalism and the spatial reorganisation of the 'working class' together with the collapse of corporatism and the emergence of NSMs have combined to make it increasingly difficult for the state to mediate between capital and labour in the period of 'disorganised capitalism (Lash & Urry, 1987; Offe, 1985b). Citizenship does not have a unitary character but is dependent upon the divergent normative interpretations of public life associated with divergent patterns of social development. The work of Marshall was useful as it provided a theoretical perspective on a deeper conception of social membership expressed through the welfare state being itself the embodiment of certain social rights and claims. The global shifts in the nature of capitalism make Marshall's conception of citizenship obsolete, and the concept is currently undergoing a process of change and development in the context of a contradictory process of regional autonomy and globalism. There has been a redefinition of citizenship at both the regional and national levels: the development of a new citizenship premised on the politics
of status rather than corporate politics of class that marked the period of 'organised capitalism'.

Turner has been criticised for understating the importance of material circumstances to the status of citizenship: the way in which status politics involves conflict over resources and the relative position of groups vis-à-vis state actions that extend or limit citizenship (Harrison, op cit: 210-2). Harrison has questioned the extent to which neo-liberal attacks on the institutional structures of public welfare necessarily imply an attack on social citizenship. He suggests that it is an unfortunate consequence of the Marxian legacy that scholars 'downgrade the role of private property both as a focus for rights claims and as a stake in the struggles between grass roots interests and corporate power' (Harrison, ibid: 213). It is feasible to assume, he suggests, that privatised forms of social provision and access to choices in markets amount to a modern form of social citizenship. This is illustrated with respect to the owner occupation of housing (Saunders, 1990) and the state provision of tax subsidies on privatised forms of welfare and regulated market provisions.

The initial concern of Saunders was the mediation of 'interests' by the state and the articulation of 'non-class' cleavages in state representation and provision. The problem of the 'relative autonomy of the state', which had formed a blockage in 'Marxist' state theory, would be resolved through a Weberian methodology that examined the form and function of the state through the construction and application of a series of 'ideal types' which corresponded to different state functions at different levels of the state (Cawson & Saunders, 1983) [5]. There was a non-necessary correspondence between 'economic' and 'political' struggle which could be resolved into struggles organised around the 'production' and 'consumption' functions of the state.

The production and consumption functions of the state were delivered through different modes of interest mediation at different levels of state provision. The production function of the state was grounded in the ideology of 'profit' and 'private property' and involved the determination of exchange-value through 'corporate' modes of interest mediation at national and regional level. The productive function of the state was thus determined through class struggle. The consumption function of the state was grounded in the ideology of 'need' and involved the determination of use-value through 'competitive' modes of interest determination at local level.
The consumption function of the state was thus determined through the struggle between status groups. The framework was applied to the study of interest mediation within the regional state institutions of the water industry (Saunders, 1984) [6].

The form of the regional state allowed the interests of 'producers' to predominate over the interests of 'consumers' within the RWAs. These 'producer' interests were the corporate interests of capital [7]. The unelected and undemocratic nature of RWAs allowed the interests of 'producer' groups such as the CBI, NFU and NHEF to be mediated through corporate modes of interest mediation at regional level; which together with the professional interests of water industry managers constituted a form of urban managerialism (Pahl, 1975). The form and scale of RWAs made the representation of organised consumer interests difficult beyond local level. The abolition of local authority representation on the boards of RWAs had therefore resulted in an amalgam of managerialist and corporatist forms of interest mediation. The imposition of spending restrictions on RWAs heightened the marginalisation of consumers to managers and producer groups. The democratic vacuum within RWAs therefore resulted in the professional and non-accountable bureaucratic domination of the water industry; the problem was to find ways of increasing the influence of consumers at the expense of producers.

Saunders has been unable to solve the problem of how to increase the influence of water industry consumers within the
abstract premises of Weberian Sociology. The centralised, bureaucratic and technocratic nature of capitalist production and the state imposed an 'iron cage' of coercion on workers and consumers in the sphere of production. The sphere of consumption by contrast provided the basis for individual freedom and autonomy; but only with respect to the consumption of 'use-values' through which individuals are able to express their identity and autonomy. The 'libertarian' values of the New Right together with the marginal redistribution of property rights to ensure universal participation in the market provides the only means to ensure individual freedom and autonomy in advanced capitalist society. Socialism was obsolete as a political project as its 'collectivist' premises were unable to articulate demands for individual freedom and autonomy in the market. Where the means of consumption are provided by the state in the form of education, health care or housing the development of individual freedom and autonomy requires a shift in power from producers to consumers; transforming passive clients into active customers. The empowerment of consumers in the market for the means of consumption, therefore, provides individuals with freedom and control over 'the central and most important aspect of everyday life' (Saunders, 1985: 67-8).

The 'marketisation' of the state provision of consumption services such as education, health care and housing provided the opportunity for individual freedom and autonomy that was absent in the 'privatisation' of utilities such as water. Privatisation is only significant when it empowers consumers (Saunders & Harris, 1990). The
sale of council housing, for example, provided control over a 'use-value' through which individuals could express their autonomy and identity. The sale of shares in utilities provided individuals with 'exchange-values' that had little sociological significance given the intrinsically alienating scale and form of utility industries. The impact of the 'privatisation' of the water industry could therefore be measured empirically through an assessment of the subjective orientations of consumers. Saunders has argued that while the restructuring and privatisation of the water industry has had a fundamental impact on workers and managers within the industry, these 'economic' developments have had few sociological concomitants. In particular privatisation has failed to fulfil the explicit sociological objective of the Government with respect to the development of 'popular capitalism' and an 'enterprise culture' (Saunders, 1991).

4.4.c. Weberian Sociology, Class Struggle and the Imposition of Abstraction.

Weberian sociology abstracts from the substantive contradictions of capitalist society and Weber was thereby unable to locate the roots of the contradiction in alienated forms of social labour as these forms were presented as rational. The abstract premises of Weberian sociology have also been evident with respect to the work of neo-Weberian writers concerned to demonstrate the way in which neo-liberal restructuring has resulted in a new form of citizenship.
premised on the social rights of individuals in regulated markets. The work of neo-Weberians such as Peter Saunders, Bryan Turner and M.L. Harrison is confused, confusing and contradictory, but as I will demonstrate this results from the abstract premises of Weberian social theory. The analysis of the neo-liberal restructuring presented above has demonstrated the extent to which changes in social power have been premised on changes in the social determination of labour: the subordination of concrete to abstract labour through which the production and distribution of use-values has been subordinated to the production of value. Neo-Weberian sociology abstracts from these rather inconvenient 'economic' developments, and argues that the disappearance of the 'working class' as a corporate interest group in the sphere of exchange has rung the death knell of socialism as a political project, and highlighted the extent to which the market is the primary location of freedom and autonomy in 'late' capitalist society.

The work of Saunders on the water industry is breathtaking in its simplistic naïveté. The 'sociological' importance of water privatisation can be gauged by the subjective orientations of water consumers to their exchange relations as consumers, shareholders and voters. The analysis therefore abstracts from the fundamental 'economic' changes associated with neo-liberal restructuring: the development of commercial management, the marginalisation of trade unions and imposition of competition by a neo-liberal state agency. The neo-liberal state and water industry are part of the inexorable
development of 'instrumental rationality' and form an 'iron cage' impenetrable by subjective rationality. Through this methodological procedure Saunders concludes that privatisation has been insignificant. The limits of the new abstract citizenship are therefore determined by the unfettered logic of capital accumulation in the fetished forms of natural and technological constraints. The abstract citizen re-emerges as the abstract marginal-maximiser of neo-liberal economic theory. 'Public service' has been redefined into the maintenance of this abstraction. These are the intellectual and political premises of the post-Marxist, post-Fabian and post-modernist left!

It is evident from my analysis of the crisis of the planner-state and the development of neo-liberal forms of state regulation and utility provision that there have been fundamental changes in the way in which use-values are produced and distributed by the water industry in Britain. The abstract power of capital in the form of the rule of money has been re-imposed on to the institutional mechanisms of provision and regulation. The rule of money has been imposed through the struggle between concrete and abstract labour - that is, between labour and capital. In order to fully comprehend the importance of neo-liberal restructuring to the way in which labour is determined in contemporary capitalist society it is necessary to focus on the institutional mechanisms through which use-values are produced and distributed. The unity between labour and valorisation processes implies the unity of abstract citizenship and abstract
management. The analysis of 'abstract management' will demonstrate the enduring importance of the law of value as the locus of contradiction and struggle in capitalist society and the vacuous naïveté of left-wing theorists who premise their analyses on the abstract theoretical premises of bourgeois sociology and neo-liberal economics.
1. The most important exception to the predominantly 'consequentialist' approach of the New Right is Robert Nozick, who in *Anarchy, State and Utopia* (1974) premises his argument for libertarian individualism on an explicitly moral basis.

2. This is the predominant form of utility regulation in the USA. See Littlechild (1986) for a neo-liberal assessment of the weaknesses of the USA mode of regulation and the importance of competition in capital markets with respect to the operating efficiency of water undertakings. The arguments of Littlechild formed the basis of a Government White Paper *Economic Regulation of the Privatised Water Authorities* published in 1986. The extent to which the discipline of capital markets ensured the operating efficiency of water undertakings was questioned by Hughes (1989) and expanded on in the 1989 Report by the National Consumer Council *In the Absence of Competition: A Consumer View of Public Utilities Regulation*. I have indicated the importance of the NCC Report to the provisions of the 1989 *Water Act*. Professor Littlechild was subsequently appointed as the Director General of the electricity regulator OFFER.
3. Costs have fallen heaviest on WSPLCs with long tracts of coastline. The percentage increase in investment required to meet MWWD is South West over 35%; Southern, Welsh, North West, Northumbrian 15-20%; Yorkshire, Anglian 10-15%; and Severn Trent, Thames, Wessex less than 10% (OFWAT, 1991: 16).

4. The four sets of outputs (use-values) with which OFWAT are concerned are set out below:

1. 'Condition J' levels of service indicators

DG1. Raw water availability - number of customers whose water resource availability is below reference standard.

DG2. Pressure of water mains - number of customers with water main pressure below reference standard.

DG3. Interruptions to water supplies - number of customers that have had interruptions to supply without warning for longer than the reference period.

DG4. Hosepipe restriction - number of customers notified of hosepipe restrictions.
DG5. Flooding incidents from sewers - number of customers properties where flooding from sewers has occurred more frequently than the reference period.

DG6. Response to billing queries - number and banded response times for meaningful responses to customer queries.

DG7. Response to written complaints - number and banded response time for meaningful response.

DG8. Response to development control consultations.

With regard to DG2, DG3 & DG5 companies have to demonstrate both short and medium term improvements and the way in which they relate to investment programmes. The reference standards for DG 1,2,3,5 have where possible been set by consensus with the industry, or where this was not possible the by the DG after consideration of appropriate measures and definitions.

2. Other Performance Indicators These relate to the water and environmental quality aspects regulated by the DWI and the NRA. OFWAT is developing mechanisms by which information on performance and projected improvements in quality can be made available for monitoring company performance.
3. Levels of Activity This is a long-term measure that is intended to provide a cross-check between level of service indicators, other performance indicators and investment in underground assets. It takes the form of an indicator of the length of water mains/sewer renewed.

4. Asset Condition Indicators Standard classifications for structural and hydraulic capacity.

5. An extended exposition of the neo-Weberian approach to interest mediation and the state is to be found in Cawson (1986: passim).

6. This resumé of Saunders approach to the analysis of the regional state is taken from research carried out by Saunders on the impact of the 1983 Water Act on modes of interest mediation at Southern Water Authority. The findings of this research together with research focusing on South East Thames Regional Health Authority are presented in Saunders (1984).

7. Saunders does not consider the way in which the regional state mediates the interests of labour. The rôle of trade unions in determining and limiting the formulation of policy is ignored by Saunders, which is particularly surprising given his focus on the way in which engineers were being replaced by professional managers at Southern Water.
Part Two

State Regulation and the
Determination of Management Form.
In Chapter Four I demonstrated the way in which the regulatory regime that was created by the 1989 Water Act developed through the crisis of managerialism and articulated the abstract theoretical premises of neo-liberal social and economic theory. The Act rigorously imposed the law of money on to the regulatory and operational mechanisms of the water industry. The economic regulation of the industry was entrusted to OFWAT which was constituted as a 'market proxy' that would impose the law of value on the services provided by water undertakers. The Act privatised the 10 RWAs and made provision for the SWCs to convert to PLC status. The WSPLCs were restructured in order to separate 'core' monopoly functions that were to be the subject of regulation and other 'enterprise' functions: the WSPLCs constituting a public 'group' holding company with water supply and sewerage functions being undertaken by subsidiary 'service' companies and other functions such as engineering and training by subsidiary 'enterprise' companies. The Act also created the NRA and DWI to regulate river quality and drinking water respectively.

The transitory state form constituted by managerialism facilitated the development of large efficient entities \textit{qua} RWAs
capable of operating as capital. The dynamic of managerialism developed in the context of a global crisis of over-accumulation and the privatisation of the RWAs has facilitated the development of a £25B. programme of capital investment. Similarly, the SWCs have either been transferred to Plc status or been incorporated into large MNCs in order to facilitate their operating as capital. The neo-liberal regulation constituted by OFWAT is premised on subjecting the operational activities of water undertakers to the abstract power of money as capital. In capitalist society production is the unity of labour process and valorisation process implied by the commodity being the immediate unity of value and use-value. The valorisation of water capital has therefore fundamental implications for the organisation of the labour processes through which water use-values are produced: abstract regulation necessary implies abstract management.

In Part Two I explore the way in which the neo-liberal state restructuring of the water industry has imposed abstraction on the economic, political and ideological forms of water industry management. I approached the problem through a series of semi-structured 'key informant' interviews with water industry managers and personnel directly involved with state regulation. I also interviewed the representatives of concrete labour qua trade union officers and officials at local, regional and national level in an attempt to elicit the response of concrete to abstract labour. The fieldwork involved interviewing managers and personnel from four
Water companies. The companies share the characteristics of having pursued 'quality management' strategies, developed new IT management information systems following the pressures of regulation, the commercialisation of employment relations and the marginalisation of engineers and trade unions. Two of the companies were former RWAs involved in water supply and sewage disposal and two were former SWCs involved in water supply only.

The companies do however have some defining features. Western Water [WWL] was a former RWA privatised by the 1989 Water Act. The Company has focused on the development of 'quality management' and has established a special department to facilitate the development of 'quality management' throughout group activities. The company has pursued an aggressive 'industrial relations' strategy and has replaced the bargaining and negotiatory arrangements with trade unions with a 'company council' arrangement. Eastern Water [EWL] was also a former RWA and has focused on the application of IT to the development of 'quality management' and the development of a polyvalent and flexible workforce. City Water [CWL] was one of the larger SWCs and supplies a large urban area with water. The company transferred to PLC status following the 1989 Water Act and in the context of pressure from the City has undertaken a major restructuring exercise involving the commercialisation of relations between different departments and functions within the company. Shire Water [SWL] was one of the smaller SWCs supplying water to a predominantly rural area. The company is a subsidiary of a large MNC and the parent company has
provided the dynamic for a major restructuring of the company's operations. The company has drastically reduced staffing levels and has attempted to replace technical/bureaucratic forms of management with commercial management.

In undertaking the fieldwork I was concerned to investigate the way in which abstraction had been (re)imposed on the operational mechanisms of the water industry by the new regulatory framework. In Chapter Five I explore the way in which the new IT management information systems developed through the demands of the new regulatory framework have heightened management control over the labour process. In Chapter Six I examine the determination of the specific form of managerial control facilitated through the neo-liberal state qua the domination of concrete by abstract labour. In Chapter Seven I assess the implications of 'abstract management' with respect to the determination of concrete labour within the institutional mechanisms of the water industry. I consider the way in which the domination of concrete by abstract labour has resulted in the determination of new forms of abstract trade unionism. In Part Three I address the contradictions of abstraction and explore the possibilities for the development of non-alienated forms of utility provision.
Chapter Five

State Regulation and Managerial Control: The Contradictions of Abstract Control Systems.

The regulatory regime established by the 1989 Water Act has put increasing pressure on water undertakers to develop systems for the measurement and monitoring of levels of service and standards. The efficiency of water companies is measured by a series of operational targets that are defined and set by OFWAT, and which form the basis of the (RPI ± K) formula. The formula determines the amount water companies are allowed to charge for their services in order to cover projected capital investment and therefore the values imposed by the formula impact directly on marginal rates of profit. The (RPI ± K) formula has an inbuilt element of efficiency improvement. The information is required by OFWAT in order to measure the performance of companies against a series of pre-determined targets in key areas; the data providing the basis for the comparative competition by which capital markets are able to assess the efficiency of water companies. The systems developed in order to collect, monitor and report this information have had a marked impact on the operational and managerial structures of control within water companies. The
collection and monitoring of regulatory information has resulted in
the development of new management information systems and the
establishment of new departments and posts which relate directly to
the processes of regulation.

In this Chapter I examine the way in which the development of
the new information technology systems associated with regulation
have facilitated an important shift in the locus of control within
water companies. The development of the new systems has been part of
the process through which concrete labour has been subordinated to
the abstract control of the law of money. I explore this process
through an examination of the way in which the development of new
information systems associated with regulation have intensified
management control; the way in which the intensification of control
has been manifested in the increasing importance of the 'customer
care' function; and the way in which the shift in the locus of control
has been 'generalised' to non-operational areas such as the
management of health and safety.

5.1. Neo-Liberal Regulation and the
Monitoring of Quality Standards.

In order to satisfy the new regulatory regime, water companies
are required to collect and process vast amounts of information
relating to the performance indicators. The main impact of the new
regulatory regime has been the introduction and development of increasingly sophisticated management information systems. Within the new regulatory framework, companies have to present a detailed account of their performance to OFWAT each year through the 'July Return'. The preparation of this document has imposed a significant new workload on water companies, and has had a significant impact on staff and resources. The RWAs had faced detailed operational regulation by the Department of the Environment [DoE] since 1979, and the measures used by the DoE have been adopted by OFWAT. The regulation of SWCs by statute was concerned with the level of dividends paid to shareholders rather than the quality of the water they supplied; although they were subject to the Public Health Acts, and in the post-war period the SWCs had duties under the 1945 Water Act to provide clean and wholesome water at adequate pressure. The impact of regulation has therefore been particularly marked with respect to the SWCs.

5.1.a. OFWAT, Abstract Information and the Determination of Abstract Control.

The main consideration in the development of new information systems has been the need to produce data that is quantitatively commensurable and auditable. This has been reflected at CWL where the Company has been obliged to develop new management information systems in order to produce the information required by OFWAT. The Company has had to devote a considerable amount of money to the
engagement of systems analysis consultants in order to develop methodologies that would enable the development of repeatable and auditable information. The result has been that the Company's IT systems have been re-written, adapted and expanded in order to incorporate the OFWAT measures into the Company's systems and procedures.

The systems produced in response to the pressures of regulation have provided an important stimulus to the attainment of quality management accreditation. CWL has decided to obtain BS 5750 in order to demonstrate the quality of the systems and procedures that have been developed. The principles underlying the development of the new systems can be illustrated with respect to the 'Customer Enquiry System'. The new system is designed to replace the old 'Complaints System': the old system failed to reflect the extent to which the Company received both complaints and enquiries. The new system resulted in a four-fold increase in the number of staff that had access to the system and were required to access data into the system. These staff have undergone training by the Company and are required to work to standards and procedures. The central feature of BS 5750 is consistency of approach and the new system guarantees a uniform approach by all staff accessing information across the various departments and functions of the Company.

The importance of traceability is illustrated with respect to the information system developed at WWL. The most important
consideration in the development of the new system was the need to have a vigorous 'audit trail': that is, the need for all information, whether for internal purposes or for OFWAT, to be traceable to where it originated. For an area such as 'interruption of supplies' (Condition J Level of Service Indicator D03), a document exists which specifies the staff that have responsibility in this area and what those responsibilities are. Within the system, it is possible to identify from where and from whom information is originating. This information is now mostly held on computer data bases, and for each Condition J Indicator it is possible to trace the origins of the information via the system to the individual files in which it is held.

The systems were developed in response to the pressures of regulation. However, the new systems have fundamentally increased the level and type of information continually available to senior managers: managers are able to constantly monitor the production of use-values and relate this to corporate policy and the reward and appraisal of managers and staff. The OFWAT performance indicators and the new systems that have been developed in order to monitor these standards are, therefore, central to the project of imposing abstraction on the neo-liberal water industry.
5.1.6. Performance Monitoring and the Contradictions of Abstract Control.

The Condition J and other OFWAT Performance indicators have been incorporated into the corporate and managerial strategies of water companies. This is reflected at WWL where the level of service indicators feature in the 'key results' of the business, and the ability of managers to monitor performance against the indicators is considered vitally important. The new systems have increased the information available to senior managers and enabled them to more effectively monitor the performance of subordinate managers and staff. The new systems have thus provided the basis for the restructuring of strategic asset and labour power allocation and planning.

The Business Systems Controller at WWL is Richard Dawson. He is responsible for collating information from the various areas of the Company, and compiling a 'consolidated report' for the 'Senior Executive Team'. He suggests that the new systems will both increase the availability of operational information to senior managers and embed the procedures by which this information is collated within the technical and bureaucratic structure of the Company. The new systems have facilitated and contributed to fundamental changes in the managerial structures of water companies. Richard Dawson identifies a trend towards reducing the number of managerial levels in order to make the managerial function more 'hands-on-work' and to encourage
'managers to manage'. In essence, the new management ethos has involved pushing the locus of managerial responsibility further 'down the line'. The new approach utilises the skill and expertise of the staff directly involved in the operation of water distribution and sewerage systems, rather than relying on a hierarchy of (Fabian) 'experts'. While such changes were considered to be inevitable by managers such as Richard Dawson, he suggests that the new systems have an important part to play in the development of the new managerial ethos.

The new IT systems have given managers speedy access to the information that is required in order to monitor the line-managers and foreman to whom responsibility for operational effectiveness has been increasingly delegated. The development of the IT for this function has not been unproblematic: information has been either too 'high-level' (abstract) or too 'detailed' (concrete). The development of abstract information systems has intensified the contradiction between value and use-value. There are two contradictory trends at work within WWL. Functional managers have been given greater autonomy and responsibility in the production of use-values in an attempt to introduce 'hands-on management' within the Company. On the other hand, the development of management information systems has increased the ability of senior management executives to monitor and control middle and line-managers. However, the information has not enabled senior executives to effectively control the production of use-values. The contradiction between value and use-value is not
resolvable by senior executives, but is *lived* by managers (Nichols & Beynon, 1977: 31). The contradiction has been mediated through the subjection of managers to the law of money.

The subjection of managers to the law of money is illustrated with respect to the new systems of control developed at WWL. Richard Dawson is a line manager with responsibility for the development and operation of management information systems. He suggests that the Company has attempted to address the contradiction through the setting and monitoring of objectives and criteria through which managers are expected to manage, whilst leaving managers responsible for day-to-day operational effectiveness. Richard Dawson gives an example of the objectives and criteria to which managers are expected to conform: the need to ensure a positive public perception of the Company, whilst working within a strictly-set financial budget. Managers are given the autonomy to operate within the constraints imposed by the law of money - managerial trust is ultimately structured through the law of money:

If you set down certain criteria by which you expect a manager to manage, and one of them might be we don't want to see WWL's name dragged through the press. But at the same time you've got a financial budget to work to..... So by setting appropriate
objectives and targets and monitoring those, you needn't monitor every single decision.

The imposition of the law of money on the operational structure of the water industry is perceived by managers working within the industry in terms of an increasing focus on finance. Andrew Harris is the Business and Customer Services Director at CWL. He suggests that an inevitable result of recession (crisis) is that 'the accountant comes to the top'. In the former SWC sector this has been compounded by the transfer of many companies to PLC status. This has resulted in a fundamental change in the relationship between water companies and the City. When companies such as CWL were SWCs, investors could add CWL shares to their portfolios in the expectation of a low but fixed return. As a result, the City had little interest in the performance of the Company. The transition to PLC status has totally transformed this relationship. The City now scrutinises the performance of the Company in great detail, and this has increased the focus on finance at every level. The impact has been particularly sharp with respect to line managers and supervisors, and as Andrew Harris suggests, between concrete and abstract labour:

It's helped focus on costs and things like that. There are the endless clashes between "I'm an engineer and what I say is right!" and "I don't care who you are you're not having the money to spend!". So there have been the fairly classic arguments, differences of
opinion, whatever way you wish to express it. So I think it's just part of that general trend. But there is an increasing concentration on cost, and that makes life increasingly difficult for the line managers, and that in itself brings some tensions. Some which are quite creative and good for the Company and some of which can be distractive.

The intensification of the law of money has been manifested at SWL through a shift in the emphasis of the Company. The primary focus of the Company has shifted from the product to the customer. The new regulatory framework has had a profound impact on the organisational structure and culture of the Company. Helen Webster is 'Customer Services Manager' at SWL. She suggests that the main impact of regulation has been a marked shift in the cultural orientation of the Company: a shift from an emphasis on the 'product' to an emphasis on the 'customer'. SWL was formerly a company dominated by engineers concerned only with the production of use-values. The new regulatory framework required the production of abstract values:

This company was product orientated. We were concerned about the water. And if we got the water out of the ground, and we got it pushed out to people's taps, that was our job done. We didn't really believe that the end-user, the person that paid the bill had got any right to ask any questions and
anything else. We were run by engineers, the engineers filled all the top slots, and, therefore, they were totally product-orientated. When it came to customer service, "Well, what service do they want?" It was that kind of operation. The regulation that came with privatisation made a dramatic difference. Because all of a sudden we had to start counting things and collecting information. And it was a major shock to the company's culture.

The restructuring of SWL has involved a shift in the locus of power between engineers concerned with the production of concrete use-values and managers concerned with the production of abstract values. The pressure to 'count things' and 'collect information' was a direct result of state-imposed pressure to improve efficiency. This was facilitated through the built-in efficiency improvements that OFWAT and the DoE have built into the Company's K profile. The pressure has resulted in a fundamental restructuring and rationalisation of the Company's operations. Immediately following the introduction of the new framework, the Company employed a team of management consultants to look at the scope for reducing staffing levels either through rationalisation or through increasing the use of sub-contractors. The result of this was a 30% reduction in the workforce through a voluntary redundancy programme that drastically reduced the age-profile of the Company.
The restructuring programme had a 'marked benefit' for SWL with respect to the removal of staff with entrenched 'concretist' attitudes. However, the constitution of the (Fabian) managerialist labour process rendered the removal of these staff extremely problematical with respect to the operational effectiveness of the company. A major feature of the managerialist form of the company was that 'nobody wrote anything down', and the result of the voluntary redundancy scheme was the disposal of a vast amount of experience 'tied up in employees' heads'. The immediate impact of the scheme was therefore operational ineffectiveness and heightened levels of unrest and disquiet among the remaining staff. The primary management strategy for dealing with this situation has been the development of new (quality) management systems that codify operations within formal procedural systems.

The development of the new managerial information systems has been part of the process through which abstraction has been imposed on the operational activity of the water industry. The systems have heightened the contradiction between value and use-value within water companies: abstract monitoring has failed to facilitate the effective (abstract) control of concrete labour. The new systems have had important implications with respect to the deskilling of staff and the knowledge of managers and staff have been increasingly objectified in the bureaucratic structures of water companies. The (concrete) bureaucratic mechanisms developed in order to ensure the effective production of use-values are ultimately subordinated to the
abstract control constituted by the law of money. The most fundamental manifestation of the process of abstraction has been the 'commercialisation' of management control systems and labour processes.

5.1.c. Abstract Management and the Commercialisation of Social Relations.

The new mechanisms of abstract control have been legitimated through the discourse of consumerism: 'customer care' legitimating the 'commercialisation' of social relations within water companies and between water companies and their consumers [1]. The OFWAT performance measures have been embedded in the bureaucratic structures of water companies. The DG measures are considered to have facilitated greater efficiency through the way in which the new control systems allow the production of use-values to be mediated through the abstract control of money. The DG measures have been incorporated into the managerial ethos and the rewards system of water companies. Andrew Harris at CWL suggests that the measures have been incorporated into the managerial ethos of the Company, and have allowed to the Company to focus on areas such as 'response to written correspondence' where the company's performance was less efficient than senior managers had imagined:
In some cases we were not properly measuring some of the things, and so it's concentrated our minds, and the classic is response to written correspondence. Where you think you are doing quite well, but if you do a year-on-year audit, and you're doing not quite as well as you thought. So they have now become part of the management ethos. Most senior managers in this company now work on performance-related payments, they have a contract, and these measures are included in those performance-related contracts. And we monitor them on a monthly basis, we have a monthly performance summary for the attention of the board and that includes a large chunk covering all the Director General's measures.

The introduction of the new regulatory regime introduced through OFWAT has had an important impact on the mode and ethos of management at CWL. Most importantly, the development of a new ethos of 'monitoring'. OFWAT has provided an important dynamic to the development of abstract management. As Andrew Harris suggests, the existence of an outside regulator has acted as an important stimulus to increasing levels of monitoring within the Company: developing a managerial ethos of 'monitoring' that has subsequently been extended into areas not covered by the DG measures. The extent to which the increasing importance of monitoring has been legitimated through the discourse of 'customer care' is illustrated through the impact of the
DG measures on managerial control systems and labour processes at SWL.

The DG performance indicators have had an important impact on the organisational structure and culture at SWL. The indicators in respect of dealing with complaints and billing queries have become an important element in the Company's culture; staff working in these areas are fully aware of the time-frames and constraints attendant on them with respect to the Regulator, and indeed, these constraints and time-frames have been built into the new IT systems. The Company has developed a system that automatically sends out warnings to customers in respect of interruptions to supply (Condition J Level of Service Indicator DG3). The Company has established a special unit with the exclusive function of maintaining and monitoring adequate pressure (Condition J Level of Service Indicator DG2). The most important impact, however, has been with respect to the establishment of the 'Customer Service Unit'; a unit that has provided an important catalyst in increasing the importance of customer care throughout the organisation.

5.2. Abstract Regulation and the Contradictions of "Customer Care".

The determination of 'customer care' as a management form is constituted by the need to deliver the administratively determined
use-values constituted by the DG Measures whilst maintaining the valorisation of capital. This is the contradiction of the form of state regulation constituted by OFWAT. The function of OFWAT is to encourage 'comparative competition' between companies with respect to levels of service. The (RPI ± K) formula ensures that companies achieve the standards at least cost. The valorisation imperatives of the neo-liberal water industry have had a fundamental impact on forms of management and labour processes manifested in the increasing domination of the customer care function. The 'customer care' function is premised on the abstract customer of neo-liberal social and economic theory, and this articulates the fundamental contradiction of neo-liberal state regulation.

5.2.a. Abstract Competition and the "Marks-and-Spencerisation" of the Neo-Liberal Water Industry.

The operational performance of companies is measured through the application of a number of 'level of service' performance indicators. While the definitions are clear and unambiguous, the way in which they have been interpreted by undertakers following privatisation has resulted in a number of problems with respect to the regulation of the industry. OFWAT inherited the performance indicators from the DoE, and has since attempted to tighten up and amend the definitions in order to ensure that they provide a uniform and reliable measure of the performance of water companies. In
addition to the annual audit of company performance, OFWAT undertakes an annual audit of the methodology on the basis of which the audit return is constructed. Individual companies have to satisfy OFWAT that operational information is collected and presented according to a uniform formula: a vital pre-requisite for the introduction and development of 'comparative competition' between companies.

The main impact of the 'comparative competition' developed by OFWAT has been with regard to providing a dynamic to the development of abstract management systems and to the improvement of efficiency. The comparability of water companies is vitally important for OFWAT as it provides the basis of its neo-liberal function as a market proxy. The task of balancing the concrete specificity within which a company operates with the need to produce information on performance according to uniform and abstract formulae is perceived as a critical problem by managers. The problems of interpretation, and the enduring specificity of the problems faced by individual companies, in addition to the increasingly diverse manner in which companies deal with issues and problems, have combined to highlight the enduring problem of achieving uniformity.

The comparative data suggested that CWL was performing poorly with respect to written customer complaints (Condition J Level of Service Indicator DG7). The pressure from OFWAT was the primary dynamic in the development of the new 'Customer Services Centre'.

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While Andrew Harris recognises that the inter-company comparisons are useful initiators of customer care developments, the way in which the information is compiled results in the absolute measures of performance being of questionable validity. Companies employ their own independent auditors, and the latter are given very little guidance by OFWAT on the methodology through which the 'July Return' is prepared. Indeed, research carried out by CWL suggests that the absolute levels of performance developed by OFWAT are highly questionable:

Some confidential work we've done with other water companies..... (has) compared the way in which certifiers have dealt with us, and we are fairly sure that while the certifier year-on-year deals with their own company in a fair way, we don't believe there is total compatibility between the way one certifier is treating one company and one the other. So we don't believe the absolute values coming out of it.

The competition between water companies is constituted by abstract competition. This is illustrated with respect to the impact of comparative competition at SWL. The data generated by OFWAT has had a limited impact on the operational effectiveness of the Company, but for Helen Webster, OFWAT has had an important competitive effect on the Company with respect to the K profile imposed on the Company.
particularly with respect to the price SWL charges for water in comparison with neighbouring companies. The K profile imposed on SWL is very skewed with rapid increases in the first five years, followed by increasingly lower and eventually a negative K in the following five years. The companies on SWL's borders have been given a more constant K. The divergent K values have resulted in a series of 'public relations' problems for managers at SWL. Senior managers at SWL have been involved in a continuous process of attempting to renegotiate K with OFWAT; highlighting the extent to which (abstract) competition with respect to price predominates over (concrete) competition in respect of operational performance.

The systems developed in response to the new regulatory framework have therefore facilitated a tightening of abstract managerial control within water companies. The market proxy constituted by OFWAT cannot measure and make comparisons on the basis of the concrete performance of water companies: on the contrary, the regulator both reflects and articulates the increasing domination of the water industry by abstract management. The domination of abstract management is perceived by managers working in the industry as 'competition'; an abstract dynamic that demands an ever-increasing emphasis on 'customer service'. The competitors are increasingly seen as the exemplars of the UK private sector, the comparative competition of OFWAT ever-more marginal: water companies compete with Marks and Spencer and Boots rather than each other. The
The principal managerial objective has increasingly become the 'Marks-and-Spencerisation' of the water industry.

How is this competitive pressure perceived by managers working within the industry, and what has been its impact on the operational and managerial structure of the industry? Richard Dawson at WWL is in front-line contact with OFWAT, and he suggests that the role of OFWAT in facilitating comparative competition is simply one element in the increasingly competitive social context in which the water industry operates. OFWAT has had a marked impact with respect to the pressure to develop increasingly complex management information systems and audit trails. The notion of competition however extends far beyond the pressures exerted by OFWAT:

I think (the pressure of comparative competition) is in there, amongst several other aspects, whether its competition against Marks and Spencer, or whatever. I think there are aspects of customer service which aren't necessarily unique to the water industry. Therefore, if it's a question of how quickly you respond to a telephone call, or whether it's the appearance of the inspector when he arrives on your doorstep, a matter of keeping an appointment, then I think the comparisons are legitimate outside of the water industry. I was aware last week when my wife rung up and the dishwasher had broken down. The lass
on the other end of the phone said "We'll be around tomorrow morning". That was something that was beyond my expectation. But that is your competition.

The development of abstract management in the former SWCs has lagged behind companies that were formerly in the state sector. At CWL therefore the introduction of the new regulatory framework, and the concomitant transformation of the Company from SWC to PLC has had a fundamental impact upon the organisation of the Company. This has been particularly evident with the form of management through which the Company is constituted: a shift from concrete to abstract management. Andrew Harris contrasts the two forms of management:

As a statutory company it was engineering-driven and potentially concretist. Everything had to be "Don't bother me with these management concepts, get on with it lad! Get out there and if you've got a problem just keep throwing staff and money at it until it goes away". We have now shifted towards something that says "Hang on! The whole purpose of running this business is to supply that customer out there with what they want. Let's spend a bit more time understanding that, and then we'll come back through and that will be the driver of all the systems".
The shift from concrete to abstract management has been accompanied by a shift in the form of competition: the comparative 'concrete' competition developed through OFWAT is considered marginal to social trends and attitudes that expect heightened levels of customer service. Andrew Harris describes the way in which he perceives these trends:

There's been a general shift in the country, that it won't accept as much paternalism, it won't accept "I know what's best for you!" It will say, "Why should I accept that? Why should I accept shoddy service? Marks and Spencers don't give it to me!" Well why don't we do it? We need to find the water equivalent of that. People now expect you to be open all hours, they expect they can go shopping any day of the week, so why can't they ring you up on any day of the week? Why can't I have an appointment at 7 o'clock at night? It seems to us that its the whole social pattern. Its no good often going to people in the day time, because there would be no one at home, most houses are empty. So the pattern of people has changed and they are expecting the companies to change to match that pattern.
Andrew Harris argues that the idea that water companies compete against each other is ludicrous. Customers only deal with one Company, and the diverse specificity of the (concrete) situations of individual companies make comparisons between companies as developed by OFWAT 'irrelevant' as far as the individual customer is concerned. Customers look to the 'big market place' and compare companies with Marks and Spencer and with the other utilities:

That is what they compare you with because that is what they know. They don't get served by two water companies so they can say "It's much better on Tuesday!" They know you, so they compare you with your market place, which is the big market place...... It would be wrong to suggest that all companies should provide the same service. Quite wrong, completely. You're dealing with different areas, you're dealing with different waters, different things, different expenses. Similarly you get a different service from TESCO, Marks and Spencers, Sainsbury's. But you have a choice between the service of Sainsbury and Marks and Spencers. So we must live with that sort of comparability.

It is through these perceived changes in the 'outside world' that managers theorise the increasing importance of abstract management and abstract competition. The development of abstract
management in the water industry highlights the importance of the state in the restructuring process. Management is abstracted from the particular use-values that it is concerned with producing. The fundamental feature of the Marks-and-Spencerisation of the water industry is the increasing importance of the (abstract) customer care function. Abstract regulation and abstract management have been legitimated through the discourse of 'consumerism': managerial strategies and labour processes subordinated to the interests of the abstract marginal-maximising customer of neo-liberal economic theory. I will now explore the specificity of the way in which the development of abstract regulation and abstract management have impacted on social relations within water companies.

5.2. b. Case Study One: The Internal Market and the Development of "Customer Service Teams" at WWL.

The process of collecting and monitoring of levels of service information has had a marked impact on the organisational structure of WWL primarily through the development of 'Customer Service Teams'. Within each operating area of the Company a 'Business Services' Department' has been established in order to coordinate all the functions that are not directly concerned with the treatment, supply and distribution of water, the treatment of sewage, or plant and buildings maintenance. The departments thus coordinate the administration, finance and planning functions. The Business Services
Department is headed by a Business Services Manager to whom three section heads report: namely, the heads of Office Administration, Customer Services and Management Information.

The Customer Service Teams have direct first-line contact with customers, and operate the 'Customer Services System' through which every contact with a customer is logged and can therefore be traced and audited. The 'Management Information Group' is concerned with both the dissemination of information from the centre and the collection of performance data from within areas of the Company. The Group is responsible for gathering information on levels of service and comparing performance against performance targets. The information is transmitted to the centre and forms the basis of the Monthly Report to the Managing Director. The Report contains basic financial data, reports from all the executive directors to the Managing Director, and in summary detail all the levels of performance which are presented in both aggregate form and broken down by (operational and geographical) area.

The structure of management accountability and control associated with the Business Services Department represents an important, if not fundamental, change in the organisational structure of the Company. The team leaders within the Business Services Department report directly to the Business Services Manager, who is responsible directly to an area manager, who in turn reports directly to the Operations Director. The main dynamic for the establishment of
the new structure was to acquire consistency and coordination in the way in which the Company dealt with information relating to customers. The functions that are now contained within the Business Services Department have always existed in some form, but the new system brings them all together under one manager. Prior to restructuring, the management information and finance functions would have reported to the Divisional Accountant, the customer services function to the Distribution Manager (who dealt mainly with water), and the administrative function would have reported to the Personnel Manager.

The customer service function is an important element in developing the company into a 'quality organisation' that delivers a 'quality product'. For Richard Dawson, the Customer Service Teams are able to act as a catalyst for infusing the culture of 'customer care' throughout the organisation:

I think the fundamental issue associated with how well we treat the customer, is how well do we treat each other *internally*. What I think is that the Customer Service Team have the need to speak to everybody, because they don't know what the next customer call is going to be about.... and therefore, they have the need to speak to everyone in an area. It's from the comments of our Customer Service Teams, that you learn what's going wrong with these internal
communications..... and things like the continuous improvement programmes that are currently underway there is a lot that the Customer Service Team are able to put into that.

The production of a customer-conscious, quality organization has resulted in the breaking down of functional rigidities within the Company. This has been particularly marked with respect to the area of company-customer interface. The Customer Service Teams have provided an important catalyst for change. The comments and concerns of staff working in the Customer Service Teams have been used to develop and define company policy on customer service and standards, and these have been incorporated into quality management procedures. Richard Dawson describes the main concerns which underpinned the establishment of customer service procedures:

What we want to get away from is people trying to persuade, cajole, beg or whatever, somebody in another department to do something. There should be clearly defined company standards in these respects. I think the Company desire to achieve that sort of quality product has looked at what is available and the best way forward, who's got the experience, who's got the good ideas based on sound experience, and it's inevitable that the Customer Service Teams have gone
along with it eventually to develop the whole gamut of customer services into a quality product.

The development of quality management, and the concomitant development of the Customer Service Department, represent important changes to the organisational structure and culture of WWL. Managers such as Richard Dawson do not, however, perceive the changes as the product of a conscious strategy or initiative. The changes were happening, and would happen, and the quality initiatives merely helped to focus upon the results of a more fundamental and ubiquitous process:

The main dynamic I think is the culture of this country, I would broaden it out to that extent. I think that these days because of things like the Citizens' Charter, because of increased competition and the desire to achieve greater market share through improving customer service, through the pressure from the Customer Services Committee, through all sorts of different reasons, I think there is a culture and an expectation there on the part of customers, that they expect certain standards of service.
The dynamic to which Richard Dawson alludes is the state. The state articulates the social forms through which the company is constituted in its neo-liberal form. This form articulates the contradiction between value and use-value in its neo-liberal determination. Hence, for Richard Dawson it is important to balance the ever-growing expectations of customers with the ultimate constraint of the market:

It would be unfair to say as a result of all that we're being dragged, it's a matter of actually staying at the pace or keeping ahead of that sort of level of expectation. So I think that any company would be foolish to necessarily "jump off the cliff", and say "Yes I'll spend whatever it takes!". Everyone's got their budget as to what they can afford, and you've got to achieve a balance. But that balance is achieved only by being aware of the world around, and what that world demands.

5.2.c. Case Study Two: Managerial Control and "Customer Care" at SWL.

The development of abstract regulation has resulted in an increasing focus on 'customer care' at SWL. This has been manifested through the development of the 'Customer Service Unit' [CSU]. The unit
is staffed by two women selected on the basis of their experience of many aspects of the Company's business, and has the function of dealing with any 'customer problems' that are referred to it. The unit has the objective of ensuring the satisfaction of the customer; of pursuing problems through the relevant department or departments until they are resolved, and then reporting back to the customer. The unit is part of an initiative within the Company to focus awareness on 'customer care' issues: to pervade 'customer care' into all aspects of the Company's structure and culture. Helen Webster is Customer Services Manager at SWL, and she suggests that 'customer care isn't just about those people that speak to the customer, it's about all the things that we do in the organisation'. Thus, every member of staff at SWL has undergone between 4 and 6 days 'customer care training'. The programme highlights the importance of keeping customers 'informed'; of highlighting the extent to which most complaints arise from a lack of information rather than poor performance.

Helen Webster describes the way this approach was employed in a serious mains burst, through which 12,000 properties were without water for 15 hours, and contrasts this with the old 'concretist' approach:

In the bad old days, what we'd have done is we'd have gone flat out to get the water main repaired, that would have been all we were concerned about. We
might have sent a van round, just to warn people that the water was off, which was a bit pointless because they could already tell that by just turning on their taps. What we did this time was that one part of the organisation still went flat out to get the water main repaired, but the rest of the organisation, and that was mainly the office-based people who weren't directly involved in the repair, they took on board the customer relations aspect. We were actually using some of our other non-operational staff simply driving round the area talking to people, to see as many people as they could — not necessarily knocking on every door, but they'd call at the local post office, and say, "Well this is the situation!". The result of that was that we didn't have one single written complaint from those customers. Simply because they knew what was happening. They knew it was a mains burst and they knew we were working flat out to repair it.

The 'customer care' function at SWL is comprised of three elements: the development of the CSU, heightening the awareness of 'customer care' and improving the way customers are kept informed. The CSU has played a central rôle in the latter two developments by making managers from across the organisation focus on the issue of 'customer care'. The main function of the unit is dealing with written
complaints; although it also deals with overspill from the telephonist and other departments with any 'nasty' calls received by the Company. The CSU also deals with OFWAT on a day-to-day basis. Incoming complaints are logged on to a computer system and passed to the appropriate head of department. The system is a continuous auditing system, and there has to be a file in existence for every complaint number that is logged. This allows the system to be audited each year for OFWAT. The system develops an audit trail for every complaint; making it possible to account for every complaint. The system highlights unresolved complaints and complaints where the customer has not been reported back to within the specified time-frame. The CSU continuously monitor the system, and have the function of chasing-up outstanding complaints with managers and heads of department.

This has had an important impact with respect to managerial control within the Company. On a day-to-day basis, the complaints received by the Company (for example, poor water quality or pressure) were previously assigned to the inspectors and mostly 'left to drift', with nobody following the complaint up unless the consumer re-contacted the Company with respect to the complaint. With the introduction of the new systems, the complaint is logged on and assigned a number, following which it is assigned to an individual inspector who receives a print out of the complaint, and who has the responsibility of reporting back on the complaint. If the complaint is not 'signed off' by the inspector it is followed up by the CSU.
Margaret Jones works in the CSU at SWL, and she suggests that the unit has provided an important discipline with respect to instilling 'customer care' into managers and staff within the Company. The unit has 'improved' the realisation among staff that there is a 'consumer at the end of the line' - particularly among departments which have little or no customer contact. The new IT systems have played a central role in this process; allowing the CSU access to the performance of managers across the organisation. Initially the CSU met with a great deal of hostility and suspicion. People in the organisation were not used to being 'answerable' to anyone; which for Margaret Jones allowed complaints to fester away. These unresolved complaints constituted the raw material which was developed by the press in order to give the Company a bad name. Staff initially failed to recognise that the increased monitoring and control of their activities was in fact a process designed to make the Company more efficient on behalf of the company and the customer:

When we first started to tighten up on it, people kind of felt that we were looking over their shoulders to see what they were doing. Instead of looking out for the Company and the customer interest. And it's all for your PR at the end of the day, if you give good service then you get good reports.
The 'customer care' function has played an important rôle in respect of both the intensification of the labour process and the tightening up of management control structures. Through the introduction of dedicated new systems of information technology the CSU has acted as a catalyst for the increasing domination of abstract management within the company; together with the concomitant restructuring of all aspects of management, employee and customer relations within the Company. The 'customer care' function has however heightened the contradiction between value and use-value within the regulatory and operational structures of the water industry: heightening the expectations of consumers whilst simultaneously mediating the provision of water services through the abstract power of money.

5.2.d. Abstract State Regulation and the Contradictions of "Customer Care".

The regulatory framework constituted by OFWAT has heightened the demands of consumers for use-values whilst regulating the provision of water services through the law of money. These are the contradictory determinations of 'customer care'. The regulatory framework constituted by OFWAT has heightened the expectations of consumers. The function of management within the water industry has become the mediation of these demands through the establishment and maintenance of financial constraints. These developments have heightened the importance of 'customer care' and corporate image and
identity. It has become increasingly important for water companies to demonstrate the extent to which they deliver value for money.

This has been reflected at WWL where the Company has had to respond to a pressure from customers for ever-increasing standards of customer service. The pressure for ever-increasing levels of service has had a fundamental impact on the culture of the Company. Richard Dawson suggests that water companies have become more aware of both competition and all aspects of service provision. This has resulted in the increasing operational effectiveness of the industry, and highlighted the importance of presenting a good image of the Company and its operations. The new framework has made WWL more 'customer conscious' with regard to service provisions that impinge directly on the customer; highlighting the importance of 'image' and (abstract) corporate identity in the neo-liberal industry. Richard Dawson gives the following example:

Reservoirs are typically a hundred years old, if there was a delapidated stone wall or an old rusty gate, the feeling would have been "Well, it doesn't really matter, it's not doing anyone any harm". But it is a significant point of contact. People will be going out and enjoying their picnic at the weekend (and) they are much more likely to form a good or bad view of the company as a result of what they see and what they experience in a situation like that than they
used to. Therefore, I think it's awakening the company to all the various influences on its image and reputation.

The water industry in its post-1989 form is marked from its earlier form primarily with regard to an increasing focus on finance and an increased emphasis and focus on the importance of 'customer care'. Senior managers are somewhat ambiguous with regard to isolating the main dynamic to account for the latter development. Andrew Harris at CWL, for example, suggests that the main dynamic has been a marked cultural shift within British society that has resulted in a heightened level of consumer consciousness among ordinary people. He describes the way he perceives the new culture and the way it has impacted upon the Company in terms of increasing numbers of complaints and enquiries:

There is no doubt that the level of complaints does go up and up and up and up. But it is also true that we are doing very few things differently now, in fact we are doing most things better than we were thirty years ago. My own belief is that there just a general cultural shift within the nation and that people will complain, or they will enquire or they will ask. I mean even four years ago, we sent the bills out - no trouble! Now an increasing number of people ring up just to check, or just ask or want more information.
Now I don't think that's anything to do with OFWAT, that's just that people look at the bill and think "Perhaps I ought to ring up and ask about that". So I think that is the bigger drive.

Similarly, Richard Dawson, at WWL feels that the changes facilitated by the new regulatory framework would to a large extent have happened whether the new framework had been developed or not. The culture of the country has undergone a profound change towards 'consumerism', and the increasing demands and expectations of consumers would have forced the industry to raise the profile of customers whatever the system of ownership or regulation:

I see that the current system has quite definitely raised the profile of the customer. But the only caveat that I would put on that is whether it would have happened anyway, given the shifting culture of the country and the Government through things like the Citizens' Charter.... But it has raised the profile of the customer, and the significance of customer needs and expectations is very very much higher now than it was ten years ago.

The contradictory premises of OFWAT are perceived by managers working within the water industry in terms of the 'unrealism' of the
Regulator. Richard Dawson projects that the levels of service indicators will become increasingly important, and further, that the regulation of the industry will become increasingly difficult unless OFWAT become more *realistic* and *practical* in their interpretation of the indicators. In the neo-liberal production/consumption configuration, the state will increasingly reflect the exigencies of the labour process; the extent to which this exigency is not met being reflected in struggle between state and industry; between the state ensuring the production of use-values and the water industry ensuring the successful valorisation of capital. Richard Dawson highlights the 'unrealism' of OFWAT:

You feel that with the Director General this is his extreme..... because to stop at his extreme is just so unrealistic, it's beyond belief. An example of that would be when the Customer Service Committee started talking about timed appointments..... While on the face of it that's great we all like to make appointments, given the very nature of the workload where you're coping with the unexpected, mains bursts and all the rest of it, we feel that it's appropriate at this stage to say "Well, we'll see you on Tuesday morning....." But to home in on eleven o'clock, and to be penalised if you're a minute late or a minute early seems a bit harsh.
As a neo-liberal state form, OFWAT cannot move beyond the limits imposed by its contradictory determination. Richard Dawson suggests that the way in which water companies go about the business of supplying water and disposing of sewage has not changed: use-values continue to be produced in the same way as before. The major changes and developments have been concerned with the attitude and manner of the company and its staff - the development of abstract management:

If you look at the basic operations on the part of the workforce, and the basic methods and systems that they employ, there's been no change at all. I think that like any other industry, if you get the person at the sharp end actually doing the work, digging the hole, or whatever, that privatisation, or regulation hasn't actually made any difference to them, I wouldn't say in the way they do it, but certainly in what they do, it hasn't changed. What I would suggest, however, is that the way in which they do it, and the attitude and manner in which they do it, is changing.

The state has been central in the development of abstract management; and this demonstrates the enduring contradiction of the capitalist state in its neo-liberal form. The state being simultaneously involved in the administrative determination of use-
values and the regulation of these use-values through abstraction. The rôle of the state in the development of abstract management is highlighted by Helen Webster of SWL who questions the inevitability of change, and highlights the importance of OFWAT (the state) as a catalyst for change:

I think they would have changed anyway, but over a lot longer period, a great deal longer. I think we are probably talking about ten or twenty years. I mean already in the 1980s customer power had started to come to the fore, but there was no compulsion on the water industry to actually do anything about it. But the regulation actually brought in this compulsory aspect to things and it forced the companies to change. I just don't believe that they would have changed in anything like the same time scale, I really don't. In fact I suspect that some of them may never have changed at all.

In general senior managers feel that the existence of an outside regulator is a healthy and positive situation; particularly the way in which the regulator has helped companies to focus on 'customer care' and 'performance' issues. Senior managers are, however, critical of the regulator in respect of the negative image that OFWAT develops of the industry in public statements. Andrew Harris at CWL feels that the industry must learn to manage the regulator better.
OFWAT is felt to have a great potential in helping customers to 'understand' the arguments concerning the costs and benefits of capital spending projects. The criticism of OFWAT is that it highlights deficiencies in service without accompanying this with an assessment of remedied costs. The depoliticisation of the industry implies that capital spending is met from either revenue or borrowing, and both options result in higher water charges. It is here that OFWAT is failing to fulfil its potential as a truly neo-liberal state form:

(OFWAT) seems to be operating at a fairly low level at the moment, and it doesn't seem to be doing much in terms of public understanding of the industry. It tends to help The Sun with its next banner headline. The banner headline has a case, but only one side of the case. I don't think it's helping in the construction of the debate about some of those other things. Now, I appreciate that it's immensely difficult, (but) you should never under-estimate the stupidity of the customer. To get general debates over the question of water is very difficult. Similarly, I think that most people are intelligent enough to understand the basic arguments, and I think that's where OFWAT has a big rôle to play.
Andrew Harris outlines two examples where the water industry and the regulator could work together in order to temper the voracious appetites of consumers for greater quantities and increasingly effective use values:

There are areas where the regulator should be working more closely with the industry to help the customer. For example, a lot of the stuff about leakage, a lot of the stuff about water quality. Yes, you could improve the water quality! Yes, you could reduce the leakage levels! The awareness argument is "Oh my God, 30% of this is wasting away and it's costing £500M". It would be helpful for us to debate, well if it's costing £500M for it to leak away, but it may cost you £15000M to put it right. So that is where I think OFWAT can help the industry. It doesn't have to be an apologist for it, (but) I think it can help because it will make it possible for the public to understand and make some choices, because it is truly independent. Similarly, the things about water quality, you know "It's terrible! Lead in the water! Must reduce it!" But one person has their life shortened by ten minutes because of a lead pipe. Is it better to spend another £5B getting lead out of the system or would you be better putting an extra crash barrier on the M1 or whatever. It's that sort
of thing we're thinking. Probably the regulator fails
the public, that's where it hasn't helped, and those
are the areas where I think it should go into.

The development of abstract management has re-imposed the law
of money on the bureaucratic structures of control developed through
managerialism. The contradictory determination of state regulation
and operational management has precipitated 'customer care' as the
principal ideological form through which the contradiction between
value and use-value is mediated. The contradictions of 'customer care'
are manifested in the struggle between OFWAT and water companies
over the level of abstraction at which the interests of consumers are
to be considered. The development of abstract management is part of
the process through which concrete labour has been increasingly
subordinated to abstract labour within the water industry. I will now
move on to demonstrate the fundamental nature of these developments
through a consideration of the way in which the health and safety of
concrete labourers within the water industry has become increasingly
subordinated to the abstract power of the law of money.
5.3. State Regulation and the Contradictions of Abstract Health and Safety Management.

The principal feature of the regulation and management of 'service' in the neo-liberal water industry has been an increasing emphasis on finance and 'customer care'. These developments have resulted in the refocussing of managerial responsibility at increasingly low levels, and resulted in a concomitant increase in the development of new technology to monitor and control the line managers and foremen to whom control has been delegated. The development of abstract control has also become increasingly important with respect to the management of the health and safety function. The imposition of the law of money on the water industry has shifted the locus of control between concrete and abstract labour across all levels and functions of water industry operations. The management of health and safety has, therefore, become increasingly abstract: the health and safety of labourers within the water industry subordinated to the valorisation imperatives of abstract management.
5.3.a. State Regulation and the Abstraction of Health and Safety Management.

The neo-liberal restructuring of the water industry has had a marked impact on the regulation and management of health and safety. The disaggregation of the industry has resulted in a situation in which the water industry no longer meets as an industry in order to discuss health and safety issues. The state regulation and administration of health and safety is the function of the Health and Safety Executive (HSE). The neo-liberal restructuring of the water industry has transformed the relationship between the HSE and the water industry. Following privatisation, the HSE consults with water companies individually prior to the introduction of new standards. The privatisation of the water industry has resulted in the disaggregation of safety management and development. The disaggregation is legitimated by senior managers in terms of the way in which it allows individual companies to develop safety policy in the context of their own individual circumstances and problems.

David Morris is a Divisional Personnel Manager at EWL, and is the member of the senior management team with special responsibility for safety. Water companies, he suggests, are now constituted as separate and independent limited companies and this is reflected in the form of communication between the water industry and state agencies such as the HSE. Companies have a diverse range of material (financial) and cultural exigencies, and increasingly adopt different
positions with regard to new legislation. The HSE, therefore, approach companies individually for comments on draft proposals; and the response to these are drafted either with exclusive reference to the environment of individual companies, or occasionally through informal contacts and liaison between two or more companies at safety officer level.

A key feature of the restructuring of safety management has been an attempt to shift the locus of responsibility for safety from 'expert' senior managers to line managers and supervisors. There had, according to Peter Williams the safety manager at WWL, been a 'reliance on the centre', and the new culture of the company, together with the demands of the new COSHH legislation [Control of Substances Hazardous to Health] which have important implications for the water industry, have made it important for Safety to be managed 'out there' in the company rather than from the office of the health and safety manager. In particular, legislation pertaining to both COSHH and 'manual handling' place greater responsibility for safety on line managers and supervisors in the assessment of safe systems of work; and it is at this level that the HSE will increasingly focus following an incident. Legislation and the HSE have thus served an important rôle in redefining the relationship between senior and line managers. Peter Williams suggests that the new legislation is saying to line managers and supervisors:
"You've got to assess the job, the characteristics of the people". All that comes down to the people who are in charge of the job effectively on a day-to-day basis. But we've got to get it across to them that they are the people that are actually going to have to do it. So that when we come to a new job at a roadside, the supervisor is aware of the fact that there is a lifting task involved, and he's got to carry out some form of assessment. Because if something goes wrong, he's the one that's going to have to satisfy the HSE that he has done the assessment.

The neo-liberal form of the HSE has played a pivotal rôle in restructuring the locus of control for health and safety within water companies. The importance of the state is further reflected in the way in which safety policy is formulated in response to legislation emanating from the HSE and the EC. At EWL, health and safety policy is contained in a series of safety procedures and safe systems of work that follow the HSE headings where particular standards have been set. The safety manual in which the standards are contained has existed since 1974 and was common to the whole water industry; although on privatisation the manual has been 'transformed into something a little more Eastern Water'. The extent to which water companies are now keen to develop their own individual systems and
standards has been the most important impact of privatisation on the management of health and safety.

The way in which health and safety standards and procedures are now developed at EWL can be illustrated with regard to the recent EC directive on 'VDU Work Stations'. The HSE developed a draft code of practice on the directive and invited comments and recommendations for amendment. Companies drafted their response either individually or through networks of informal contacts; at EWL the Company's response was drafted by the specialist safety team of divisional safety officers and their assistants. Following consultation, the HSE issued a code of practice on the impending EC directive, and the safety team at EWL have responded by developing a set of procedures in order to ensure compliance with the directive; drawing out the salient issues of the directive as they apply to EWL, and issuing procedures and guidance to managers on the 'ergonomical logic of the work station'.

The first stage of the implementation of a new health and safety policy directive within EWL is that the directive together with user-friendly guidance notes prepared by the safety team are issued to all managers within the Company. The guidance notes are then transformed into procedures: the EC directive on VDU Work Stations makes specifications regarding screens and furniture, and these are incorporated into a company procedure that is inserted into the company safety manual. This is followed by a series of seminars
at which managers affected by the directive are given detailed guidance and the opportunity to raise questions and issues regarding the implementation of the procedures in their departments. This procedure is considered to be vitally important given the direction of the new managerial culture at EWL. The new culture is concerned with shifting the locus of managerial responsibility from senior to middle managers and supervisors. The result has been that responsibility for the safety function has been transferred from specialist senior managers to functional line-managers. David Morris outlines the way in which new procedures are communicated within the company, and the way in which this impinges on managerial responsibility:

The main manager is in charge of making sure that his team are all aware. For making him actually responsible for up-dating, which is not just an administrative task, but that actually focusses the attention of the senior or area manager to make sure that all his team are aware that there is now a changing health and safety regulation that impinges on them. That's the important thing as far as we're concerned, which is management accountability for health and safety in the workplace. It's not the safety specialist's accountability, it's the managers knowing what the rules are in a clear fashion, and
also to know where to go to get help and support to make sure they do their check.

5.3.b. Case Study Three: The Development of Integrated Management Systems and the Management of Health and Safety at EWL.

The management of health and safety at EWL demonstrates the way in which the Company has attempted to redefine and restructure the rôle, structure and culture of management within the Company. Management, including the management of safety, is now premised upon a 'culture of empowerment': a culture that is set out in the Company's vision and mission statements and the Company's 'Partnership Agreement'. The central feature of the new culture is that through the dismantling of hierarchical and bureaucratic structures within the Company, managers are 'empowered' and develop a sense of 'ownership' towards their responsibilities. Managers can then be 'trusted' to deliver to pre-determined standards without there being a hierarchical structure with the functions of 'directing' and 'ensuring'. Managers have been empowered to deliver health and safety, and because they own this responsibility they can be trusted to deliver to the standards and procedure laid out in the Company's safety procedures.
The ideal manager is abstracted from the contradictions that mark the capitalist mode of production. The real manager has to live the contradiction and the trust and empowerment of managers is necessarily complemented by control. This is reflected at EWL where a computerised safety audit system is being developed alongside the new managerial culture; although the new system is legitimated through the 'consumerist' discourse of trust and empowerment. While the new systems are premised upon the ideal manager, it is clear that she is an abstraction:

In a perfect world we'd almost be able to say "We can forget health and safety now. We've got a whole bunch of empowered health and safety-conscious managers, who have got health and safety as a performance issue, and an accountable issue up there with all the rest - drinking water, sewage effluent, discharges and pollution, bathing beaches - all the major measures of performance, and up there with them is health and safety. That's fine, but we haven't got a perfect world, we don't have that scenario, and its reflected in the fact that some of our indices like accidents vary. So we want to address that issue, the developmental scene is in effect to bring something in that will help managers understand and deliver on their health and safety performance.
The gap between abstract and real managers has resulted in the development of a new computerised health and safety audit system at EWL. Given the managerial discourse of 'empowerment' and 'trust' within the Company, the audit system is defined in terms of its supportive role in helping managers to understand and deliver their health and safety responsibilities. The 'tool' is manager-user-friendly and self-auditing, with the facility for building in support analysis and control. An essential element of allowing managers to manage is that they manage themselves. Self-control and self-regulation have become key themes of the management approach at EWL. This has been facilitated by the development of the new management information systems within the Company. David Morris, outlines the relationship between control, trust and the development of the new IT systems within the Company:

I use control as the last word, it's not the word I would like to emphasise. We're looking for a system that will, given the culture of empowerment and ownership, and the awareness that goes with it. We want a system that will enhance that. But what we do think is needed is for managers to be able to have a tool, that they can use in a straightforward, easy way, that tells them how good they are doing on a particular performance index, which happens to be health and safety. Where they can see, by reviewing it themselves, that there are priority areas that are
perhaps not being addressed as well as they could be, and they can put the remedial action into effect themselves, without there being recourse to some other support body like the safety function or the management function. I mean these will ultimately exist, these facilities will be there - but as a support mode, to allow the manager himself to identify shortfalls in achievement and to do something about it.

The key objective of the new system is thus to facilitate self-assessment and self-control, which is mediated by the ultimate sanctions of the intervention of the managerial support function and thus the non-renewal of fixed-term contracts or a reduction in the performance-related element of salary. In order for the system to function as a mechanism of self-assessment and control, the design of the software incorporated and reflected the functions and responsibilities of managers from a diversity of levels and locations across the Company. This is vital in order that managers develop a sense of 'ownership' towards the system. The system was trialed in a large urban area covered by EWL, and during the trial a series of 'tailor-fit' audit questions were developed appropriate to various levels within the water, sewage, support and stores functions. In order to engender 'ownership', it was important that managers could relate to the questions they were being asked. The overall objective
is to develop a sense of managerial ownership towards the system. As David Morris explains:

There will be a series of tailor-fit audit questions for each audit area, and even a similar operational function may have a different series of questions. Because we want to make sure that managers own it, and say "That's my system! It can help me!", and if they say that I think we can make it work. So the process is about identifying the audit questions with the managers, and then following up with agreeing with those managers the appropriate weightings, prioritising - working them through.

The aim of the Company is to integrate the health and safety auditing system into the Company's main management information system (IBIS [Integrated Business Information System]). This will give senior managers access to performance information over a range of indices (DG performance indicators, DWI indicators, internal performance measures, cost performance measures and health and safety). The System has the facility for producing performance information at company, divisional and area levels; and senior managers and directors are able to monitor divisional and area performance against the performance of the company as a whole. The integration of health and safety within the System is considered vital to raising the profile of safety within the Company; for
directors will then receive a summary of health and safety performance alongside the other measures every three months. This will also have an important impact of further developing the managerial culture. David Morris further defines the relationship between control and trust in the new company culture:

As a sociologist, you'll know that the organisational dynamic is such that if your boss is interested, then the tendency is that you'll be interested. So there is a little bit of that in it, we'd be foolish to deny it. But also, if it's the bottom-up system that we want it to be, we'll actually have the managers saying "I've got nothing to be frightened of here! Where I'm addressing issues I'm addressing issues. Where there are low-priority matters they will not be dealt with, and there will be reasons for that, and I have no problems with MDs, or boards, or whatever seeing that in terms of how we're addressing the issue". That's how we want it to sit!

The management of health and safety at EWL is to be structured around a computerised audit system 'owned' by managers. The new system and the new organisational culture of which it is part obviate the need for a planned and structured system of safety inspections within the Company. Planned inspections are only carried out following accidents and incidents. In the new managerial culture managers are
concerned with safety issues all the time and deal with issues and problems as they arise. This constitutes a significant move away from the old local government [Fabian] culture in which the health and safety expert played a pivotal rôle: a culture in which despite managers having health and safety procedures to follow, they invariably referred safety matters to the 'expert'. Managers are encouraged to manage health and safety themselves: to constantly implement and review procedures and to deal with problems and risks as they arise. There is therefore a significant contrast between the Fabian and neo-liberal cultures: as David Morris explains:

(The old culture) is the culture that doesn't empower, that pushes things to the specialist..... Safety was a bit like that. Now we are saying, "No!". There's a whole trend on the way that says that's not the scene any more – "That chap, that lady, works for you — not for a personnel officer, not for a safety officer. You are in charge of the whole of that persons working environment, and possibly a chunk of stuff that isn't their working environment" (without being paternalistic, of course) but by being supportive and interested. If there was an accident at home to one of your relatives, would you take an interest? Would you be concerned? Would you want to be seen to be doing all the right things? — answer, yes! Here's one of your employees, and he's had an
accident, same rules, perhaps not the same amount of emotions, but still the same interest, action, concern has got to be there. Not passing the ball off, for the safety man to come in and do something about it. So we've seen a change. Some more quickly than others, but everybody is moving into that mode. If you're not then you're really out of the game! I like to think that we more than most have adopted that culture.

The role of the safety function in the new organisational culture will be to help and support managers to manage safety themselves. David Morris suggests that the new empowered managers will take great comfort from the knowledge that there is a safety man (sic) out there to help them; someone with an overall view who is able to highlight worrying trends that they may have overlooked. David Morris is however insistent that while the audit system does contain the facility for monitoring the performance of managers, it is not there not to check up on them but to help and 'support' them:

We know they'll do it because they want to do it; because it's part of their accountability and responsibility and they've accepted this. We see it as a very positive step forward, and we've got the commitment of the Company behind them doing it, as a tool, as a supportive tool to managers. Just like if I
look on my screen there and I see an assets trend, or an overtime costs trend, or a payroll/manpower-related issue, I would feel quite happy about ringing the manager as low down as I could, to actually get hold of that individual supervisor and say: "Any problem there, I don't know whether you've spotted it but it looks a little bit dodgy?" To me that's healthy, and that's the sort of environment we want to be in with health and safety. Right the way across, the 'doing' function and the 'support' function; that's the kind of relationship we're trying to develop.

Changes in the management of health and safety are part of a more fundamental re-interpretation and restructuring of the rôle and function of management at EWL. Central to this has been the need to monitor and control costs. Accidents and injuries impose costs, and the new IT systems monitor the performance of managers vis à vis the minimisation of health and safety costs. Managers and supervisors are trusted to deliver effective health and safety at least cost within the context of the abstract control constituted by performance-related-pay and fixed-term contracts. The differences in the approach of different water companies with respect to the management of health and safety is overlaid by the fundamental similarity constituted by the subordination of the health and safety function to the abstract control of money. This can be illustrated through a
consideration of the development of the manual safety audit system at WWL.

5.3.c. Case Study Four: The Development of the Manual Health and Safety Audit at WWL.

In order to monitor and audit safety management at WWL, the Company has introduced the International Safety Rating System (ISRS); a health and safety management audit system developed by the International Loss Control Institute of Loganville, Georgia, USA. An important factor in the development of the new system is the pressure from the HSE who are considering the development of regulations requiring the adoption of formal management safety audits as a demonstration of compliance with the health and safety legislation in general and the forthcoming EC legislation in particular. The attitude of the HSE to the development of safety audit systems of this kind is set out in an internal Western Water report which summarised the findings of a recent study by the Accident Prevention Advisory Unit of the HSE:

Any simple measurement of performance in terms of accident frequency rate or accident/incident rate is not seen as a reliable guide to the safety performance of an undertaking. The Report finds there is no clear correlation between such measurements.
and the work conditions, in injury potential, or the severity of injuries that have occurred. A need exists for more accurate measurement so that a better assessment can be made of efforts to control foreseeable risks. It is suggested that more meaningful information would be obtained from systematic inspection and auditing of physical safeguards, systems of work, rules and procedures, and training methods than on data about accident experience alone (Internal WWL Report: 28-10-92).

The ISRS audit covers twenty elements and requires a total of 615 questions to be answered. It uses a weighted points scoring system in order to grade the audited operation up to five star awards in two award categories (standard and advanced). The Standard Programme prioritises five basic elements: Leadership and administration, planned inspection, accident/incident investigation, organisational rules and personal protective equipment. In order to achieve a higher award on the standard programme, a higher weighted score must be achieved on all these elements; while advancement to the Advanced Programme requires achievement on increasing numbers of the optional elements (a Five Star Award on the Advanced Programme requiring a minimum score score of 70% on all twenty elements with a minimum average score of 90%). When the system was initially introduced into WWL, the Company was not able to even achieve a One Star Award on the Standard Programme. The abstract from an internal
report discusses this failure together with the most urgent remedial action:

At this point in time WWL is prevented from achieving a respectable base line award of three stars on the standard programme safety as a result of the lack of a planned programme of general safety inspection. The intention is to ensure that planned general safety inspections are conducted on a regular (at least every two months) basis with the primary responsibility being on the first line manager. Records of the inspections are to be maintained with a follow up system to ensure corrective actions are taken (Internal WWL Report, 28.10.92).

The ISRS is a package and companies signing up to it have to comply with all the elements and requirements of the system. The application of the system has little immediate impact on day-to-day health and safety management. The most important impact of the new system has been that senior health and safety managers have to devote a large amount of time to collating and verifying information collected from around the Company. The implementation of the system is at a relatively early stage. The failure of WWL to carry out planned inspections either centrally or through supervision management resulted in the company not achieving even the 'One Star Award' on the 'Standard Programme'. Despite WWL's poor performance
Peter Williams, the Senior Health and Safety Advisor at WWL, feels that the development of the system has been successful; providing an excellent impetus for the development of more efficient safety management in the future.

The development of the ISRS system has highlighted a major weakness in the management of health and safety at EWL: the failure of the Company to monitor the extent to which procedures and safe systems of work are being effectively applied and adhered to by managers and employees. The shift in the locus of responsibility for safety towards line managers and supervisors necessitates that monitoring at this level must itself be amenable to monitoring by senior managers. An important development has been the integration of planned inspections into the Company's quality management approach. Planned inspections will be carried out according to a written procedure and to pre-set standards. In preparation for this all staff have taken part in a training programme dealing with the procedures and standards associated with planned inspections. Staff have been made aware of what is expected of them and have accepted that the inspection of safety systems is a routine aspect of their work to be undertaken on a weekly or monthly basis.

The application of ISRS and the performance of WWL against the system has not however been subject to external assessment and validation. It has been used as an internal indicator with which to measure improvement in health and safety management; the Company
considering external assessment and accreditation if the Company's rating were to improve to a more acceptable level. The present internal application of the system is felt to have an element of objectivity given the separation of the company into a series of subsidiaries within a group holding company. Legislation emanating from the HSE and the EC are, moreover, felt to have provided an important dynamic to the development of ISRS within WWL as many elements in ISRS (ie. task analysis) are the subject of recent legislation.

The HSE has taken an increasing interest in systems such as ISRS. These systems allow the development of a 'true' measure of safety performance rather than the measurement of failure through simple accident records. The neo-liberal state regulation of health and safety has thus become increasingly concerned with the costs of health and safety. The abstract premises of the ISRS system are illustrated by Peter Williams who outlines the origins of the system in the financial exigencies of the US insurance industry:

(The ISRS) effectively grew out of Frank Burn's experience within the American insurance industry. He was working for insurance companies carrying out studies in the companies they were covering. He looked at what was actually happening, and came up with conclusions that said "Well, if we're going to insure that company it needs to change its approach
altogether", and then said, "Well, we can devise a system that if they follow the insurers will be happy with, because they'll be able to see that there's a measure of improvement."

The ultimate value of ISRS is thus the facility for measuring the costs and benefits of safety. The development of ISRS obviously imposes costs; but Peter Williams envisages the costs will be minimal in comparison with anticipated benefits. The costs of safety staff are fixed and the costs of implementing ISRS are confined to the development of relevant procedures and documentation. The potential savings associated with ISRS are quite marked. Just one example given by Peter Williams concerned 'lost time' incidents at WWL in the 1991-2 financial year: WWL had 60 of these incidents in this time period, each one costing the Company 3 working days and approximately £300 (an approximate total of £18,000). But the potential benefits are multiplied when the damage to constant capital from these incidents are considered; although Peter Williams appeared a little reticent in expressing his concern for dead labour (capital):

Now, when you start, and I'm saying when you do because we certainly don't, if you started to think in terms of the cost of damage to equipment that must ensue with such an accident performance, I'm sure then that the cost element must be very much more noticeable. And whilst you would need to put in
procedures to measure that as well, it would fall out of the budget of a substantial company, anyway. You would be aware that the maintenance costs were being driven down by a greater margin than you would anticipate from the work being done by the maintenance group itself on the basis that they’re not having to do it. So, yes, I can see that the benefits will show at some point in time. We will start to be looking at that, looking for it as a demonstration of the value of doing it.

The disaggregation of the water industry has resulted in a variety of managerial strategies and approaches to the management of health and safety. The strategies share the common concern of subordinating the management of health and safety to the abstract power of money. The neo-liberal form of the HSE has played a fundamental role in this process: developing (concrete) administrative standards in the context of new (abstract) control systems. The management of health and safety in the water industry has indeed become more efficient and effective: accidents have been reduced and water companies take an increasingly proactive approach to the monitoring of health and safety policy. The dynamic underlying the reduction in accidents and injuries has been the increased focus on the costs and benefits of health and safety management. The development of health and safety procedures and standards has become formally subordinate to the valorisation of capital.
5.4. State Regulation, Management Control and the Contradictions of Abstraction.

The neo-liberal restructuring of the water industry has resulted in an increasing focus on finance and the domination of abstract over concrete labour. The managerial form of the water industry was ineffective and inefficient and was unable to deliver either values or use-values. This inefficiency and ineffectiveness was reflected in the management of health and safety through the determination of bureaucratic mechanisms of monitoring and consultation that were unable to operate effectively owing to the fiscal constraints on the industry. The contradictions of managerialism have been resolved through the development of abstract regulation and abstract management that have subordinated the production and distribution of use-values to the abstract power of money.

The neo-liberal water industry is more effective and efficient than the managerialist water industry. The level and standard of service provided to consumers has been improved and there are fewer accidents and injuries. These developments have been facilitated through the re-unification of labour and valorisation processes: the development of abstract management has resulted in the concrete use-values produced by the water industry being mediated through (abstract) labour qua capital. The state has played a fundamental
role in this process through the establishment of administrative standards and targets (use-values) and the development of regulatory mechanisms that ensure that the production of these use-values is mediated by the abstract premises of the law of money (value). The bureaucratic domination and alienation associated with managerialism has been replaced by the subordination of human needs to the valorisation of capital. The neo-liberal regulation of the water industry has ultimately heightened the contradiction between value and use-value.

In Chapter Six I explore in more detail the determination of abstract management as the contradiction between value and use-value. The development of abstract management has taken the ideological form of quality management. The imposition of abstraction on the water industry has highlighted the importance of abstract management skills over the concrete skills of engineers. The domination of concrete by abstract labour has been legitimated through the discourse of quality management which has attempted to reconstitute managerial legitimacy in terms of the production of abstract values. Quality management articulates the contradiction between the quality of management and the management of quality in the neo-liberal water industry.
1. See O'Connell-Davidson (1990) for a further illustration of the way in which social relations within water companies have been 'commercialised' following privatisation.
Chapter Six

State Regulation and Management

"Form", "Quality Management" as the Management of Abstraction.

In Chapter Five I demonstrated the way in which the new management information systems developed through the neo-liberal regulation of OFWAT and the HSE constitute an important moment in the process through which the locus of control has shifted from concrete to abstract labour. In this Chapter I will examine the specific form of abstract management that has been developed in the UK water sector by and through state regulation. I demonstrate the way in which abstract management has taken the form of quality management: a form precipitated by an emergent Japanisation-flexibility ideological discourse and mediated by and through the state into a mechanism for re-imposing abstraction on the bureaucratic structures of managerialism. 'Quality management' is simultaneously a moment in the crisis of managerialism and an attempt to overcome the crisis through the restructuring of the water industry on the basis of abstract forms of bureaucratic
control. 'Quality management' is a contradictory social form determined through the contradiction between value and use-value; constituted by a concern with the quality of management (abstract values) rather than the management of quality (concrete use-values). 'Quality management' has reconstituted the contradictions of managerialism on fundamentally abstract premises.


The financial targets imposed by the managerialist state and the (RPI ± K) regime imposed by OFWAT served to institutionalise the need for constant improvements in efficiency within the management control systems of the water industry. This provides the material basis for the articulation of ideological forms of management premised on 'quality management'. The hallmark of 'quality management' is the striving for constant improvement. 'Quality management' is the ideological form taken by the abstract imperatives of the valorisation of capital in the neo-liberal water industry. The valorisation of capital has been legitimated through the way in which it liberates managers and workers from the stultifying and oppressive constraints and contradictions of managerialism. The need for flexibility and efficiency has thus been legitimated through the way in which 'quality management' facilitates the simultaneous development and improvement of both the individual manager and worker and the company. The abstract premises of 'quality management' are
demonstrated through the way in which its development has necessitated the expunging of the concretist-bureaucratic forms of management associated with managerialism.

6.1.a. Managers as Abstract Cultural Ambassadors: Expunging the Town Hall!

The development of 'quality management' has been legitimated through the way in which the new culture it engenders unlocks the energy and potential of managers and employees in a context of continuous change and improvement. In developing 'quality management' within the water industry, senior managers have encountered the problem that organisational change is never an automatic process, but involves restructuring the composition of inter- and intra-class forces. In the water industry organisational change has been imposed by senior managers driven by the logic of abstraction. The process is articulated by David Morris, a senior management executive at EWL, who highlights the importance of addressing the influence of leadership in a context of organisational change: the imposition of the despotic control of capital (cf. Marx, 1954: 314). Organisational change begins at the top, and if the top fails to initiate change then it has to be replaced. This has been the pattern at EWL, and indeed the water industry more generally, and its importance is reflected in the entrenched attitudes of employees at lower levels of
the organisation; among whom the last vestiges of town hall culture have yet to be expunged:

If reflects itself occasionally when a group of people say "No! We're not going to do that!", when they're given something different or something new. A "What's in it for us?" - scenario. And to be fair, it is a bit much to expect the local government tradition to change in three years to something that is, not a Japanese mentality, but a new realism.

The process of expunging the remnants of town hall culture at EWL has involved senior managers within the company taking on the rôle of cultural ambassadors. The rôle of cultural ambassador has been particularly important with respect to the 80 senior managers in the 'Senior Management Personal Contract Team', whose close proximity to the 'leader', and the abstract basis of their employment makes their cultural importance particularly significant. The development of the new organisational culture at EWL has involved an increasing focus on the 'quality of management'. Senior managers have developed a critical awareness that a manager who does not 'buy into' the new culture constitutes a serious 'logjam' within the organisation. A central feature in the process of becoming a 'quality organisation' has been the existence of an effective but supportive 'exit policy'; a vital element of the process which facilitates the disposal of the
old 'entrenched' managers that did not feel 'comfortable' with the new organisational culture.

The obverse of the 'exit' process is development, coaching, career counselling and up-skilling. The impact of the 'exit policy' has been to significantly reduce the age-profile of management within the Company; a process that has prioritised the process of management development through the pinpointing of abstract management skills among younger employees. The Company has also become increasingly concerned with employee development more generally, and has developed a series of career development and self-development programmes through which the Company sponsors employees on training and education programmes. This process has been developed alongside a new managerial employment relation premised upon a formal appraisal system, fixed-term contracts and performance-related pay. The development of quality management has thus involved pinpointing the abstract potential of existing and potential managers whilst reconstituting management on fundamentally abstract premises. The form and function of management has been reconstituted on the basis of the valorisation imperatives of capital.

The crisis of the managerial water industry has also proved to be the major dynamic in the development of abstract management systems at WWL. During the 1980s, senior managers at WWL pursued a conscious strategy that was designed to change the managerial culture of the company. The strategy initiated by the Chief Executive
and the Director of Human Resources, attempted to create a 'climate' in which the 'managerial' potential of individuals could be developed. This strategy was consciously divorced from the basic activities of the company - the way in which the company supplied water and treated sewage - to develop what Frank Watson, the Senior Personnel Manager at the Company, labels a 'growth culture'; a culture in which the personalities and skills of individuals are cultivated to encourage the growth of both the individual and the company.

Frank Watson suggests that the genesis of the new culture can be traced back to 1979, when the newly-appointed Chief Executive declared that in future the company was to be operated as a 'well-run business'. The new Chief Executive was concerned to:

Get away from the fat cat, have as many people as you want, spend as much money as you want, it all goes on the water rate. He wanted us to get rid of that, and he wanted us to be very efficient. He wanted us to be lean and mean basically.

The above statement was operationalised through a strategy that attempted to create a new 'climate' within the Company. The new climate was focused on a thorough re-assessment and re-orientation of the role and function of management. The strategy was quite explicitly an attempt to replace the town hall/public service approach
to management with a more dynamic and commercial type of management. Frank Watson suggests that the tide turned at WWL in 1982; there was a definite turn away from the 'local government, didn't matter how much it cost, slow, 'fat cat' type approach. Indeed, it became a veritable flood in the opposite direction. The 'fat cat' died in 1982. The Company has not only exorcised the spirit of the town hall, but has become an exemplar to the private sector of which it is now part: a leader in the technical, operational, scientific and people management fields; to which the leaders of private industry in the region flock to visit and view with awe and envy.

I believe that many private companies look at us and think, crikey! We think we are a leader in so many other fields now. Very fast on our feet, and when we deal with private companies, very few of them now have anything to show us. We have a lot to show them, and many private companies come to see us..... to Learn from us.

The change in the ownership of the Company has not had a marked impact on the managerial culture of the Company, and while there have been changes since privatisation associated with the constraints of shareholders and regulation, Frank Watson suggests that much of what has happened was in the process of happening anyway. Indeed, Frank highlights this by stressing the way in which the tight financial and operational control developed during the
1980s, allowed the Company to tackle the bureaucratic trauma of privatisation with relative ease; the Company could be left to run itself as many senior and junior staff were seconded to deal with privatisation. The bureaucratic mechanisms of control developed through managerialism provided the perfect basis for the development of abstract management following privatisation.


The managerialisation of the water industry produced large efficient entities capable of operating as capital. In order to operate effectively as capital water companies have needed to subject the concrete bureaucratic procedures associated with managerialism to the logic of abstraction. This process has been particularly evident with respect to the selection, training and appraisal of managers. Managerialism made the water industry more efficient and effective without providing a rational and logical basis for assessing the effectiveness of managers. The neo-liberal water industry has overcome the contradictions of managerialism through the development of managerial appraisal systems that reward the abstract abilities of managers: the contribution made by managers to the valorisation of capital.
The process has been manifested at WWL through the concern to develop abstract managerial skills. The major component of the restructuring process at the Company was the attempt to heighten the importance and scope of generalised, abstract management within the Company. The tangible impact of this was felt through the way in which managers were appointed and promoted. In order to move away from the 'old solid line structures' that previously existed, the Company decided not to allow upward promotion without an individual having first been moved or promoted sideways. This was facilitated by a series of secondments in which 'key people' in 'key jobs' moved around the organisation in order to learn how the organization worked in toto. This 'cross-fertilisation' allowed staff to develop skills from different parts of the organisation: engineers learned about finance through their management of a finance section, accountants learned about engineering....., etc.

The secondments were accompanied by a series of developments that were aimed at increasing and developing (abstract) managerial skills within the Company. The Company employed a team of human resource consultants in order to assess the skills that the Company needed to develop, and this led to the initiation of a series of management development programmes. This included the introduction of a carefully-structured 'Team Development Course'; a five day specialist course held at one of the Company's reservoirs which attempted to foster 'team membership' and 'leadership' skills in staff ranging from senior managers to clerical workers. The Company also
introduced a 'Management Development Programme' through which staff were encouraged to volunteer to be 'psychometrically tested', and were given feedback on their 'management potential' by a qualified psychologist. Staff that were felt to have management potential were informed and directed down appropriate training and development routes; while those with less potential were told that they would not aspire to a management position, but were guided down other training and development routes that would enable them to 'manage their limitations'.

The Company was concerned to break the domination of engineers. This involved restructuring the company in abstraction from its operational functions, and re-constituting the role and function of management within the Company: Frank Watson describes the ideology behind the restructuring process:

We kept away from basic things in any real detail. We thought that if we created the atmosphere, the climate, we created the spark, we created the seeds for the life, then it would grow - and it did. Rather than to be actually very specific on a particular job, particular people. We created a greenhouse, if you like, for people to grow - and that worked very well..... We look at people very much in the round. We used to, before 1979, employ people basically according to their experience as engineers. If they
were a good engineer then they ended up in a managerial job, and they might be lousy managers. And if the truth were known, 90% of their new job might demand man-management skills.

The new approach prioritised the needs and specifications of abstract over concrete labour. For Frank Watson, the Company's attitude to the appointment (and the recent re-appointment) of managers is that technical and engineering qualifications are no longer preconditions for managerial positions. Rather, the approach is to examine carefully what the job really demanded, and to match individuals with the skills or potential skills demanded by the job. In the appointment and re-appointment of 'key' managerial staff, the Company employed 'manspecs' in order to determine an individual's 'fit'. Equally important to training and qualifications in this fit were 'managerial skills', viz, leadership skills, team membership and leadership skills, interpersonal skills, presentational skills, motivational skills and organisational skills. The Company looked at which of these skills a position required and then looked for these skills among individual staff; or where the skills were absent but the potential was there, the Company initiated training and development.

The way in which 'quality management' has overcome the contradictions of managerialism and constituted management appraisal on essentially abstract premises is also demonstrated through the
way in which the management appraisal system has developed at EWL. The Company made a conscious decision to limit the operation of the appraisal system to managers in recognition of their importance as cultural 'change agents'. The appraisal system was structured around an annual formal interview between a manager and her immediate superior, from which the latter was required to complete a muti-page questionnaire outlining the manager's performance against various measures. Senior managers at EWL feel that the appraisal system has 'outlived its shelf-life'. The system did not fulfil the necessary (abstract) criteria of setting quantifiable objectives within realistic time-frames or allow the effective identification of constraints. The appraisal system did not provide an effective assessment of managerial performance, and in particular, failed to isolate managers that were performing badly.

The system was a product of the 'old culture' of top-down bureaucratic inertia: an essential part of the transitional 'managerialist' form of management, and necessary for the isolation of abstract management skills, but ineffective with respect to rewarding their successful application. David Morris outlines the way in which the system operated and the contradictions inherent in the administrative quantification of abstract managerial performance:

You don't pass down a multi-page questionnaire and say "See the individuals once a year, and fill in this form!". Even to the extent that they had a series of
boxes and you drew a line in, and if you drew the line all the way over then that individual was fully ok on that particular aspect or question.... Engineers, and we're an engineering business, would ring up and say "Can you give us some clearer guidance on this line? What does 50% mean in terms of the line? What does 25% mean? What does 10% mean? Can we draw in gradations so we can be absolutely precise about where the line is drawn?". Which wasn't the objective of the whole damn thing anyway! So the company culture wasn't ready for the appraisal system. I'd say "Just give us an idea!" Had to be precise [concrete]. But the appraisal system itself was old culture, down from the top, "Fill in this form!".

The perceived weaknesses of the appraisal system have resulted in senior managers being concerned to develop a 'sharper tool' for the assessment of managerial performance; a tool more relevant to the empowering culture at EWL. The plan is to develop a bottom-up appraisal system owned by managers themselves. The manager will meet on a regular basis with her team in order to discuss individual performance, company performance and the way in which the two are related. The process is designed to facilitate a more effective assessment of the contribution of a manager to the overall mission and objectives of the company, and to relate to this an element of
the manager's pay. The assessment of managerial performance has therefore been reconstituted on abstract premises: the form and function of management subordinated to the abstract power of money. The abstraction of management has enabled the water industry to overcome the contradictions of managerialism, and facilitated the resolution of the fiscal crisis of the state which was the fundamental manifestation of the contradictions.

6.1.c. "Quality Management" as Abstract "Public Service".

The development of 'quality management' has resolved the contradictions of managerialism. The abstract premises of abstract 'quality management' provide a rational basis for decisions concerning capital spending and levels of operational service. Senior managers perceive these developments as a fundamental change in organisational culture. David Morris at EWL suggests that the primary dynamic to the changes in organisational culture has been changes to the financial structure of the Company. The old culture reflected a situation in which the organisation was obliged to go to the Government for the funds it needed to finance important capital projects; money that was increasingly unavailable as the cuts in public expenditure began to bite from the late 1970s onwards. This contrasts with a situation in which the Company is now free, within the constraints of its K formula, to determine its own financial profile. Managers are now free to manage in a company that is a PLC; that is 'just like Marks
and Spencer or IBM'. Importantly, this 'opening out' of the Company's financial profile has had the effect of 'opening out' the lives of all the individuals within the organisation. People have been able to escape from a hierarchical and safe approach, to one of dealing with constant change and constant improvement.

The new culture has unlocked the potential of individual employees and managers at EWL; potential that was previously stifled by the rigid and hierarchical structures of the managerialist form of the Company. The new culture of the Company has been both facilitated by, and in turn determined through, the development of new micro-technology (this has been particularly important with regard to the development of new management information systems and the increasing development of telemetry). The managerial culture and structure of the company has also been affected by the increasingly strict regulatory regime to which it is subject. Senior managers such as David Morris suggest that both these dynamics are independent of the 'political' strategy of privatising the Company. The dynamics are both reflections of the extent to which 'society' is demanding greater service and efficiency from public services:

Irrespective of the political decision that changes the nature of the Company, it's a fair bet to say that customers would demand more and more and more and more, whether we were an authority or a PLC. Because that's society. That we are now more
conscious of health-related issues, performance-related issues, we want our money's worth, we want people to be accountable for making mistakes. All of that sort of thing is now society. So as a water authority you would have had those pressures upon us, from that end, the customer end, the regulator end, perhaps not in the way it happened, but we would still have had it.

What is 'society'? It is clear from the way in which David Morris conceptualises the resolution of the contradictions of managerialism, that 'society' is constituted by the impersonal abstract power of capital. David Morris articulates with great precision the contradictions and limitations of the managerialist form of the water industry. The contradiction between rising consumers' expectations (for use values) in the context of the fiscal crisis of the state (value); and the way in which the contradiction is resolved through the imposition of the law of money. As a water company in the public sector, faced with increasing demands and expectations, EWL would have found its position increasingly problematical:

We would have had a blockage at the other end, because how would we have been able to respond, if you take a recession and the Government says "No more money!" You can't respond, so somewhere or another there would have been some sort of clash,
something would have to give. You would say to the customer "Forget it! We're not going to replace those old sewers....." And it would even rock the Government: "You're rotten, give them more money!". Which is what used to happen to a certain extent. But in the 1990s it would come out as an absolute shriek! The Greenpeaces of this world would really be going on. They'd be going to the Government, and we'd be a pawn - as a water authority in all that - whereas now we're the focus of it, the Government have deflected that because we're now a stand alone company, its up to you to perform. And we have got an out. We've got an out that says we put our charges up. We can go to the market and get more money. We can also say to the customer, "No, we're not going to do that!" - provided that we can get people on our side.

The development of (abstract) 'quality management' has resolved the contradictions of managerialism. The determination of 'quality management' through the contradiction between value and use-value has, however, heightened the contradiction inherent in the form and function of management in capitalist society. In capitalist society managers *live* the contradiction which is manifested through the contradiction between trust and control. The imposition of abstraction on the water industry has resulted in the contradiction assuming an increasingly abstract form: managerial trust determined by the law of
money while control is embedded in abstract control systems qua 'quality management'. This is the contradiction of abstract management: the determination of managerial performance in abstraction from the production of concrete use-values. I will now explore the forms of 'quality management' that have developed in the neo-liberal water industry in order to highlight the abstract premises of managerial control and legitimation.

6.2. "Quality Management" as the Form of Abstraction in the Neo-Liberal Water Industry.

'Quality management' is the ideological form taken by abstract management in the neo-liberal water industry. In this section I explore the specific forms of 'quality management' developed in the UK water sector. The quality initiatives have been introduced through the pressures of the regulatory/financial regime that was created by the 1989 Water Act. The form taken by 'quality management' in the water industry has been determined by the way in which it has developed through the contradictions of managerialism. The quality systems have had a marked impact on management and labour processes within water companies through the de-skilling of technical and professional workers and the development of (abstract) bureaucratic management control systems. The restructuring of the water industry, therefore, illustrates the need to explore changes in the capitalist labour process in the context of the valorisation imperatives of
senior management executives. I will now consider the specific forms of quality management adopted within the water industry and their relationship to the changing 'financial' imperatives of water companies in the post-privatised environment.

6.2.a, Case Study One: Privatisation and the Pressure to Adopt "Quality Management" Systems at Western Water Group.

In the post-privatised Water Industry 'quality management' has become a dominant theme in management ideology and discourse. At WWL, the increasing focus on 'quality' was necessitated by changes in corporate structure following privatisation: namely, the creation of a corporate holding group (Western Water Group Plc [WWG]) which is comprised of Western Water Ltd., a wholly owned subsidiary concerned with the 'core business' of water supply and sewerage services (90% of Group business) and 29 'enterprise companies'. The enterprise companies are either private companies or partnerships acquired by the Group or departments and functions transferred from the core business [engineering, chemical laboratories, etc.]. These are divided under the four basic headings of 'waste management', 'asset management', 'environmental engineering' and 'corporate services'.

Within this structure the Group has pursued a twin-tracked approach to quality: a formal process which has involved subsidiary
companies adopting systems in accordance with BS. 5750, and an informal approach that has attempted to develop 'total quality management' [TQM] or a 'continuous improvement programme' [CIP] within the Group. The decision to develop quality systems at WWG was taken by the board of directors, and Mike Edwards was appointed as 'Group Quality Manager', with a brief from the Chief Executive to 'facilitate, encourage and cajole' people through the process of developing quality systems. The strategy developed by Mike Edwards and sanctioned by the Board, has been to apply 'corporate encouragement' to the process of subsidiary companies developing quality systems appropriate to their market/regulatory position.

The development of quality systems requires the development of procedures that outline both the functions for which particular departments and sections are responsible, and the members of staff responsible for particular elements and stages of the function. In the development of quality management at WWG, the drive to introduce quality systems has been far easier in the case of elements transferred from the former Western Water Authority [WWA] than in many of the enterprise companies that have been acquired since privatisation. Procedures that were central elements of the nationalised form of the company have been modified and transformed to form the basis of the bureaucratic structure of the neo-liberal form of the company. The bureaucratic procedures inherited from the managerialist form of the industry were, therefore, modified in line
with the commercially-driven imperatives of the neo-liberal water industry.

The enterprise companies that have been acquired by the Group have diverse 'cultural' backgrounds. Several companies had developed quality systems, and indeed had attained BS. 5750; others had no quality systems in place. As a result, the Group decided not to develop a formal Group-wide quality policy; particularly when the markets of many companies did not require them to develop BS. 5750. The problem has been to bring the enterprise companies into WWG culture. Each of the subsidiary companies has been encouraged to set out its quality system 'needs' in its business plans; which are considered by the Group and resourced if they meet the WWG criteria and guidelines for the development of quality systems which were developed in order to guide subsidiary MDs. The development of quality systems was to be considered in the context of commercial advantage, increased customer service, regulatory pressures (core business), general business requirements and market sector requirements (where competitors had developed them).

The development of 'quality management' within WWG has been an important if not fundamental aspect of management strategy in the post-privatised environment. Indeed, WWG has made the achievement or development of quality systems the major consideration with regard to the purchase of subsidiary companies. Enterprise companies that were previously departmental functions of WWG prior to privatisation
(environmental engineering, training, technology department [computers], etc.) have already achieved BS. 5750; while in many other areas companies are in the process of achieving BS. 5750. This includes the 'core business' in which the BS. 5750 approach is being piloted within a large sewage works; while the 'spirit' and 'major components' of BS. 5750 (quality plans and procedures) are being applied to the process of developing the industry 'Asset Management Plan' that is required for OFWAT.

This quality approach is divided into two complementary strategies: a formal strategy of striving for BS. 5750 within subsidiary companies, and an informal and more ubiquitous strategy of developing TQM or CIP throughout the organisation. The primary dynamic for the development of formal quality systems at WWG has been the business requirements and the competitive pressures on subsidiary companies. The pressure for the development of BS. 5750 has been greatest with respect to the enterprise companies; companies in direct competition with other companies and not therefore the 'core business' which operates via the proxy market mechanism of OFWAT.

Level One of the formal quality structure at WWL is constituted by the 'Quality Manual'; a document that sets out and addresses every part of BS. 5750. The Manual contains the 'quality policy' and 'objectives' of the Group, including how the senior management team will disseminate and develop the quality message throughout the
organisation and test for levels of understanding of the quality policy among staff. The key objective of the BSI is the development of a very clear operational and organisational structure. Section One of BS. 5750 is focused on 'management responsibility'. The Manual reflects this through the way in which it sets out clear organisational structures which highlights not only key post-holders, but the impact of post-holders on the quality system.

The manual further defines the scope of work in the organisation that is to be assessed, which may be illustrated with reference to the 'quality manual' developed by 'Western Engineering Consultants' [WEC] — an engineering subsidiary of the Group that has attained BS. 5750 recognition. The manual for the Company set the scope of assessment to the 'design process' as broken down into three stages: receiving a request from a client, developing from design brief to final design, and award of contract. In order to comply with BS. 5750 all the top management team have job summaries; which at WEC extends down as far as the project manager, project engineer and design staff. The manual sets out the process for continually reviewing the quality process. The manual specifies the Group management representative responsible for overseeing the process and the form of the 'review process'. At WEC a 'management review' is held on a regular basis which considers feedback from audits and client complaints. There is also a 'general review' which considers how the general quality process could be 'improved'.

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Level Two of the formal quality structure at WWG is constituted by a document that sets out operational procedures of the company in detail including the managers or members of staff responsible for each procedure. Level Three of the structure is constituted by records and documentation that enable the quality system to be audited (checklists, quality plans, guidelines and guidance notes. This is the quality systems model that has been developed in order for subsidiary companies such as WEC to achieve BS. 5750 recognition. It is the model that WWG intends to use for quality initiatives throughout the Group; in particular, with regard to the development of informal quality initiatives in the form of TQM or CIP. This will be illustrated more clearly through a case study of the way in which BS. 5750 has been developed at WEC

6.2. b. Case Study Two: Formal Quality Systems and BS 5750 Accreditation at Western Engineering Consultants.

Western Engineering Consultants (WEC), an engineering subsidiary of WWG, has recently been successful in attaining BS. 5750. In order to illustrate more clearly the way in which the development of quality management systems impact on the social and technical relations of an organisation, I will examine in detail the processes, procedures and problems associated with the development of quality systems at WEC. WEC was created from the engineering function of WWG following privatisation. The company's business is concerned primarily
with the design of large civil engineering projects (sewerage works, reservoirs, treatment works) and the Company, therefore, employs a highly skilled and 'professional' workforce of designers and engineers. The case study is particularly interesting given the way in which civil engineering and civil engineers have traditionally dominated the water industry. The creation of WEC and the development of quality systems therein constitutes the de facto marginalisation of the civil engineering function within WWG.

The first stage in the development of the quality system at WEC was the determination of the functions and responsibilities of design staff: the determination and decomposition of the design process. Mike Edwards describes how this was achieved and the problems it raised:

We asked people to say to us what they thought the design process was, and not put it down in any formal way, but just through a half-day workshop we said to everyone "You tell us what the design [labour?!!] process is!". Now you might think that a designer would know when the process began, and when the process ended and to a large extent they did. Having said that, within the actual process there was disagreement. But essentially what we ended up with were 19 points on what the design process was about.
An important element of a quality system is the development of a 'quality plan'. The establishment of what constituted the design process was an essential precondition to the development of the 'quality plan'. The WEC quality plan set out:

- who the client is.
- who the designers are.
- what the resource inputs would be.
- what key documents would be included.
- the programme.
- regularity of consultation with client.
- level of approval required from client.
- form of design output, drawings, etc.
- verification and approval of designs.

Within the 'quality plan' process there are a series of procedures concerning the development of the quality plan:

- use of codes and standards.
- design controls to be included in the process.
- how to review adequacy of documentation supplied
by a client.

- how documents are to be controlled.
- control of design calculations (independently assessed).
- procedure for effecting changes in design.
- reviewing design with client.
- dealing with complaints from clients.
- preparing tender documents.
- awarding tender
- records to be supplied on completion.

The principles behind the development of the procedures were firstly, to keep the procedures as short as possible; the procedures being presented on one page together with specifications concerning the purpose and scope of the procedure. The procedure was then broken down into a series of steps no longer than one or two lines in length; including the initials of the person responsible for the function described in that step. The latter point is very important, for as Mike Edwards suggested, the procedures had to give both direction and ownership. Indeed, in developing the procedures there had been 'a subtle attempt to insert ownership on almost every line'. Secondly, the procedures had to be general: the procedures concerned the activities of 'professional' workers, such as project managers and,
therefore, had to allow autonomy within a structure that gave general direction on process.

It is important that workers feel that they own the quality systems. The procedures were, therefore, developed by the workers themselves. At WEC the designers were invited to sit around a table and to talk through how they perceived the typical process of a design brief. The team initially laid out between 20 and 30 steps, which during a half day workshop were reduced to 7 or 8 short steps. The remaining codes and procedures were developed by sub-groups, and were presented to the designers for comments and recommendations and modified accordingly. This process took around four months, after which the final procedures were drafted and issued on a formal basis to everyone in the organisation - which is a fundamental requirement of BS. 5750. In keeping the procedures simple and general, Mike Edwards suggests that the Company was able to ensure the cooperation and enthusiasm of staff:

I was very proud at the end of the whole process to be able to see that the level of realisation among the design team was "My goodness a procedure doesn't need to be a heavy tool, and we don't need to be hit over the head with it". Designers as people who conceptualise all day, then to see something in broad terms giving direction, but allowing them to have the artistic flair, the engineering flair, to come up with
these requirements, then we actually won them on day one.

Following the drafting of the final procedures, WEC was assessed by the BSI and subsequently awarded BS. 5750. The BSI assessment is done in two stages. Stage One, BSI examines the procedures developed by a company and addresses each aspect of the standard. Stage Two, the BSI conducts an audit of the procedures in operation and highlights areas of non-conformance that need to be addressed. Once the non-conformances have been addressed, the BSI recommend the awarding of the standard. The attainment of BS. 5750 was important to WEC for reasons of commercial advantage. However, for Mike Edwards, the important impact of BS. 5750 has been on the behaviour and outlook of staff within the company:

The real advantage of 5750..... was demonstrated on the day the recommendation came through. Everyone in the organisation, in that design department, really their chests were two inches further out than they were that morning. And the group bonding after that was quite marked. Increasingly over the weeks and months ahead, just passing by people you could here them on the telephone saying "Oh yes, we've got 5750!"
First in the water industry!" Therefore the ownership was quite terrific. The benefit, the spin off, has been that the procedures have been reviewed once again. So that people involved in the quality system have actually said "Hey, hang on a bit! We can fine-
tune this even better. We can actually bring in things that have changed within the company organically within the last few months. The ownership is very, very high. So although people may say that quality systems are very formal, they may stifle innovation, they're a bureaucratic nightmare, etc. etc., when they work well, and I've seen it work well, they really do touch on the total quality curve.

6.2.c. Informal Quality Systems and the "Quasi-Japanisation" of the Neo-Liberal Water Industry,

The formal quality systems developed through the BSI in the context of commercial/regulatory pressure have been the catalyst for a more fundamental restructuring of the social and technical relations within the water sector. This was reflected at WWG where following the attainment of BS. 5750 by several Group subsidiaries, a decision was taken in 1991 to develop an informal quality system
alongside the formal BSI systems. The Group Quality Manager, Mike Edwards, suggests that the system is an attempt to develop 'Total Quality Management' [TQM] within the Group; although the Group has decided not to call the system TQM, but rather to view the development of the systems as part of a more long-term 'Continuous Improvement Programme' [CIP]. The CIP approach is of course an important element in the development and modification of formal systems as I demonstrated earlier. The Group were anxious, however, to develop quality systems in parts of the Group that did not require the development of BS. 5750 for commercial reasons; to create a financial proxy within the company to which the quality systems could respond. The advantage of the CIP is that:

It can also be used in parts of the organisation that are not required to have BS. 5750. For instance, internally the Finance Department may have very little external customer contact, it may have a tremendous amount of internal customer contact, and may want to make things more efficient. But the driving force of BS. 5750 may not necessarily be placed upon them. So we looked also at the second strand of continuous improvement on the informal side.

The development of a quality strategy has been given a high profile within the WWG, with the formation of a 'Quality Group',
chaired by Mike Edwards, and drawing on senior managers from across the Group. Support and encouragement for the development of a quality approach have come from the highest level within WWG. The *modus operandi* of the Quality Group is premised upon a conceptualisation of "quality" that is central to WWG's corporate identity and image, and a fundamental strand of business planning. The Chief Executive of WWG is very committed to the quality system process and an executive director has been given the responsibility of 'sponsoring' quality within the Group. With regard to the development of informal quality systems, the Quality Group was given the remit 'to research and report on the need to introduce a quality initiative across the organisation'.

The approach to quality management at WWG may be broken down into five stages:

1. **The Brief**: To Research and Report on the need to introduce a quality initiative across the organisation.

2. **Group Research**: Visits to organisations, management literature, and external consultants input.

3. **Building on Stated Objectives**: Vision and mission statements. Values, style and business strategy.
Development of a quality strategy - viz.... THAT QUALITY PERVERDES THE ORGANISATION IN ALL RESPECTS. THE ACHIEVEMENT OF QUALITY IS TO BE SUPPORTED BY AN EVIDENT PERCEPTION BY EMPLOYEE AND CUSTOMER.


In order to assess the extent to which WWG required to develop a quality strategy, the Quality Group considered advice and information from three main sources. First, the Group visited a range of private companies throughout Britain in order to assess and learn from the quality systems these companies had developed. Second, the Group considered 'management literature' on quality management; with the DTI 'Managing into the 90s Process' being particularly important and influential. Third, WWG acquired the services of an external 'guru'; a management 'academic' who was brought in every three months in order to 'reinforce' and give 'direction' to the quality process developed by the Quality Group.
The Quality Group came to the conclusion that there was a need for the development of a 'quality strategy' within the Group. The need for a 'strategy', rather than a 'policy', was a deliberate corporate-level decision. The Group was in a good position for the development of a quality strategy: 'quality' being a central and fundamental element in the Group's vision and mission statements. The WWG mission statement states that the Group wishes to be seen as market leader in the environmental quality field by 1995. The corporate and business values and style of the Group that derived from the vision and mission statements had been outlined to everyone in the organisation in the form of a clear set of quality objectives; the form of this dissemination being the "Chief Executive's Roadshow" in which the Chief Executive toured the Group outlining WWG's key values and objectives. Everyone in the organisation was aware of the quality process or strategy: 'to try to make sure that quality is achieved in every area of the Business by every employee wherever possible'.

The Quality Group attempted to established the extent to which the culture and values of WWG were conducive to the introduction of a quality strategy. A further consideration was why WWG needed to develop a quality strategy at all. For Mike Edwards the answer to this question was unequivocal: the cost of quality. Through a consideration of company information provided by the DTI, it was discovered that the 'cost of quality' could be between 15% and 40% of
turnover. This provided the main impetus for the development of the quality strategy:

We said there has to be something there that we can develop. Therefore, as an organisation who 18 months ago had a turnover of £200M we said that even if we achieve 1% saving on turnover, then a £2M saving if nothing else, it would upgrade a sewerage works. We could use that money for the benefit of the customer.

The Quality Group were thus able to outline the two clear elements of the quality strategy: customer satisfaction and improving profitability. The strategy had to meet these key objectives:

We had to work through how we could reduce uncertainty and waste within the organisation. How we could increase value for money in everything that we did. Bringing in the people aspect, it had to be something on a continuous basis, and whatever we did, we had to be able to measure the results. It was no use just reporting on general things. We had to see in both financial terms, but also in other ways, quality of service etc.: How we were squaring up to things!
The prior restructuring of WWG determined the way in which the quality initiative was introduced and developed. The Group decided against a 'big bang' TQM approach; pursuing an approach that attempted to build upon the 'human relations' developments that had occurred in the previous 10-12 years. The main elements of this 'staff development' were a programme of staff 'secondments' and 'team building' processes. The 'secondment process' encouraged managers, potential managers and supervisors to go on a series of 'secondments' throughout the organisation; with such sideways movement being made a pre-condition of promotion. Managers and potential managers were forced to 'go out and gain experience in the Business'. The 'Team Building Programme' had existed for the previous ten years and was a week-long intensive team-building exercise at one of the company's reservoir sites. These perceived strengths resulted in the Group decision to develop a low-key approach to quality attempted to combine a 'problem solving methodology' with the maintenance of managerial responsibility and authority. Thus:

(The programme) would involve people looking at various parts of the process, and not solving the problems, but analysing the problems. Seeing where the waste was, where the potential was for improvement. Coming up through the analytical and then problem-solving phase into a report-back to their manager, where they could actually demonstrate certain efficiencies or certain advantages or certain
customer benefits. And it would then be the manager who would say: "Ok, we'll tackle this or that, or we may need more work in certain areas".

The main concern of the Quality Group was that by 'empowering' people within the organisation, it would allow a re-focusing of the way in which management information was transmitted through the organisation, and particularly focus upon the role and function of middle management within the organisation. The Group was particularly concerned by a growing body of management research which suggested that up to 60% of quality initiatives 'fizzled out' before the start of their second year. The research highlighted the problems caused by a lack of resources and enthusiasm, and in particular, the problem of 'middle management mistrust'. This problem was therefore addressed in the CIP methodology:

Inviting the manager of a department, with his team, to review how the department did their work. But importantly, whatever work the team came up with, to make it in a report back to management. So, it began and ended with the management. But the thick sandwich element of it was that the people in the problem solving process were then allowed to get on with the enthusiastic side of developing things, to reduce the problems in their everyday life.
The process thus aimed at utilising the expert knowledge of WWG staff in an attempt to solve the problems that they faced in their everyday working lives; a process that would yield benefits for the company, for customers and above all for the staff themselves:

So the process was to reduce hassle in their everyday life, to get them involved with things, to look at the areas that they were experts in and experienced in, and to see if we could actually improve things for their benefit, and the knock on effect is for the customer's benefit.

In order to test the 'quality process' methodology three areas of the Company were selected to pilot the CIP; the basis of selection being areas with a high internal and external customer contact. The way the CIP was introduced at WWG was through an 'introductory seminar' in which the process was outlined to departmental staff by their senior manager and a member of the Quality Group. The average department contains 80-100 staff, and from these a 'pilot team' of 8-10 staff was selected at the seminar in order to address the 'key element' of the process - estimating the cost of quality. The groups were broken down into sub-groups by function, and other staff with a particular area of expertise were invited to sit ex officio on the sub groups. The definition of the concept 'cost of quality' developed into a serious obstacle to the development of the quality process in the pilot departments. Staff made the 'mistake' of equating the
process with 'Taylorism'. Mike Edwards describes this problem and how the Quality Group attempted to overcome it:

Within our methodology what we found was that people viewed the "cost of quality" - whether it was the words that were wrong, benefits or opportunities might have been better words to use - but (it) had almost a works study connotation. People were a bit concerned..... "Is it works study by the backdoor?"

But it also introduced uncertainty to them because they took the view that "Well, at the very beginning, of the methodology, here's someone asking us to define the cost of quality! Well, we can't define it, because we haven't defined the problem yet!" In reality, what we meant by the "cost of quality" was no more than: "If you look at key areas of the Business, how can you prioritise those into areas..... (and ask whether) we could be misguidedly tackling one area only to find that it contributed only 1% to the bottom line, whereas if they tackled another problem with the same level of involvement, it could have realised a better return".

From the initial 'cost of quality' analysis, the 'pilot team' moved into the 'problem analysis' process. This was followed by the 'problem workshop' process in which non-team members were drawn back
into the process in order to explore what the team had done, and to contribute fresh ideas to the quality process. This was followed by a more detailed 'problem solving' process in which the team made recommendations in a report to their manager. The manager had the power to accept or reject all or part of the proposals, or to suggest that the recommendations require more work. Indeed, it is a central feature of the CIP philosophy that teams are able to 'flag up' an overview of the areas that require further research and problems which could be resolved. The methodology was given top-management approval and in order to ensure that the programme was implemented in accordance with the methodology, external consultants were employed as facilitators, and members of the Quality Group were appointed as process 'project managers'. The aim was to outline the philosophy of the CIP; but within that, to allow subsidiary MDs to develop quality systems that corresponded to their 'business environment'.

Mike Edwards argues that the pilot team process was a great success, and senior managers are now faced with the problem of how to proceed with the development of CIP throughout the Group. The process is to be flexible enough to meet the requirements of all parts of the group. The enterprise sector companies which require BS. 5750 are able to fast-track the procedures and processes at a rapid rate through the parallel development of CIP. With the core business, where at present there is no pressure from OFWAT for companies to have BS. 5750 or CIPs, the CIP process is being developed in a low-
key way by local managers in order to increase efficiency. In the future, Mike Edwards projects that there will be teams covering every area of the Business, and an interchange and cross-fertilisation between teams in different parts of the business. Managers will follow the 'learning curve of quality' in individual departments through which staff become more aware of their internal and external customers' requirements, and this will be expanded into a wider 'customer network' that will go beyond individual business areas.

The main consideration facing the Group in the development of quality systems is the perception of the City. The 'golden share' of the Group is issued in 1994, and senior managers feel that it is important strategically to have quality systems covering all of the Group's 48 subsidiary companies prior to the issue. For Mike Edwards, therefore, it is vitally important that quality systems cover the whole of the organisation before the company is vulnerable to the outside world. The ultimate dynamics with respect to the introduction of quality management at WWL are the abstract imperatives of valorisation. These imperatives are also reflected in the development of quality systems at CWL.
Case Study Three: "Right First Time" and "Quasi-Quality Circles" at CWL.

The demands of the regulatory/financial framework have provided a strong impetus towards the development of 'quality management' at CWL. But what is quality? The definition of quality at CWL is 'fit for purpose' or 'right'. Hence, the Company's quality strategy - 'the right time, at the right price, at the right place. The Company have attempted to maintain the separation between 'levels of service' and 'quality'; the separation between what is done and how it is done; ultimately the separation between the production of use-value and the production of value. Hence, for Andrew Harris, the Business and Customer Services Director at CWL:

We've made great strides to separate levels of service from quality. Quality is what you do, you can then rack it up to all sorts of levels. You know, we've been through the classic argument that quality is not a Rolls Royce versus a Ford Sierra. It was quality product, so the Ford Sierra is a quality product, and you must produce your Ford Sierra to the quality that you need. So I think we've tended to go straight down the "Fitness For Purpose" route.
The Company has appointed a 'Quality Assurance Manager' with the primary responsibility of overseeing the development and achievement of BS. 5750 throughout the organisation. The initial focus of the formal quality system was on the 'customer care' function, and particularly on the system that has been developed in order to monitor and audit the OFWAT performance measures. Following BSI accreditation it is intended to roll out the BS. 5750 approach to the rest of the Company. Developing systems in accordance with BS. 5750 will ensure that all operations within the Company, starting with the 'customer care' function and the OFWAT system is repeatable: that is, to ensure that all customers and customer information are treated identically in accordance with a manual to which staff are able to continually refer.

Alongside the formal and 'concrete' BSI system, senior managers at CWL decided to introduce an element of TQM into the organisation. Following consultation with a series of management consultants, senior managers decided that TQM did not really 'fit' the 'company culture' at CWL. TQM was perceived as being too 'flash' and 'clever'. Managers nevertheless perceived the need for an informal quality system to be developed in order to enhance the organisational culture of the Company, and attempted to develop a form of TQM that is compatible with CWL culture. Andrew Harris explains the main features of the quality system, and notes the centrality of the new financial/regulatory framework to its inception and development:
We have started running a programme called "Right First Time", which partly explains to people what all the new regulatory framework looks like and why the company is now working in a different environment, and then goes on to say so, you know, we have a fixed income and we can't afford to waste money with mistakes. So we must increasingly try to get the job right first time. Which is TQM in so many words.

While the Company does not have 'quality circles' it does make increasing use of 'working parties' in the 'problem-solving' process. Rather than a series of managers coming together to form the parties, the managers are themselves setting up working parties of employees to solve managerial problems. Andrew Harris describes the way these groups work at CWL:

(A Manager) has a problem and he gets a working party of the workers together. You need a manager there to open a few doors and to give them a bit of clout, perhaps help them with processing. But the basic work is done by the people who've got to do it. They may need help with a bit of vision, they may need help with a bit of process. But I think using the sort of, not quite quality circle - but that sort of thing: "Here we are lads, here's a problem, now you solve it for me!". You're beginning to get them on the
ship. Now doing that certainly helps you break down the barrier..... So a bit of inter-departmental working at the lowest level. It's a marvellous improvement.

Associated with the 'Right First Time' programme have been two key human resource developments: the introduction of 'internal customers' and the accreditation of all staff through the NVQ scheme. The introduction of the 'internal customer' involved everyone in the organisation attending a two-day seminar. The sessions were structured around diagonal slices of the Company in order to allow senior managers and directors to fulfil their rôle as cultural change-agents. The NVQ system is aimed at manual workers and lower-grade clerical staff, and aims to provide accreditation for staff carrying out functions for which no formal qualifications exist. The plan is to upgrade all manual and lower clerical staff to the appropriate NVQ level through a process which involves staff taking an exam and being awarded a certificate. The system is intended to benefit both the Company and the individual employee: raising the self-esteem of workers within a system which enables the Company to certify and accredit the quality of its 'human capital'.

Despite the centrality of the OFWAT measures to the development and operation of 'quality management' systems at CWL, Andrew Harris suggests that the pressure from OFWAT has played a minimal rôle in the wide ranging quality initiatives that have been developed within
the Company. The primary dynamic has been the projection of a corporate image that customers and the City can trust:

Water companies are as much about faith and confidence as they are about anything. I know there are 801 different measures, but essentially we find when we talk to customers that they just trust us and that is the way they view us. And it is maintaining that trust. I would think that is probably what you should be doing, and similarly the City goes as much about the feeling for a company, and if the feeling for a company is that it gets its business about right and it does it in the right way and it controls the costs and it gets its quality about right, then you're in the right route for dealing with the City.

The introduction of quality management at CWL has not, however, been unproblematical. Andrew Harris describes the way in which the word 'quality' has tended to create a mental block among employees who have tended to perceive it as an implied criticism of their current performance (which indeed it is). In particular, the Company found resentment among manual staff with the introduction of the NVQs; many failed to see the necessity of passing an exam and being given a piece of paper that certified that they were qualified to do a job that in many cases they had been doing for the past 20 or 30
years. In many ways, therefore, the development of 'quality management' has engendered distrust among manual employees; many voicing the outrageous suggestion that an increase in the quality of their labour ought to be accompanied by an increase in its value. Further, many employees have voiced the fear that 'quality management' constitutes 'Speedy Taylor' by the backdoor. Andrew Harris outlines the ways in which employees have 'misunderstood' the new systems:

People coming in studying their job. "Telling us how to do it! We think we should be paid more for doing this! If you're going to send me on a course, I want to be paid more! If you're going to ask me to get a qualification I want to be paid more!". So it's very difficult for a manual area, which in most companies has been sorely neglected for many years. And suddenly they say to them "Good news chaps! You're now going to be turned into quality workers!". For one, they probably thought they were anyway. Two, they know they've been studiously ignored for many years. And three, that's what they want paying for. We say: "Yes, Yes, and No!". So not an easy area to work through.

The term 'quality' has tended to 'jar' employees into a 'typical' response of "We do a good quality job, don't we?": to which the
Company responds "Yes but not in the right way!". The problem has thus been to make employees aware of the distinction between what they do and the way they do it. What they do (production of use values) remains the same, the way they do it (the production of value - but ever quicker and more intensive) requires development. Quality assurance is seen by staff at CWL as something related to the manufacture of washing machines; of having nothing to do with running a waterworks. The problem for CWL is that it doesn't have anything to do with managing a water works; but on the contrary, has everything to do with the production of value. The development of 'quality management' has, therefore, involved reconstituting managerial authority and legitimation on abstract premises: quality management has been legitimated through a consumerist discourse focused on the way in which increased efficiency benefits the internal and external abstract consumers on which the rationality of abstract management is premised.

6.2.e. The Problems of "Selling" Quality in the Neo-Liberal Water Industry.

The introduction of quality (abstract) management has had an important impact on the labour processes within water companies. The essence of quality management is the deskilling of workers and incorporating the skill and knowledge of workers into the organisational and bureaucratic structures of water companies. This classic development highlighted by Marx has, however, taken on a new
form in the neo-liberal water industry. The deskilling is legitimated through a 'consumerist' discourse which emphasises the way in which labourers own their position in the management hierarchy. Within WWG, quality has been 'sold' by stressing the way in which systems reduce the day-to-day problems of managers and staff. Mike Edwards describes the way in which the Quality Group at WWG has attempted to 'sell' quality systems:

We feel we have to sell it to people within the Group. To say "Look, it will reduce your day-to-day hassle, if there are things within your job which you know are wrong or if you had the opportunity to put right". We're just trying to build empowerment through the managers to the people to look at ways of reducing their hassle, and obviously then to reduce waste within their departments.

The justification and legitimation of the processes are articulated through the a discourse that stresses the way in which increased efficiency is passed directly to the customer. Public service is thus re-articulated in a neo-liberal form. Mike Edwards describes the way in which quality management benefits abstract consumers:
Our key requirements are to meet the requirements of the customer - whoever the customer is, whether its internal or external. We could then save money, but obviously, that then has a direct knock-on to the bottom line. Saving 1% means that we can either reduce the charge to customers or improve the service to customers by spending that saving.

Quality management is thus the ideological form taken by abstract management in the neo-liberal water industry. The main impetus to the development of quality systems has been the valorisation imperatives of the financial/regulatory regime introduced by the 1989 Water Act: quality systems were introduced at WWG in the context of projected efficiency improvements of between £25M and £80M per annum. The new managerial systems have been legitimated through a 'consumerist' discourse that highlights the way in which improvements in efficiency benefit abstract customers. The raison d'être of water companies, however, is the production of concrete use-values by concrete labourers and managers for concrete customers: the contradiction between value and use-value is manifested in the neo-liberal water industry as the contradiction between abstract and concrete customers. In the final two sections of this Chapter I explore the problem of mediating the interests of concrete consumers within the abstract institutional mechanisms of the neo-liberal water industry. In Chapter Seven I explore the problem of mediating the interests of concrete labourers.
6.3. The Problem of Neo-Liberal Customer Representation: Bringing the Concrete Customer Back In!

The neo-liberal regulation of the water industry includes institutional arrangements for the representation of 'customer' interests and opinions. There are ten Customers Service Committees (CSCs) in England and Wales corresponding to the areas covered by the former RWAs. In contrast with the Consumer Consultative Councils (CCCs) they replaced, the CSCs are not embedded within the institutional structure of the water industry, but form part of the regulatory apparatus. The CSCs are constituted as independent bodies within OFWAT. These developments have had a marked impact on the institutional structures of water companies. Water companies have developed managerial posts and systems in order to 'manage' and maintain customer representation on an abstract basis. The problem of consumer representation is constituted by the extent to which the demands of concrete consumers deviate from the logic and rationality of the abstract power of money. OFWAT and the CSCs are constituted on the contradiction between regulation and administration determined through the contradiction between value and use-value. The state, therefore, mediates the conflict between real and concrete customers.

The scope and limit of CSC involvement within the water industry are tightly controlled. The CSCs are not involved in the day-to-day regulation of the Company's operational performance. At WWL a
'Regulation Group' has been established in order to 'act on the company's behalf' with regard to liaising with OFWAT in Birmingham and the local CSC. Richard Dawson is responsible for Company-CSC liaison at WWL, and he suggests that the involvement tends to assume two basic forms: consultation prior to major new developments and initiatives, and direct contacts between full-time CSC members and Regulation Group employees in respect of customer complaints that have not been adequately dealt with by WWL and have been reported to OFWAT. Richard Dawson suggests that there is an important distinction between the full-time secretariat (effectively employees of OFWAT) and the individual part-time members of the committees. The day-to-day contact between the Company and the CSC is at the level of the full-time secretariat. The most important function of the ordinary CSC members is to act as a forum for consultation and the dissemination of information on service issues.

This is reflected at CWL where the most important point of contact between the Company and the CSC has been in response to guidance notes issued by OFWAT: such notes have included guidance on 'Debt and Disconnection' (23-05-91) and 'Services for Disabled and Elderly Customers' (09-10-91). The Company has been required to do presentations to the CSC outlining its response to guidelines of this type. Contact with the CSC has been necessary when complaints have been made against the Company and referred to the CSC for adjudication; and the Company has used the CSC as a 'sounding board' prior to new developments and initiatives. The CSC were, for example,
consulted over changes to the design of the water bill prior to these being sent out to customers.

The main problem that CWL has faced with regard to contact with the CSC, however, has been with regard to the CSC function of resolving customer complaints: the CSC have tended to undermine their own neo-liberal premises by generalising complaints, and hence re-politicising the regulatory relationship. Andrew Harris outlines the way he perceives the problem:

One of the problems is that (the CSC) tend to deal with the rough end of the market, in that they are mostly dealing with a very small part of the population. Most of their work is focused at the complaint end unfortunately. So I suppose like the comment that people make about the police, if you're always dealing with the criminals.....! And one of the problems that we've had with the CSC is that they will often be trying to get us to do things for the population as a whole, based on the 1% sample that they are dealing with. Now sometimes it makes sense, but other times it just doesn't, and you can end up with a bit of a conflict. Because they are trying to resolve particular complaints, they will resolve that complaint and then say to us "Well look, you could avoid all of these in the future if only you'd do all
that". Well, probably 99% of our customers aren't interested. So it might help OFWAT with their work, but it doesn't actually help the bulk of the customers.

The conflict between real and abstract customers is also reflected at SWL, where Helen Webster is concerned by what she considers to be a serious conflict between the quasi-customer qua OFWAT and the real customers to whom SWL supplies water. This conflict has been recognised and addressed by OFWAT, who have ruled that all water companies will have to undertake 'market research' as part of future periodic reviews. Indeed, SWL have already addressed this issue through the appointment of MORI to conduct a series of comprehensive surveys in order to measure the opinions of SWL's real customers. Helen Webster outlines the concerns that led to this development:

OFWAT is supposed to be the quasi-customer (and) I've got concerns about that because they take what I call a rational and logical view of things. And with the best will in the world, the general public are not always rational and logical. So many of things I see coming from OFWAT where it says "We believe this is the customers' view, it doesn't tie up at all with our perception of customers views' that are relayed to us by people getting on the phone or writing to us. In
many cases they are not logical. But they just feel very strongly about something and logic just goes straight out of the window. So I don't really think that either OFWAT or the CSCs truly represent the customers' views.

The reason for the CSC not truly representing customer views emanates from the narrow base of interest groups on which it is constituted. Helen Webster is SWL representative on the CSC, and suggests that the Committee's constitution made up of local councillors, and representatives from agriculture, small business, and disabled and charity groups prevents the Committee developing what she terms a 'balanced view'. In considering the Committee's lack of rationality, she highlights the extent to which conflict is increasingly premised on the commodification of water:

On the one hand, I've actually heard it within the CSC, you'll get one member saying "Well I believe that it's wrong for other water-company-payers to pay the bills of those people who won't pay, therefore water companies ought to disconnect supplies". And then in the same committee you've got another member saying "That's terrible to disconnect people that can't pay their bills". So we do tend to get mixed messages coming from them.
The extent to which the water industry is now premised firmly on the premises of the rational abstract individual of liberal social theory is reflected in the way Helen Webster conceptualises the logical and ultimate development of 'customer sovereignty' - the freedom to receive poor service:

I was speaking to Ian Byatt about a month ago, and he was saying the self same thing, because I posed the question, the hypothetical question, "What if our customers would actually prefer a lower level of service at lower cost?". Because OFWAT is always talking about improving levels of service, but obviously, all these have a cost attached to them. And I'm actually turning the tables and saying, what about if they actually say, "Well we don't want this level of service, but will you knock 10% off our bill?". What would OFWAT's reaction be to that? And he sort of mulled it over for a while, and he said: "Well, if that's what your customers really want, it would not be right for OFWAT to say no they can't have it!".

The weakness and problems associated with consumer representation in the neo-liberal water industry are perceived by
managers as emanating from the illogicality, irrationality and stupidity of real consumers. The contradictory premises of neo-liberal state regulation implies that managers have the problematical function of constantly maintaining abstraction. The maintenance of abstraction is the raison d'être of management in the neo-liberal water industry.


The restructuring of the water industry has had an important impact with respect to all aspects of the 'economic' political' and 'ideological' social relations on which the industry is premised. The neo-liberal form of the industry has (re)imposed the separation between economics and politics through the subordination of use-values to value and the domination of concrete by abstract labour. However, the fundamental contradiction between value and use-value cannot be transcended. In responding to the crisis of the managerialist form of the industry, the neo-liberal restructuring has laid the basis for further crisis.

In this Chapter I have reviewed the way in which social relations have been restructured in the neo-liberal water industry, and I have isolated the nascent contradictions emerging from the new
forms of management-employee and company-customer relations. In conclusion, I wish to consider the way in which senior managers live the contradictions inherent in the new form of the industry: I wish to suggest that this takes the form of a fundamental concern to maintain abstraction - to fight at all costs the re-politicisation of the organisational and managerial structures of the water industry.

Senior managers such as Mike Edwards at WWL are concerned by the way in which the quality advances made by WWL are not reflected in the public perception of either the Company or the industry as a whole. The company is spending more on the customer following privatisation and is committed to providing customers with adequate information about the company's activities in order to give them confidence that the Company is acting in their interests. The perception of the company is, however, coloured by public perception of the water industry at the macro level:

It's the public perception of the water industry in general, not just WWG, that we're battling against. We have, for instance, still a long way to go in overcoming this privatisation myth that now we're privatised everyone in the organisation is on a fat salary. I'm not on a fat salary in terms of what I was on before privatisation, but I still work as hard as I did before. Internally there are a lot of people actually saying "Look, we are hard workers!" But its
very difficult to say that Western Water could influence the general public, when on NEWS AT TEN something indicates that, in macro-terms, customers are paying more and there are water restrictions. Now, there are no water restrictions in Western Water (region). But that colours the view and it's increasing.

Similarly, the Company has suffered from the emergence of an increasingly important environmentalist discourse:

Whether we like it or not it's the public's perception, not only of water and the quality of water, but the environment. We're big organisations in terms of destroying fields to build sewerage works or water works to benefit the customer. So we have to minimise the environmental impact. But nevertheless, we still come in for flak, as many utilities do - (for) digging up roads etc.

Companies operating in the neo-liberal water industry have found it increasingly important to develop and maintain an image of themselves as 'quality' companies. It has been difficult to develop a public perception of water companies which would result in customers ranking their regional or local water undertaking alongside Marks and
Spencer with respect to service and efficiency. The communication of quality improvement has been extremely problematical: senior managers feel they have faced an uphill struggle against an unfair media and an unsympathetic 'public'. The media often devotes 'unfair' and 'unwarranted' attention to the industry; feeding 'bad news' to a public among whom there is a pre-disposed appetite for 'bad news' about utility companies in general, and water companies in particular. Within the neo-liberal water industry the 'management of the media' has thus become an increasingly important function.

Ultimately, however, water companies are unable to resolve the contradiction between the development of abstract management (value) and the public perception of the use-values produced by water companies. The last word goes to Mike Edwards at WWL who articulates the irresolvability of the contradiction.

I think you just have to be realistic Graham, and say that we just have to keep working at it. I'm intensely proud of working in the organisation..... and there's a part of me that says "Hey look! If Joe Public doesn't want to know how well we're doing, then I can't break my neck, I can't break away from my job [development of abstract management systems] to tell them how well we're doing, or else we won't get the job done [!!!]. We'll just have to accept it.
Chapter Seven

State Regulation, Abstract Management and the Politics of "Public Service".

In the neo-liberal water industry the development of abstract control has taken the form of 'quality management' which has legitimated the imposition of abstraction through the way in which the new regulatory/production configuration is premised on the needs of the (abstract) customer - the law of money as public service. The managerialist form of the industry through which the neo-liberal form developed, however, was premised on the discourse of Fabian Socialism which also collapsed the contradiction between value and use-value, but collapsed the contradiction on the basis of concrete labour. The regulation, management and trade unionism associated with Fabian public service articulated the class interests of labour in an alienated form. The neo-liberal imposition of abstraction has therefore involved a fundamental restructuring of the economic, political, and ideological aspects of the capital relation. The central feature of this project with respect to the water industry, has been the radical reinterpretation and reconstitution of public service as a
management form. The struggle between concrete and abstract labour is manifested over the form of the public service.

In this Chapter I explore the 'politics' of public service in the neo-liberal water industry. The development of abstract public service has been premised on the way in which concrete labour has been simultaneously marginalised from the regulation and administration of use-values, and partially-integrated within the managerial systems and structures concerned with the production of value. This shift in the determination of labour in the water industry has been manifested in fundamental changes in the management of 'human resources' and 'industrial relations'. The imposition of abstraction has also had fundamental implications with respect to the form and function of public service trade unionism. In bourgeois society, trade unions are simultaneously an opposition to capital and a component of capital which express the contradictions of capital (Anderson, 1967: 264). Trade unions are determined by, and articulate, the contradiction between value and use-value. The development of abstract regulation and abstract management has, therefore, been accompanied by the development of abstract forms of 'public service' trade unionism. In this Chapter I demonstrate the way in which abstract trade unionism has been determined through the struggle to impose abstraction on the water industry.

The 'changing business demands' associated with the privatisation of the water industry have been accompanied by a radical reorganisation of Human Resource Structures (HRS); and in particular has resulted in a marked reorientation in the skills and competences which water companies expect and demand from their employees. The domination of concrete by abstract labour has prioritised skills and competences associated with the production of value, viz, abstract managerial skills and the development of a flexible and polyvalent workforce. The latter has involved the restructuring of managerial control systems and labour processes within the water industry on the basis of the valorisation imperatives of the new WSPLCs. The reconstitution of management control and legitimation on abstract premises has heightened the problems of motivation, reliability and trust. The imperative of reconstituting motivation, reliability and trust on an abstract basis has resulted in the incorporation of labour within the abstract control structures of the neo-liberal water industry.

The managerialist restructuring of the 1980s, and the regulatory/financial regime imposed by the 1989 Water Act have constituted important dynamics with respect to levels of efficiency and profitability. These dynamics have had a fundamental impact on the HRSs of water companies. The regulatory regime imposed by the state has been fundamental in determining the form of managerial control. This has been particularly marked at WWL, where Frank Watson, the Senior Personnel Manager, suggests that the pressures placed on the Company by regulation have played a major rôle in determining the shape of the new HRS:

We had to face increasing regulation which was a tremendous increase on what it had been previously, and continues to be so. 'Customer care' came out of regulation..... and new departments like 'customer care' sprung up. We embarked on a programme of 'customer care' with customers being internal as well as external. Basically, people were asked generally to do, not only their old job, but new additional things. We restructured on a much flatter structure, with less management tiers..... So, the demands on people are clearly very much greater than they were before.
Fewer and fewer specialists, and more and more generalists employing a wider range of skills.

In the higher levels of the Company, the most important competence that the new environment has demanded has been that of staff 'having to learn to manage people'. The Company has prioritised management skills over technical capacities and qualifications. Frank Watson illustrates this by suggesting that, while certain scientific positions will always require specific 'scientific' skills, many positions that had traditionally been filled by people drawn from particular disciplines in fact demand man-management (sic) as their primary competence. The revenue department would traditionally have been headed by an accountant. Following restructuring, the Revenues Department is headed by a civil engineer, and perhaps inevitably the new Operations Director is an accountant. In contrast to the public sector industry, managers are appointed according to their ability to manage; the technical knowledge required for positions being supplied to managers through a specially developed 'Technical Support Group':

Basically, if people are good managers, and the job has a good proportion of man-management skills involved, then that person is given the job, and away we go! And somehow or another, its organised so that the technical support that may be lacking in his own background or qualifications, is supplied by our Technical Support Group..... or from other people
around, by basic cooperation and collaboration, or by buying someone in from our enterprise companies. It works very well for us, and so there are a good number of generalist managers around in charge of departments.

The Company has also attempted to optimise the flexibility of staff. This has involved flexibility both between and within positions and locations in the Company. The Company has reached a flexibility agreement with its employees, and this 'allows people to swap and change jobs and locations almost at the drop of a hat'. The primary objective in developing the HRS at WWL has been the creation of a highly skilled, flexible, polyvalent workforce. In 1991-2 the Company invested over £1M in a training programme which covered everything from skills training and development and further education courses to sponsoring staff on degrees, masters degrees and MBAs. According to Frank Watson, these initiatives have not only resulted in the Company becoming more responsive to its environment, but have served to enrich the working lives of employees within the company:

Basically, we're looking for people to do everything that they can possibly do within their own job, and also to develop on to be promoted wherever possible. Even down to the clerks. We don't just hire clerks, they won't just be an admin clerk - they'll be a receptionist, they'll be a telephonist, they'll do
photocopying, they’ll do a whole range of things. They’ll have what would be classed in other companies as three or four jobs.... So as long as it's within their capability, and they can be trained for it, then they get trained. And that same approach goes for everyone throughout the Company. We're very flexible, very quick on our feet..... and we support that with a massive investment in training.

The development of the new regulatory regime has also had important 'human resource' implications at EWL. Regulation has impacted particularly on customer-interface staff. The development of the 'customer care' function has increased the visibility on these staff, and made their work more critical to the successful functioning of the organisation. Staff involved in 'customer care' have undergone a process of 'up-skilling' in order to up-grade the skills and awareness of staff whose duties impinge directly on the DG's performance measures. Employees dealing with customer complaints or enquiries by letter or phone, employees dealing with 'shut offs' or customer's problems out in the field, employees dealing with customers that are unable to pay their bills have undergone an intensive period of training and development in order to ensure that they are critically aware of the way in which their duties impact on both the customer's perception of the Company and the requirements and constraints imposed by OFWAT.
A central element in the new culture at EWL has been the way in which the entire organisation has been permeated with the ideology of consumerism. The extent to which OFWAT has been an important change-agent in the managerial restructuring of EWL is, however, a problematical issue for senior managers. For David Morris, describing the development of the new managerial structures in terms of 'pressure from OFWAT' while 'reasonably factually accurate', nevertheless fails to adequately convey the total metamorphosis the Company has undergone in becoming 'totally customer-oriented'.

The customer is so central to the way in which the Company is now constituted that OFWAT is becoming an increasingly marginalised member of what David Morris describes as the supplier-regulator-customer 'team':

It's second nature to provide the service, considering costs and all of those other sorts of things, that the customer wants. So certainly, the regulator becomes marginalised. If anybody drops out of that team in the perception of how we do things it's the regulator. The customer and the supplier are a team and we work together, and the pressures of satisfying the regulator will disappear. We are not satisfying them anyway! We're not satisfying OFWAT! We're not satisfying our Customer Services Committee! We're not satisfying pressure groups that may come from London and don't drink Eastern water! And we're not
satisfying the shareholders directly! The whole focus is the customer! That's where we begin! That's where we end! And, by doing that right, everything else falls into place. Even the price of our shares and our dividend. All of that sort of thing falls into place - if we get it right with our customer.

Managers describe the way in which OFWAT (the state) provided the initial impetus for changes in 'human resource' management, but also stress the way in which the regulator will become increasingly superfluous as the focus on the customer becomes ever sharper. The state has articulated more fundamental changes at the level of the capital relation: the increasing domination of abstract labour on social relations within the water industry. OFWAT had a marked impact on EWL immediately after privatisation in terms of the pressures of producing effective information against performance targets. David Morris uses the example of information on comparative labour costs in order to illustrate the way in which OFWAT is now becoming marginal even in the sphere of performance information:

Now we're looking beyond the regulator. We're saying "Well he hasn't asked for that, there isn't a DG (indicator) that covers that - there's a whole series of performance issues that the customer and we are interested in, but don't appear as a DG level of service. We've got to address those because our
customers want us to, not because the regulator thinks they ought to be pursued. He might well have some planning horizons that say there are other issues here that have to be brought into account. But that's almost secondary, that's marginal. He might ring us up one day and say "I would like to know comparative labour costs, so I can see who's most efficient". Now if he did, the theory that I'm trying to describe would say: "Fine! We already do that. Because our customers are interested in how cost conscious we are! How efficient we are! How many people it takes to put a pipe in the ground, or to design a sewage treatment works!". They're our customers, they want to know: Are we efficient?, and that's a measure that we've decided. So we tell them (OFWAT).

Taken to its logical conclusion, the argument of David Morris inevitably leads to the marginalisation of the (concrete) customer. The inexorable logic of abstract management is to escape the clutches of real customers as well as their supposed proxy qua state regulator (OFWAT):

It's difficult to say the customer is marginalised, but in a sense they are as well, because they're so much part of the focus of what the business is all
about..... I think that's the scenario that we're at, because we'll always determine our own way forward, which is totally, single-mindedly customer-focused in everything that we do. And we share it with the customer. Perhaps we can tell the customer what they want, in the nicest possible way. And we set our resource scenario around it. So in a sense I think, we had to have OFWAT driving us at first, but we've now matured.

Within the former SWCs, the restructuring of 'human resources' following the 1989 Water Act has been more rapid and more fundamental. The new regulatory framework has had a marked impact on social relations. At CWL, the imperative to generate vast amounts of information for OFWAT has provided the major dynamic in the development of new information technology. The technology has facilitated both a reduction in the number of staff, and the development of polyvalent skills among the remaining staff. The new framework has had an important impact on the types of skills that are important to the company; in particular a shift from a focus on engineering to a focus on accountancy. Andrew Harris, a senior executive at CWL, describes the shift in the company culture and its impact on human resource management:

Traditionally water companies were driven by the engineer. Very high quality stuff, very fine, but
again almost endless resources to pay for it. We are now moving towards an area where you are customer driven, you get that right, and you begin to appreciate that engineering operations are to support that direction. So don't tell the customer what he wants, find out what the customer wants, then engineer it. I think we are also learning that small is beautiful. So we don't have an army of clerks, we get a bit of IT in, we get a couple of good quality people in, and say: "Rather than having 8 grade one people, what about two grade 3 people with a bit of IT to support them". That general drift. But there is also the expectation that the numbers are going to go down.

The demands of the new environment have further focused the attention of the Company on the process of management education and development. The Company has traditionally focused management training and development on senior management. The new regulatory system is perceived to have had the most impact on supervisors; transforming them into managers, and transforming the skills they require from 'supervisory' (concrete) to 'managerial' (abstract). The increasing focus on management 'accountability' is associated with a fundamental transformation of the Company's payment and rewards system, with the development of 'appraisal' and 'performance-related-pay'.
The 'appraisal system' is currently applied to senior managers and has been designed in order that individual managers have elements of the 'Business Plan' inserted into their own individual contract of employment. Managers are rewarded in terms of the extent to which they achieve these objectives and thus in terms of the contribution they make to the success of the Business. The appraisal system is currently being extended to supervisor-level and below. The objective of the Company is to introduce simply defined targets at this level. For example, staff in the Accounts Department will be appraised in terms of the number of invoices they deal with. In order to maintain flexibility in the context of the bureaucratisation associated with 'quality management', appraisal for more junior staff will also take into account the overall financial performance of the Company:

It may be that the reward systems that you put in will have to reflect Company performance as well as departmental performance. The prime focus is to get on to the person to do that properly, but you'd better understand that if someone comes along and wants a bit of help then you'd better do that because 20% of your pay is going to be made up on how the Company does. So I think it will want designing fairly carefully otherwise you might very well drive people further into boxes. "I can't stop to help you! I've got a hundred invoices to shift today!"
Within two years the system will cover every employee in the organisation, and in preparation for this the Company has undertaken a comprehensive 'job evaluation programme' which has facilitated the development of a new grading system premised on 'single status' employees. The new systems will increase the motivation of staff; removing the rigid local government-type structure with its myriad of scales and increments, with a structure that will provide incentives for staff to work harder, and thus for the reward structure to differentiate between employees that perform well and those that perform badly.

The neo-liberal restructuring of the water industry has reconstituted management control and reward structures on abstract premises. The constitution of the employment relation on the basis of the abstract power of the law of money does not, however, guarantee the maximisation of valorised labour: maximising the productivity of labour is dependent upon both the coercion implied by the wage-relation and the cooperation engendered by the ideological legitimacy of management (Fox, 1985: 50-2). The development of abstract management has therefore been accompanied by the reconstitution of managerial legitimacy on abstract premises.

The logic of abstract management has restructured the (concrete) structures of management associated with managerialism on the basis of abstraction. The necessary corollary of this restructuring has been a marked reduction in managerial positions and a fundamental 'flattening' of managerial control structures. The new structure has heightened the importance of 'trust' and 'reliability'; particularly in consideration of the way in which the operations of the water industry are constituted by geographically dispersed units. It has become increasingly important to ensure that staff are motivated, contented and trustworthy.

At WWL the period since 1979 has been one of constant change and improvement, in which the workforce of the Company was reduced by 40% in order to reduce costs and improve efficiency. Frank Watson, the Company's Senior Personnel Manager, argues that 'trying to motivate people to do more was absolutely necessary as fewer people had more work to do in order to keep us going'. An important element in the restructuring of the HRS at WWL has thus been the cultivation of a 'growth culture'. The main feature of this has been the introduction of a series of 'development programmes'. Apart from the 'Senior Management Development Programme', the company has not obliged other staff to take part in the programmes or singled out individuals for development: the company has rather attempted to set
up an enabling growth culture, and staff who were keen to develop have volunteered to go through the process.

The emphasis within WWL is thus on training and development being 'employee-led'. Responsibility for training and career development is shared between the employee and the Company. The Company has attempted to create a climate in which employees who feel that they are capable of more challenging work, or feel that they want more responsibility, have the right to demand an interview with their supervisor or manager in order to discuss their career development. The interviews are not designed to assess aspects of the employee's day-to-day performance, but to address wider issues such as career development, and the extent to which the employee would like to take on more responsibility or be delegated more tasks. This often involves a consideration of 'job enlargement', 'job enrichment', 'job rotation', or various educational courses. Given the shared responsibility, Frank Watson believes that this process has both 'empowered' employees and significantly altered the relationship between manager and managed: employees being within their 'rights' to ask their manager for anything concerning their development to be considered.

The new culture that has been built steadily over the past decade is now fully developed and staff fully conversant with the rules of the new game. They know instinctively what is required of them developmentally; they have to become what Frank Watson terms
'rounded off as people' - which amounts to fulfilling their own potential through the development of abstract managerial 'skills' which allows them to do the best for both themselves and their company. Frank Watson suggests that WWL is attempting:

To get people in the round, to get them rounded off as people, to give them a third dimension, experience of man-management, experience of supervising people, moving them around the company. So we're basically trying to get them to develop in their own job to fulfil their potential, and we don't like wasting skills, if they've got skills and abilities that are innate to them we're looking to release them within their job, and if possible, if we recognise that they can do a bigger job and be promoted, then that's built into the progression as well and eventually they will be promoted.

In order to secure trustworthy and reliable workers WWL has also developed a 'high reward' philosophy. As Frank Watson points out, this involves more than paying good salaries; it contains a 'total employee package' comprising health and well-being, good offices, good vehicles, good depots, good working conditions out on site and a 'tremendous' record on health and safety. The relationship between
this philosophy and employee relations is explicit. Frank Watson outlines the main motives behind the strategy:

We do a whole host of things to make sure that our employees are well looked after. So that they'll want to come to work, they'll want to work for us, and they'll want to work hard. If you've got someone like that you don't have to worry too much about supervising them. So one of their skills or qualities would be self-supervision. A lot of our manual workers and craftsmen are "off to the four winds" - you see them at 7.30 in the morning and don't see them again until 3.30 in the afternoon, apart from when a supervisor might visit a site. So there is a great deal of trust and reliability to be built in.

Indeed trust and reliability have been key elements in the appointment and re-appointment of staff:

(Trust) is a particular thing that we look for in the interview. Someone might have all the skills and abilities, but can he be trusted to work forty miles from the depot all day, every day on his own. Working out what needs to be done, doing it, doing it to
standard, making sure it works, protecting the supply, protecting the customer, protecting the Company.

The task of securing a trustworthy and reliable workforce through this process is seen by Frank Watson, who has overall responsibility for personnel and training within the company, as a 'moving target'. This reflects the environment of 'continuous improvement' in which the Company operates. The constant self-expansion of abstract values has thus imposed new human resource imperatives on the neo-liberal water industry. Managerial legitimacy has been reconstituted through the ideological discourse of consumerism and 'customer care'; workers have been incorporated into abstract management systems through their internalisation of the imperatives of abstract control and this has been legitimated through a 'consumerist' discourse which stresses the way in which staff own and are empowered by the new abstract systems.

In capitalist society trade unions articulate the interests of concrete labour in an alienated form. The state-sponsored imposition of abstraction has, therefore, necessarily involved the marginalisation of organised labour qua trade unions within the water industry. I will now explore the way in which the increasing domination of abstract labour has involved a fundamental restructuring of 'industrial relations' within the neo-liberal water industry.

The fragmentation of the water industry, and the demise of the NWC as a coordinating agency in respect of industrial relations, has resulted in a wide variety of IR strategies across the water sector. In this Section, I will contrast the exclusionary and incorporationary strategies pursued by WWL and EWL respectively in the context of developments around the issue of health and safety. I will demonstrate the way in which these strategies are merely forms of the same essential phenomenon: the restructuring of the capital relation and the domination of concrete by abstract labour. The state has played a central rôle in the exclusion of concrete labour from the regulatory and administrative apparatus of the water industry: the fragmentation of national negotiating machinery has linked the determination of pay and conditions directly with the valorisation imperatives of individual water companies. The restructuring of 'industrial relations' is part of the wider project of imposing the imperatives of abstraction on the neo-liberal water industry.
7.2.a. Company Unionism and the Micro-Politics of Exclusion at WWL.

WWL has pursued an exclusionary strategy with respect to the trade unions organising within the Company. Indeed, the Company has replaced the trade union-based system of consultative committees and shop steward representation with a 'company council' system. The unions retain a role in disciplinary matters and on the safety committee, and a full-time representative of the 'confederation of trade unions' (made up of the eight unions that organise in the Company) is allowed to sit on the 'Company Council' in an 'advisory' capacity. The new structure comprises a main 'Company Council' that deals with company-wide issues, and the members of which are drawn from the seven 'Employee Councils' that are situated around the Company. The councillors that sit on the councils are all employees of the Company, and the councillors have exclusive rights with respect to the negotiation of terms and conditions, the interpretation of agreements, and the representation of staff in grievances and disciplinary matters.

The main impetus to the development of the new IR system was the refusal of the trade unions to cooperate with the Company in the development of single-table negotiations and the harmonisation of terms and conditions. The Company was eager to move away from the Whitley system which involved dealing with eight trade unions on three negotiating bodies for staff, craft and manual workers. The
Company decided that it would deal with only one trade union and
deal directly with employees - rather than dealing with staff indirectly through a 'third party'. Frank Watson, the Senior Personnel Manager, alludes to the way in which this was related to the new managerial ethos:

We decided that we only wanted one trade union, and we wanted as well not to talk through trade unions. There were wrong, biased messages getting filtered through when we did that. Staff were tending to look to trade unions rather than to their supervisors with problems. We believed supervisors needed to do their jobs properly and they needed support for that. So we didn't want to deal with a third party.

The development of the new IR system carried a risk. The water industry is highly-unionised, and while WWL had faced no industrial action since the national strike of 1983, there was a risk of both local and even national action following their decision. As Frank Watson suggests, however, the risks were justified in the pursuit of a labour relations framework that was not based on potential conflict. In addition to the potential conflict in dealing with trade unions, a further problem for WWL was the extent to which the unions organising in the company were indelibly tarnished with a (concretist) public sector/town hall image. In the run up to privatisation, for example, WWL had initially opposed privatisation.
The Company was inevitably forced into 'conceding the inevitable' and attempted to 'make the best of the situation'. The continued opposition of the trade unions to privatisation, reflected not the concerns of WWL staff, who Frank Watson argues, had full confidence in their management irrespective of the ownership of the Company', but the 'self-interest' of the trade unions:

(The unions) were coming on very strong from all angles, and not least of all because of self-interest. Does National and Local Government Officers have a place in a privatised company? National Union of Public Employees in a private company? It doesn't fit at all! Some of them started to get very worried because of self-interest. We think that we have a good relationship with our employees. So although the unions were worried, the employees were not. The employees knew that the same team of managers, who had built up a good reputation and a good relationship, were going to be there after privatisation as well. I think they took a lot of comfort from that.

The trade unions have been excluded from the development of health and safety at a macro level since the abolition of the NWC in the early 1980s. What has been the effect of the demise of the coordinating and advisory rôle of the NWC on the development of
effective health and safety policy? The new safety manager at WWL, recently brought in from the chemical industry, suggests that the new system will not necessarily hinder the development of codes and standards; but change the form in which these are determined: the development of a more 'private sector' way of working.

The result of the new 'employee relations' framework at WWL has resulted in the exclusion and marginalisation of trade unions nationally being reciprocated at company-level. To Peter Williams, however, the impact of this development has been limited owing to what he perceived to be the traditionally low level of trade union involvement in safety. Indeed the new system has served to heighten the awareness of representatives to the issue of health and safety; perhaps because the company is able to define the problem of safety ostensibly in its own (abstract) terms:

I think we are getting more involvement, simply because we have raised the profile of safety within the Company. The [staff] who used to be the trade union safety representatives and shop stewards, who are now the area councillors sitting on the Company Council, are more aware themselves of safety. Because we have been proactive, and gone to them and said "this is what we're doing, and this is what we think is of interest to you and your rôle. And in fact, we're directly involved in the training of company
councillors, which was put on and organised with a local university. Two of us actually did the safety session for that.

The exclusion of organised labour at WWL has been accompanied by the reintegration of labour on an abstract basis. As I demonstrated in Chapter Five, the management of health and safety at WWL has been restructured on the basis of the valorisation imperatives of the Company. Senior managers at WWL present the 'company council' system as very 'democratic' and analogous to Parliament. The company councillors range from mainlayers to senior managers and represent all the staff in their geographical/operational area. The exclusion of trade unions at WWL has, therefore, been legitimated on the basis of neo-liberal 'citizenship' rights: the interests of concrete labour defined and articulated in abstraction from the production of use-values. The specificity of WWL is derived from the way in which (abstract) representation is constituted by the 'Company Council'. In other water companies, trade union representation has been reconstituted on an abstract basis: abstract regulation and management determining the development of abstract trade unionism.
7.2.6. Abstract Management and the Development of Abstract Trade Unionism: The Micro-Politics of Incorporation at EWL.

The management of health and safety demonstrates the extent to which the neo-liberal water industry has been subordinated to the logic of abstraction. The need to maintain abstraction is the primary concern of managers; even when the logic of abstraction undermines the effectiveness of management functions such as health and safety. The (state-sponsored) demobilisation of organised labour in the water industry has facilitated the domination of abstract over concrete labour at all levels and across all functions of the water industry. Trade unions have been forced to reconstitute their rôle as the representatives of labour within the abstract order. The management of health and safety at EWL illustrates the imperative of abstraction on water industry managers and the determination of abstract public service trade unionism in the neo-liberal water industry.

David Morris is a senior personnel manager at EWL and has special responsibility for the management of health and safety. He suggests that the absence of a national water industry coordinating body for health and safety 'works against the efficiency of the function'. There is a 'logic' for companies to cooperate and pool expertise in this area; an industry speaking with one voice obviously having more weight and influence in dealing with the HSE than a fragmented industry. Why then are water companies pursuing the
seemingly illogical strategy of developing health and safety policy as isolated individual companies? The answer to this question is to be found at the macro 'frontier of control': labour has been totally excluded and marginalised at this level, and the development of a national coordinating body for health and safety would threaten this continued exclusion. Companies are afraid of losing an element of their 'individual decision-making process':

It's the thin end of the wedge scenario. You start off with health and safety, the next thing you know, the trade unions will only talk to a water industry health and safety forum, and they're very anxious to set up something like that. Then what else creeps in to the agenda, does training creep in, there's health and safety training, does it extend itself? The next thing we're back to pay and conditions, and so on and so forth. The sensitivity at the moment, which is very, very high, would say that at all accounts don't even open the potential for us to be seen to be acting, not as an individual PLC.

EWL have not formally attempted to exclude trade unions at the micro-level; they have achieved the same outcome through the alternative strategy of incorporation. The trade unions have, nevertheless, been marginalised as a result of the 'human resource' policies developed by the Company. The Company have developed a pay
and conditions package and formula that practically 'puts the unions out of business'. More importantly, trade unions have been marginalised as the quality of (abstract) management has improved. As David Morris argues:

Inevitably part of the process of managers becoming damn good managers is that the people who work for them have more confidence in going to them and getting something sorted out. Now in that sense, yes, there is a marginalisation process, but we make no apologies for that. Managers are going to get better, and are getting better. There's probably an inverse relationship: influence of trade union, influence of managers, and as they get better one goes up while the other goes down.

The marginalisation of trade unions at EWL has resulted in an increasing emphasis by the unions on health and safety and the related issue of occupational health. This constitutes, what David Morris terms, a 'struggle for rôle definition': having been marginalised by the Company on the quantitative issue of pay and conditions, the unions are attempting to redefine their rôle around providing qualitative support for their members. Trade unions have attempted to increase their involvement in an area which they
perceive to be low on the managerial scale of priorities. However, this can have beneficial consequences for the Company:

We talk about managers owning health and safety, individual staff do as well. The safety representatives, who tend to be the trade union shop stewards, or opinion leaders almost, they're talking health and safety as well, it can only enhance what we're trying to do. So I think there is mutuality, with the approach to health and safety - as an issue, or not as an issue but as an important scenario. There's less and less to do in some respects, and I suppose that complacency can be something that can creep in.

Senior managers at EWL have thus been happy to preserve trade union involvement in the management of health and safety within the Company. This has included a commitment to maintaining the involvement of union representatives in the jealously guarded rôle of safety representative. Indeed, the safety representative rôle 'properly done' is perceived by senior managers to be a very supportive method of developing the issue of health and safety in the workplace. The involvement of the trade unions in health and safety can provide an important counterweight to the management complacency that inevitably develops in a low-risk area such as the water
industry. David Morris highlights the importance of having trade unions involved in health and safety management:

There is a tendency for managers to stand away from that as a priority. Because let's face it if we have dirty water in an area, and it's in all the newspapers. If someone twists an ankle or has a spinal injury it doesn't get into the press, and it's a rare event where there is a serious injury that does get in the press. Now, that's a cynical business way at looking at it. So, you're keeping things in place, and you're making sure that things are updated, but you address the business issues, and the priorities as they are, and health and safety is not the top. Trade unions have seen that, they know that, the trade union safety reps., know that.

In contrast to the micro-exclusion of trade unions in the management of health and safety at WWL, EWL have followed a strategy of micro-incorporation. The price of incorporation for the unions has been the requirement that they 'buy into' the new organisational culture at EWL, and this has been reflected in the structure and operation of health and safety representation and consultation within the Company. The Company has retained the company-level and divisional-level formal safety committees, but the committees have been fundamentally restructured in line with the Company's new
organisational culture. The committees were relics of the
managerialist form of the Company, in which senior managers and
safety experts were confronted by trade union representatives with a
catalogue of health and safety issues and problems to which the
managers were expected to respond. The new 'forums' constitute a
'qualitative change' vis à vis the old committees; transformed from
adversarial two-sided committees into forums for cooperation and
development. As David Morris suggests, the new organisational culture
obviates the need for the committees as they were constituted. The
old structures:

(Were) all nonsense really, you don't have a
committee, if there is an issue, a health and safety
issue, it's dealt with there and then. The fast green
word if you like. "Get on with it on your own and
don't wait for the meeting to deal with that!". Now
we've seen that managers we think are addressing
issues that come up. If there is a health and safety
issue, and a health and safety representative or an
individual employee points it out, it should go no
further, it should be addressed and dealt with and
resolved there and then in the context of the
problem.
The shift in the locus of managerial responsibility for health and safety from senior specialist managers to line managers and supervisors has driven down the management-union frontier of control in safety management to the supervisor-safety representative level. The committees have consequently been transformed into cooperative forums that are increasingly concerned with developmental issues such as awareness and health issues that transcend the traditional health and safety agenda. David Morris describes the approach of the newly constituted forums:

"The issues are not in the model they were before. "Can we develop?" is the sort of question. "Can we move on?", and quite often the answer is "Yes we can, and we should!". And it's sort of more of a coming together, there isn't two sides of the table. There's a group of people with a declared interest in health and safety trying to move a thing forward in a sensible way. That reflects human resource development across the business.

In bourgeois society trade unions are determined by and articulate the contradiction between value and use-value. The crisis and contradictions of managerialism have been resolved through the imposition of abstraction on the regulation and management of the
water industry. The state restructuring of the industry has resulted in the domination of abstract over concrete labour, and has facilitated and been facilitated by the marginalisation and exclusion of organised labour in its (concrete) managerialist form. The (Fabian) managerialist form of public service trade unionism collapsed the contradiction between value and use-value and legitimated the inclusion of trade unions within the corporatist structures of the planner-state and managerialist forms of the industry through the conflation of the interests of public service labour and consumers. The development of abstract management and abstract forms of public service has therefore resulted in a serious crisis of public service trade unionism. I will now explore this crisis and the attempt to resolve the crisis through the development of abstract trade unionism.

7.3. Abstract Management and the Crisis of "Public Service" Trade Unionism.

The development of abstract regulation and abstract management have resulted in a serious crisis of the concretist and managerialist form of (Fabian) public service trade unionism. Public service trade unions conflated the interests of consumers and producers and therefore articulated the contradictions of (Fabian) managerialism. The contradictory determination of production in bourgeois society resulted in a situation in which the historical commitment of water
industry employees to notions of 'public service' was not reflected in the effective production and distribution of use-values.

The 'public service' trade unions were ideologically committed to an inefficient and ineffective water industry incapable of producing either values or use-values. The imposition of abstraction on the neo-liberal water industry and the efficient and effective production of use-values within the abstract order has, therefore, evoked a fundamental crisis of (concretist) 'public service' trade unionism and resulted in the development of new forms of (abstract) 'public service' trade unionism. However, the contradictory determination of trade unions as in and against the abstract order implies the continued potential of trade unions in the struggle for non-alienated forms of public service provision.

In order to explore the crisis of public service trade unionism, I conducted a series of semi-structured key informant interviews with representatives from the National Association of Local Government Officers [NALGO]. I was concerned to discover both the bases of trade union concerns with service, and the way in which these had been modified by the commercialisation and privatisation of the water industry. In the course of the interviews I spoke to Jim Thompson, a NALGO national officer for the water industry, Brian Peterson, a senior NALGO regional officer for the water industry, and Eric Brown,
a Nalgo branch secretary and a water industry employee at Northern Water (NWLI).

7.3.a. Public Service Trade Unionism and the Challenge of Neo-Liberalism.

NALGO is a 'public service' trade union. It has evolved through a tradition of organising white-collar workers in local authorities and the utilities. The policy of the post-1979 Conservative Governments has been to sell off the utilities to the private sector; creating 'businesses' that sell a 'product' to 'customers'. The radical restructuring of the water industry has forced trade union officers and activists to reinterpret 'public service' as a management ideology and practice. The enduring concretist orientations of NALGO activists articulates both the crisis of 'public service' trade unionism and highlights the enduring subversive potential of trade unions within the abstract structures of the neo-liberal water industry.

NALGO activists working within the water industry argue that the commitment of waterworkers and their unions to 'public service' has endured through privatisation. Despite the fact that the industry may now be investing more and operating more efficiently, this is not felt to justify the privatisation of the industry. For Eric Brown, while investment in capital infrastructure may be rising, and while the companies may be devoting more time and resources to the
development of 'customer care' systems, there remains a feeling among many staff that the company by which they are employed is less interested in the service provided to (real) consumers. This view is premised upon the perceived attempts of senior managers to get away from Fabian notions of 'public service' and to replace them with (abstract) neo-liberal conceptions of 'public service':

All of a sudden they're no longer consumers, they're customers. I've been brought up in a public service for 30-odd years, and I think I'm a public servant. But they're trying to get out of this public service image now. They are a private company, who provide a service. Rather than provide a service to the consumer, (they) provide a service that the customer buys. And in a monopoly situation, the customer has no option but to buy it. And that is a distinct change. I wouldn't say that the younger element particularly bother about it, but those who have been with 'the water' a long time probably do. I certainly do. I try to treat people in my work, the same way that I've always treated them. But, that is not the message now.

The reconstitution of 'public service' on essentially abstract premises has forced a fundamental reappraisal of the raison d'être of trade unions in the water industry. The concretist orientation of
Fabian trade unionism resulted in many activists perceiving that they had an obligation to get involved in service and operational issues. The legitimacy for NALGO's involvement in service issues, according to Eric Brown, is the dual rôle of Nalgo members as both employees and consumers of an essential product. Prior to privatisation Eric Brown and his deputy regularly attended the divisional 'Consumer Consultative Committee' (CCCs) meetings. In the context of the managerialist restructuring of the 1980s, the combining of trade union and consumer rôles was very much frowned upon by senior managers at NWL. The neo-liberal restructuring, and the subsequent de-politicisation of the water industry, has made the dual rôle of NALGO members as producers and consumers problematical. However, the extent to which concretist attitudes prevail in union activists is illustrated through Eric Brown's assessment of the limits of trade union involvement and activity in the neo-liberal water industry:

I don't think personally that there should be any limits. After all, every member of the union is at the end of the day.... a consumer. The service that they get, is the service that any other consumer gets, and as such, if they're not pushing the service aspect, they're not only letting other consumers down, they're letting themselves down. Any suggestion that we can make to better the service, they should certainly be listening, if not as an employee then as a consumer.
Despite the de-politicisation of the water industry NALGO activists continue to make a lot of suggestions on service to the consumer at branch level. NALGO members include supervisors and managers, and this clearly enhances the scope for involvement on operational issues. Following privatisation, NWL management have expressed a greater willingness to listen to the suggestions of the union, and have actually taken several NALGO ideas on board. There remains an unwillingness amongst managers, however, to acknowledge the source of the suggestions. As Eric Brown comments:

(While) a lot of the suggestions have been taken on board, ok then they come out as NWL proposals, and it's not known in meetings that the union has suggested them. Certainly, they are listening more to us than they would three or four years ago. Three or four years ago it was "Oh no not them again!". And I think they eventually realised that some of our ideas were not as bloody crazy as they thought, and they realised eventually that we had put a lot of thought into what we were saying. So yes, but it's not in an open way. If we had to publicise it, we have to do it through the branch newsletter, because NWL management wouldn't actually say "This has been amended because of the union!".
Eric Brown articulates the development of abstract trade unionism in the workplace. The demobilisation of organised labour and the subsequent development of abstract management has enabled the concretist concerns of union activists to be incorporated into abstract management systems. The way in which abstraction has been imposed on the water industry, and the way in which this has facilitated the demobilisation of the union in the workplace, is illustrated with respect to rank-and-file concerns over the decade of managerialist restructuring. Despite the perceived cultural change associated with restructuring and privatisation, and NALGO's protracted campaign against them, Eric Brown does not feel that his members have particularly noticed any change in the service they provide to consumers. The main concern of staff at NWL has been to ensure that they came out of the decade of reorganisation and restructuring with a job:

I don't think many people have actually thought about (levels of service).... It's just been "Oh God here comes another reorganisation, I hope I'm going to have a job at the end of it....." Another reorganisation, "God! Let me keep my head down and let me have a job at the end of it". Where people have noticed a difference however is with regard to the amount of work they are now expected to do in comparison with the situation prior to the reorganisations.
The Fabian premises of 'public service' trade unionism are apparent with respect to the way in which the state and its agents qua public servants articulate the 'public interest' and the 'common good'. The interests of 'public service' labour is conflated with the interests of consumers. The primary concern of NALGO activists and officers is with the 'monopoly' nature of water as a product, and the extent to which essential products such as water are not 'safe' in the care of private monopolists. NALGO continues to advocate the policy of returning the water industry to the public sector despite the fact that such a policy could alienate many of its members on higher grades who have benefited financially from the commercialisation and privatisation of the industry. As Eric Brown comments with reference to his own branch:

Now, ok, it may not please a lot of the members, because a lot of the members are making a lot of money out of privatisation. Some of them are on 25% bonus, and they're the people who are on £32,000 in any case. (But) I'm a firm believer that, under whatever guise, I am a public servant. Because there is no other place that they can go to get water.

The 'public service' trade unionism that has endured into the neo-liberal water industry continues to articulate the interests of
labour in an alienated form. Indeed, the vociferous opposition of the trade unions to privatisation and the successful anti-privatisation campaign coordinated by the trade unions were fundamental in the determination of the regulatory regime associated with the 1989 Water Act. The contradictory determination of OFWAT and the NRA articulates the struggle between concrete and abstract trade unionism as manifested in the struggle between the state and organised labour.

7.3.b. NALGO as Guardian of the Fabian Water Industry: Privatisation and the Politics of "Public Service".

The struggle between the state and organised labour with respect to the water industry during the 1980s took the form of a struggle over the form of 'public service'. The trade unions articulated the interests of concrete labour in an alienated form: through a Fabian discourse which was premised on the neutrality of the state and a conflation between the interests of 'public service' labour and the consumers of water services. The trade union campaign brought together an array of pressure groups concerned with the concrete activities of water companies: environmental groups concerned with the pollution of rivers and beaches, consumer groups concerned with the quality of drinking water and amenity groups concerned with access to the land of water undertakers for activities such as angling, walking and water sports. The campaign played a fundamental rôle in the determination of the administrative and
regulatory regime associated with the 1989 Water Act. This demonstrates the away in which the neo-liberal water industry developed through and articulates the contradiction between value and use-value and the struggle between concrete and abstract labour.

Senior union officers suggest that it is part of NALGO's 'culture' as a 'public service' trade union to take an interest in environmental and consumer issues. These concerns were heightened during the anti-privatisation campaign. During the 1980s Nalgo ran a series of campaigns, at both national and regional levels, against plans to privatise the industry. At the national level, the 'Water Industry Liaison Committee' was established, and both this committee and the regional committees, involved both trade unions and environmental and consumer groups. The campaign to keep the water industry in the public sector was official NALGO policy decided at national conference. Jim Thompson is a NALGO national officer responsible for the water industry, and he suggests that the policy reflected the deeply held views of the union's membership: a reflection of the 'public service' orientation of delegates.

During the anti-privatisation campaign the unions organising within the water industry built up relationships and sophisticated channels of communication with environmental and consumer organisations. During the campaign NALGO was in daily contact with organisations such as Friends of the Earth (FoE), and representatives of these groups were invited to sit upon trade union committees.
campaign had an important impact on issues such as the environment and price formulae. The effectiveness of the campaign was dependent upon the large amount of operational information that the unions received from their members. The unions 'manipulated' this information and passed it on to other relevant groups in the campaign. As Jim Thompson recalls:

If say something on the environment happened, we wouldn't get up as NALGO and say the industry's causing a deterioration in water standards, because people wouldn't listen to us..... We're not environmentalists. But what we would do, is pass the information on to FoE, and people would then listen. So we could exert pressure in the right places, and basically it was our members in the industry who were supplying this information.

In the NWL region these concerns led to the formation of a joint trade union-led regional campaign which also involved consumer and environmental groups. The decision to involve consumer and environmental groups was a conscious decision taken by the unions. Brian Peterson is a regional officer for NALGO, and was secretary of the campaign. He recalls its founding philosophy and the Fabian discourse through which the campaign was articulated:
There is no doubt that (as) part of our campaign against privatisation, we very consciously said: "This is not just an issue that applies to us as trade unionists and employees, but something that is a matter of major public concern from the angle of the public as consumers, but also from an environmental angle as well". Therefore, the whole nature of the anti-privatisation campaign, was very much a public campaign designed to reach out to and involve consumers' groups and so on.

NALGO perceived the privatisation of the water industry as against the public interest. Brian Peterson argues that the privatisation of the water industry was clearly a 'crackpot scheme', and from the perspectives of trade unionists, consumers and environmentalists it made little sense to sell off the industry - the privatisation process ultimately vitiated against the national interest:

I mean, you look at a Government in the late 20th Century, and all the challenges we're facing: and how is it going to improve the lot of the people? You'd have to have a pretty strange brain to say "Well, what I'd do is sell off the Water Industry!". So it was an absolutely crackpot scheme. As consumers, who are interested in quality of service and not having
to pay through the nose to do it. Trade unionists who provide that service and, therefore, as professionals are interested in the public they serve and the quality of service they provide, but also their own pay, their own working conditions. Environmentalists, Greenpeace, Friends of the Earth, who are interested principally in the environmental issues..... Local authorities who have got different interests again. (These) could all easily come together because it was in everyone's interest to say water privatisation makes sense on none of those levels.

The NALGO coordinated campaign was fundamental in determining the form of the neo-liberal water industry. The success of the anti-privatisation campaign in which NALGO played such a prominent part played a major rôle in defining the shape of the post-privatised industry. Brian Peterson argues that the campaigns had a major impact on service: the pressure exerted by the campaigns being fundamental with respect to the establishment of the NRA as a separate regulatory agency, and the heightened public awareness on the issues of water standards which led to the tight regulatory framework administered by OFWAT and the DWI. The pressure exerted by the campaigns was also manifested with respect to the so-called Green Dowry given to the water companies to clean up water supplies:
The fact that they felt obliged to put money into the Water Industry was testimony to the fact that we and others had been raising the importance of the issue on the political agenda - the fact that the water industry is suffering from under-investment, that it was not meeting European Quality Standards, that sewerage works were not meeting their consent conditions. I think our campaign, along with the others, was part of bringing that in.

The way in which water companies are devoting an increasing level of resources to 'customer care' is also presented as a result of the trade union campaign by NALGO officers. The realisation that the water industry was unpopular led companies to devote more time and resources to 'communicating' with a public among whom a heightened perception and awareness had been created vis-à-vis the need for improved levels of service. While Brian Peterson accepts that the industry is indeed trying more, he believes true customer care is incompatible with the private ownership of the water industry. Indeed, Brian Peterson admits that despite his 'obvious' support for it remaining in the public sector, he has no 'starry-eyed' illusions that the water industry was, in anything but the most tenuous way, publically responsive. The ultimate contradiction of Fabian trade unionism derives from the way in which the concrete struggles of the 1980s determined the abstract forms of regulation and management on which the neo-liberal water industry is premised.
The contradiction is resolved by officers and activists through the imposing of democratic (state) control on the abstract water industry:

You can only have customer care effectively if ultimately you put the customer first. I think that is still one of the contradictions in privatisation, it puts the shareholder first, and that's a contradiction that I don't think will be resolved while the structure of the industry remains as it is. But they do spend more time trying to communicate with the public. Within the limits that they can do that, and despite the contradictions at the root of that, all credit to them for that.

The role of the unions in the anti-privatisation campaign has resulted in serious organisational difficulties for the trade unions in the neo-liberal form of the industry. Senior managers in the water industry perceive NALGO as too political: a town hall union exuding political dogma. Despite the claim that 'public service' trade unionism is not incompatible with private sector industry, NALGO's concern with operational issues have been pushed into the background following privatisation. This reflects a conscious concern to develop a working relationship with the newly-privatised companies in order to protect members' interests in the traditional areas of pay and conditions. Jim Thompson argues that NALGO will only return to campaigning on the
subject of the water as a product with the election of a Labour Government:

(Concerns with water as a product have) slipped into the background a bit..... I don't think it plays a major part in our thinking at the moment anyway. It may do again say if a Labour Government got back into power. What we'd do is we'd go and dig out all the things we were saying, we do keep them all on file, close at hand. We do talk to the Labour Party. If an election was announced, we'd then go out and dig out all these statements we've made, and all these policy documents. And we probably would then start using that sort of approach, playing more on the nature of water as product.

The main problem that is faced by NALGO is a reluctance by managers to involve trade unions in operational matters. Despite the rhetoric of NALGO representatives, a working relationship with water company managers requires an acceptance of the total commodification of water. In practice, this has meant the increasing marginalisation of NALGO. NWL have stressed the extent to which they would like to involve their workforce; but approaches made by NALGO on the issue of employee involvement have not been welcomed. Many of the objections to involving NALGO in service issues at NWL emanate from the acrimony developed by the anti-privatisation campaign and, indeed,
many activists reciprocate the distrust and oppose the idea of NALGO involvement in operational matters:

Our wish to be more involved, not just in straight terms and conditions issues, but wider issues of service and so on - to comment on that - have not generally met with a good response. They've felt that this is really trade unions being political again - getting a bit too big for their boots, and threatening management's right to manage. Although on the other hand, you do find them saying that they would welcome their employee's involvement. But I don't really think they would involve their employees through a trade union route, they'd welcome it through an abstract management route. (But) it seems to me to be a hallmark of whether you truly want to involve people, as to whether you're prepared to give them independence in their way of putting forward issues - or at least autonomy - and it's only really through the trade union route that they can have that.

NALGO are attempting to adopt strategies and procedures which they feel are appropriate to the private sector water industry. This has involved attempting to depoliticise the organizational culture and structure of the union in relation to the water industry. These
changes have, however, met with little response from senior managers in the water industry, who have been concerned to exclude the union from consultative machinery while attempting to incorporate staff via non-union routes of staff involvement and consultation. The marginalisation and exclusion of concrete labour within the water industry have therefore resulted in the development of abstract trade unionism.

7.3.c. Abstract Regulation and the Determination of Abstract Trade Unionism.

The development of abstract trade unionism has been determined through the domination of abstract over concrete labour. The imposition of the law of money has resulted in the de-politicisation of the industry: the neo-liberal restructuring of the industry having demobilised organised labour and resulted in the re-incorporation of labour on a fundamentally abstract basis. The response of trade unions such as NALGO has been to develop new organisational structures which enable the union to represent the interests of concrete labourers on an abstract basis. The restructuring process has involved making the union more relevant to the neo-liberal water industry. The union has attempted to expunge all traces of Fabian ideology and practice from its operations in the water industry, and attempted to orientate the representational and negotiatory functions of the union on the basis of the valorisation imperatives of individual water companies. The restructuring of NALGO's operations
has been legitimated through a 'consumerist' discourse which presents NALGO members as *customers* and the development of abstract trade unionism as a response to customer pressure.

The restructuring and privatisation of the water industry has forced NALGO to consider a radical 'cultural change'. The privatisation of gas and transport in the early 1980s resulted in a severe 'culture shock'; the union receiving many complaints, especially from members in the gas industry, that NALGO was no longer 'relevant'. The entry of electricity and water industries into the private sector has resulted in nearly a third of NALGO membership being in the private sector. NALGO has been concerned to restructure its operations in order to make the union more relevant to private sector members. *Promoting NALGO in the Water Industry* has involved employing MORI to ascertain the views of ordinary members with respect to what their opinion is of NALGO, their perception of the industry following privatisation and the level of morale in the union. The Campaign is coordinated by Jim Thompson. He suggests that the major objective of the Campaign has been to adapt NALGO to the new private sector environment in which it now operates: to resolve the 'culture shock' suffered by the union following privatisation, and to reconstitute the image of the union on a 'private sector' basis.

The major cultural challenge facing NALGO in the water industry is the perception among both managers and members that NALGO is a *town hall union* The Campaign is responding to this through the
promotion of the water identity of NALGO members. As Jim Thompson observes:

All the minority services complain like mad about the local government image, so what we're doing now is, and this appeared in the MORI survey as well as in the complaints, is to try and create a brand image. It's using a lot of advertising jargon and marketing techniques and this kind of thing, to actually try to make water members feel that NALGO is a water union, and take out any references to local government wherever possible.

The 'tailoring' of services to individual industries has been facilitated through the development of new technology. The monthly newspaper 'Public Service' has been redesigned in order to tailor the front and back pages to individual industries: the union previously published only one edition which was widely perceived to be dominated by local government issues. The recruitment and publicity material of the union with respect to the water industry will similarly be expunged of any mention of local government. Jim Thompson outlines the philosophy behind the new approach to NALGO literature:

When people get it, at least they might think, you know, NALGO is a water industry union..... (It) will
have no reference on it to local government, it will all be about water, the water industry, and the whole process is about tailoring and getting rid of the local government image..... If there is an important local government story, or an issue we would obviously expect them to be aware of it, or tell our members in the water industry about it. But there is a feeling that this gets rammed down their throat a bit, and we're using all these modern techniques to get away from that.

The concern to make NALGO more relevant to the new private sector industry is reflected in the NWL region by attempts to adapt the 'public service' background and traditions of the union to the new private sector NWL. The 'political' campaigning of NALGO in the 1980s has led senior managers to question its relevance to the newly privatised industry. Senior managers at NWL perceive NALGO as too political: a reflection of both its involvement in the anti-privatisation campaign and its enduring image as a 'town hall union'. The result has been that NALGO has stopped campaigning on operational and environmental issues: as Brian Peterson argues:

There is no doubt that if we continued to be upfront on those kind of issues then the objection to dealing with NALGO would grow.
In an attempt to display the relevance of NALGO to the neo-liberal water industry, the Union in the NWL region has attempted to frame the annual pay negotiations in the context of the valorisation imperatives of the Company. Brian Peterson argues that NALGO has developed an understanding of the pressures on private sector companies:

One of the things that has been significant about our approach to pay negotiations, and has been applauded by some of the more enlightened managers, but I think has been rather resented by some of the others, is the fact that we have not just said we want lots more money, but we have presented for two years running very carefully researched pay claims, that looks at the commercial situation of the Company, that examines that and analyses it, and sets the pay claim in that context. Now, they have this prejudice that public sector, or public service, means town hall, means just excessive political dogma. It doesn't meet with the facts!

The crisis of (Fabian) 'public service' trade unionism articulated the contradictions of managerialism. The historical commitment of NALGO to 'public service' was premised on Fabian
notions of the state as an embodiment of 'common good' and the 'general interest'. The technocratic restructuring of the water industry prioritised the interests of abstract labour with respect to the production and distribution of use-values and undermined the rationality of the state qua public servant. The struggle between concrete and abstract labour was manifested as the struggle over the form of 'public service'. The struggle between concrete and abstract 'public service' resulted in the demobilisation of organised labour in the water industry. The partial nature of the demobilisation, however, resulted in the demands of concrete labour being incorporated into the administrative form of neo-liberal state regulation. The abstract form of regulation and management has resulted in the marginalisation of concrete 'public service' trade unionism, and NALGO has been forced to reconstitute and redefine its rôle in terms of the abstract premises of neo-liberal ideology.

7.4. Summary and Conclusion.

The neo-liberal state restructuring of the water industry has had a fundamental impact on social relations within the industry. The restructuring has facilitated the domination of concrete by abstract labour manifested in the subordination of managerial control systems and labour processes to the valorisation imperatives of capital accumulation. The development of abstract regulation and abstract management has been determined through the marginalisation of organised labour, but the increasing importance of trust and
reliability has resulted in the partial reintegration of labour on fundamentally abstract premises.

The contradictory determination of abstract control, however, highlights the enduring importance of trade unions in the struggle for non-alienated forms of public service. While trade unions have reconstituted their rôle on abstract premises, the way in which trade unions articulate the (concrete) interests of (concrete) labour in the abstract order highlights the contradictory determination of trade unions in capitalist society. Trade unions articulate the contradiction between value and use-value and this contradiction determines the limits and possibilities of trade union action in extant historical conjunctures.
Part Three

The Contradictions of Abstraction and the Struggle for Non-Alienated Use-Values.
Conclusion

State Regulation, Management Form and the Contradictions of Abstraction.

The state regulation of the water industry in Britain developed through and continues to articulate the contradiction between value and use-value which results from capitalist production being simultaneously a labour process and a valorisation process. The historical and logical analysis of state regulation presented below demonstrates the way in which the state is a social form which is determined through the struggle between concrete and abstract labour, viz, the struggle between the working class and capital. The 'value' analysis presented in this thesis highlights the fundamental and enduring importance of Marx's theory of 'commodity fetishism', which as Rubin (op cit: 5) argued, forms the basis of the 'labour theory of value'. In capitalist society social relations inevitably take the form of things, and this 'real mystification' has been reflected in analyses of capitalist state regulation and capitalist management: the dominant tendency in 'Marxist' and 'Post-Marxist' theory having been to collapse the contradiction between value and use-value and present
the state and management as 'class neutral' technical 'instruments' concerned with the production of things.

The inevitable political concomitant of these analyses has been the development of technologically determinist and reformist projects concerned with restructuring labour on the basis of the imperatives of the state. The analysis of the state as a (socially determined) political form of capital highlights the theoretical weakness and politically disastrous implications of these approaches. The state cannot be used in the struggle for socialism as it is determined through categories in which abstraction is inherent. The capitalist state emerged historically and logically with the domination of concrete by abstract labour: the 'liberal' form of the state determined through the separation of the social power of money from the political power of the state. The state is historically and logically premised on the contradiction between value and use-value, and the articulation of the 'municipal', 'planner-state' and 'neoliberal' examined in this thesis are precipitates of this contradiction in movement.

The domination of concrete by abstract labour is manifested in capitalist society through the domination of the (abstract) consumer over the 'needs' and interests of (concrete) labourers as both consumers and producers. The state articulation of the 'general interest' and the 'common good' through the ideological form of 'public service' is ultimately premised on the 'needs' and 'interests'
of the state and capital with respect to the maintenance of abstraction. The contradictory premises of the state in capitalist society, however, creates a space for political struggle over the form in which user-values are produced and distribution within and against the alienating forms determined by the state. In the neo-liberal water industry the trade unions and their 'political' representatives in the Labour Party have accepted the abstract determination of use-values and the abstract determination of 'public service' as an ideological form. The material articulation of the interests of concrete labour within the abstract state and water industry provides the potential for future struggle premised on the interests of (concrete) labourers as both producers and consumers.

The development of a non-alienated water industry is dependent on a fundamental reinterpretation and reconstitution of the meaning of 'democracy' and social membership qua citizenship. The early 'guild socialist' position of GDH Cole provides an important illustration of the way in which the production and distribution of non-alienated use-values needs to be premised on the real 'needs' and 'interests' of individuals as concrete producers and consumers. Producers and consumers are ultimately constituted by the same concrete individuals arranged in different formations: the consumer of neo-liberal economic theory is an abstraction. The 'general interest' as articulated by the form of the state in bourgeois society cannot transcend the particular interests of individuals as concrete producers and consumers: citizenship is a metaphysical mystification.
premised on the alienated form of the state in capitalist society. The development of non-alienated forms of production and distribution is ultimately dependent on the development of direct and functional *democratic* control of use-values by individuals as producers and consumers. The state is ultimately premised on the alienating and abstract power of money; the struggle for non-alienated use-values has to be premised on a struggle against and through the state and the money form on which it is premised.
The main concern of my PhD project was an attempt to develop a materialist analysis of the state regulation of labour as it has impinged upon the water industry from 1800 to the present day. The theoretical and substantive foci of the project are the operation of the 'value form' in the industry, and the way in which the industry has been represented as a 'public service'.

In conducting the research I have utilised a variety of 'methodological' approaches in an attempt to analyse the way in which standards of service are measured and monitored by different forms of the state, and relate this to the conceptual distinction between value and use-value. The main methodological techniques featured in the design of my research are 'key informant' interviews with managerial and trade union representatives and documentary research focusing upon existing literature and public and official documents.
An important corollary of the growing influence of phenomenology on bourgeois sociology has been an attempt by 'methodologists' to go beyond the notion that research is constituted by a set of uniform techniques. There has been an increasing interest in the 'processual' nature of research: the way in which research 'depends on a complex interaction between the research problem, the researcher and those who are researched.... the researcher is an active decision-maker who decides upon the most appropriate conceptual and methodological tools that can be used to collect and analyse data' (Burgess, 1984: 6; see also Hammersley & Atkinson, 1984: 1-27). This interest has been accompanied by a burgeoning literature devoted to introspective and subjectivist accounts of the 'processes' underlying research projects (Bell & Newby, 1977; Bell & Roberts, 1984).

The subjectivist concern with the processual nature of research has served to highlight the tensions and weaknesses within approaches premised upon alternative ontological and epistemological presuppositions (Johnson et al., 1984: 22-3). The methodological presuppositions of my research derive from the approach outlined by Karl Marx in the Introduction to the Grundrisse. The processual nature of this substantialist approach is premised upon a dialectical process by which abstract concepts are constantly mediated by empirical reality. My own rôle in this process is not unequivocally that of an active decision-maker, as my subjectivity as a researcher is ambiguous: I am both subject...
and object of my research, and to perceive or portray myself as an active decision-maker would be problematic. I am both active and acted upon. Dialectical research articulates the essentially praxiological status of knowledge.


The concerns and problems that informed my initial research proposal presented to the ESRC were focused upon the way in which state restructuring of the utilities sector had impacted upon the technical, institutional and social forms of these industries. The genesis of this initial focus may be related to my biography, and the way in which I developed a critical/dialectic perspective for analysing the oppressive capitalist structures by which I was surrounded. My background as an ex-water industry employee played a central rôle in the selection and subsequent development of the empirical focus. The overall conceptual focus, however, was a resultant of the way in which this experience has been subsequently mediated by conceptual theorising. In order to illustrate this dialectical process, I will examine the empirical and conceptual elements by which it was mediated: viz, my biographical history and the value theory of labour developed by Karl Marx.
The substantive focus of my research project may be related to my employment history. Between leaving school in 1978 and entering higher education in 1986, I was employed by the Yorkshire Water Authority as a mains inspector. My duties put me in frontline contact with consumers, and through this contact I became increasingly aware of an emergent gap between the expectations of consumers and the levels of service provided by my employer. The Authority was inefficient and wasteful. The decentralised management structure allowed employees a large amount of autonomy in the execution (and most often the non-execution) of their duties, and gave almost unlimited arbitrary power to foremen and lower managers; many of whom were engaged in various forms of nepotism, extortion, and corruption.

The above management structure was attacked by the neoliberal project of Thatcherism, and resulted in severe bouts of centralisation and rationalisation. These experiences resulted in the problematical concept of public service having a central position in my initial research design. Prior to restructuring, the organisation by which I was employed was a 'public service' in the public sector, but was quite evidently not serving the public. The new management structures, following restructuring, were an explicit response to the perceived inefficiency of the Authority, but the emergent stress upon financial targets diverted the organisation even further from the needs and values of consumers. The overall conceptual framework of my study emerged from the
mediation of the above biographical history with the conceptual totality of historical materialism.

2. The Dialectical Method and the "Value of Value".

The primary conceptual category within the conceptual totality of historical materialism is Marx's theory of value: the concept of value allowing the social processes that underpinned capitalist development to be rescued from beneath the obfuscating fog of quantitative economic magnitudes (Clarke, 1980: 4-5). The object of Marx's theory of value was labour: viz, the forms taken by labour and the political consequences of labour taking these forms (Elson 1979: 123). In Capital, Marx attempted to analyse the 'value form' of labour by probing beneath its apparent appearance in order to reveal its inner essence.

The primary dichotomy developed by Marx was between form and content, and this dichotomy forms the basic presupposition of my own methodological approach. In order to demonstrate the 'value of value', I will briefly consider the theory of value developed by Marx in Capital, and with reference to my own project, demonstrate the way in which the law of value, mediated by the experience of contemporary capitalism, provides the fundamental categories to
think the oppressive social relations of capitalist society (Clarke, op cit: 5-6).

The ontological and epistemological presuppositions of historical materialism suggest that social forms are determinant and yet transient, and thus analyses of social forms must attempt to treat social forms as precipitates of an on-going process without detaching them from the process. With regard to the value form, Marx constructed a dialectical framework by which forms were analysed as the temporary precipitates of opposed potentia as different aspects of the continuum of forms in process, and thus as embodiments of contradiction. The potentia considered by Marx were the abstract and concrete aspects of labour. Marx sought to demonstrate the extent to which the specificity of social formations were a result of the relationship between these potentia.

The specific nature of capitalist social formations was premised on the dominance of the abstract form of labour: the concrete aspects of labour being mediated by the abstract. The result of the dominance of abstract labour was a 'state of society in which the process of production has the mastery over man, instead of being controlled by him' (Marx, 1954: 85): abstract labour taking on a practical truth 'objectified' or 'crystallized' in the equality of diverse human labours and reflected in the physical form of exchange values. In its most basic form the
dominance of money and capital were thus expressed in exchange values, and for this reason Marx began his analysis with a consideration of the commodity.

The analysis of the commodity developed by Marx in *Capital* introduced the notion of 'value' as a substance crystallized from objectified abstract labour. Marx was concerned with the way in which labour in its objectified abstract form facilitated the commensurability of commodities in capitalist society. In order to understand this process, Marx analysed commodities dialectically, as moments of the coexistence of the opposed elements of use-value and exchange value. This allowed a consideration of the way in which the equivalence of commodities in capitalist society resulted not from subjectively-determined 'use-values' but from a general social process that takes place 'behind the backs of commodity owners'. In considering the commensurability and exchange of commodities, however, Marx was concerned to demonstrate that while the form of this process appeared 'naturalistic' its content was human self-activity. The concern, therefore, was to examine the particular form in which labour assumes the substance of value, and to demonstrate the way in which this formed the basis of capitalist *exploitation*.

The synthesis of Marx's dialectical analysis of the 'value form' was his attempt to construct a 'law of value': a 'law' of the process through which abstract labour is objectified through its
direct expression in the form of the money commodity. Marx was concerned to demonstrate the dominance and self-expansion of the money form. Marx did not consider the 'value form' as an absolute entity. Value is a one-sided abstraction: lacking internal independence, and part of an antithesis with use-value that is reflected externally as the 'fetishism of commodities'. This value/use-value antithesis within the commodity demonstrates the way in which the process of production produces both value and exchange value, and the possibility that the regulation of prices by value may break down owing to the relative autonomy between the production of goods and the circulation of money. The value/use-value antithesis within commodities is thus the source of capitalist crises and constant attempts to overcome crises through the restructuring of labour in terms of its exchangeability.

Marx's value analysis has three important political implications. Firstly, the theory of value overcomes the fragmentation by which capitalist exploitation is experienced; particularly the bifurcation of money relations and labour process relations, and thus the bifurcation between the politics of circulation and the politics of production. Secondly, the theory of value enables capitalism to be grasped as a contradictory, crisis-ridden process, subject to continual change. While money and production relations are aspects of the same unity, they are also relatively autonomous. This not only lays the seeds of potential
crises, but also potential space for political action against the capitalist form of determining labour. Thirdly, the theory of value builds into our understanding of how the process of exploitation works and the possibility of action to end it. Marx's analysis makes it possible to understand why capital can appear as the dominant subject and individuals as the träger of capitalist relations of production; whilst simultaneously highlighting the limits of the tendency to reduce individuals to träger of value forms through the concepts of 'concrete labour' and the collective aspects of 'social labour'. These have a relative autonomy and provide a material base for political action (Elson, op cit: 171-4).

I will now return to the initial conceptual edifice of my research project, and attempt to demonstrate the fundamental importance of the theoretical and political implications of Marx's theory of value outlined above. The conceptual distinction between value and use-value has allowed me to dialectically deconstruct the form of the water industry as a 'public service' and to uncover the social relations underlying the technical operation of state regulation and utility management. I approached this through a detailed examination of the way in which use-values have been produced and regulated by the state. Further, the analysis of the way in which the relationship between value and use-value has been restructured has allowed an insight into limits and possibilities of both past and future struggle over the form of provision and regulation.
3. The Limits of Sociology and the Possibilities of the Critical Dialectical Method.

Good social research has a necessarily subversive quality. As C. Wright Mills (1959) argued, the *sociological imagination* demanded the sensitivities of history, anthropology and criticism. The combination of the first two allow an escape from a naturalistic interpretation of the present, while critical sensitivity facilitates a consciousness of alternative futures and thus a critique of existing forms of society. In my research, I have gone beyond the sociological imagination. I have engaged in a (dialectical) form of 'critical social research' (Harvey, 1990): a form of research that draws upon both history and anthropology, and which rests upon the critical conceptual presuppositions of historical materialism.

In contrast to both positivism and phenomenology, critical research attempts to delve beneath the surface of historically specific and oppressive structures. Knowledge is not perceived as 'objective' but as structured by extant social relations. The presupposition of critical research is that knowledge and critique are inseparable. The critical process underlying knowledge is an attempt to engage with oppressive structures and dominant conceptual frameworks in order to reveal both underlying
processes of power, and the ideological and historical forms by which these processes are concealed (Harvey, *ibid: 1-3*).

The attempt to delve beneath appearances takes the form of a dialectical analysis that attempts to reveal the fundamental nature of things through the deconstruction of abstractions in a mediation with the empirical world; this enabling the inner relations of concepts to be deconstructed and subsequently reconstructed in terms of a conceptual totality. What is stressed, therefore, is the *praxiological* nature of social research: knowledge is *dynamic* and changes through practice. The praxiological nature of knowledge has important implications *vis à vis* the design of social research. My research has been concerned to deconstruct *historical* and *anthropological* data on the state regulation of the water industry.

4. "History as Process" and the Development of a "Dialectical Historicism".

The design of my research project includes an engagement in an 'historicist' analysis of the historical forms of 'gas and water socialism' and 'public service management'. The presuppositions underlying my analysis are a denial of the objectivity of history, and an epistemological assumption that historical knowledge emerges from a reconstruction of the past on the basis of a
dialectically reconstructed analysis of extant social systems: that is, the reconstruction of a logical theory of history guided by structural analysis (Harvey, op cit: 6-9).

The object of my historical survey of the state regulation of the water industry has been to construct a logical theory of the way in which labour has been represented in these industries. This historical (and historicist) analysis will be crucial to understanding both the modern structure of the industry and the potential for future change. As Edward Thompson has argued, history has a logic that is in constant movement. Historical logic must test hypotheses with respect to structure and causation, whilst attempting to eliminate the self-confirming procedures that emanate from instantiations and illustrations. This necessitates a constant dialogue between conceptual totality and empirically derived research: history as process.

The historiography of Marxism is inseparable from Marxism as theory (Thompson, 1978: 46-7). The historical materialist approach has as its object the real human object in all its historical forms, and attempts to understand these forms through a discrete discipline that brings unitary concepts into a rigorous dialectical engagement with empirical reality. The observation of historical eventuations reveal the way in which social being bears upon social consciousness. Historical knowledge is not a prisoner of the past, for each moment of being is also a moment of
becoming: historical moments are 'both a result of prior process and an index towards the direction of its future flow' (Thompson, *ibid*: 47). Historical materialism attempts to grasp these eventuations through the articulation of historical concepts in a conceptual totality: the resultant being an emergent historical knowledge that approximates to, but remains distinct from, concrete reality.

The consideration of history as a 'process' raises the important issue of the relationship between *agency* and *process*. The work of Engels on this subject is highly problematical and has contributed to the theoretical and political abominations associated with Stalinism and Althusserian structural functionalism. Engels argued that 'we make our own history, but in the first place under very definite presuppositions and conditions', and that, 'among these the economic ones are finally decisive'. Engels proceeded to resolve this contradiction through the suggestion that 'history makes itself' (Engels 1968: 682-4). However, to the extent that individual wills are conditioned in 'class' ways, and history is the result of contradictory class interests and forces, human agency gives rise to involuntary results. There is, therefore, a crucial ambivalence to our presence as human beings in history: 'part-subject, part-object, the involuntary agents of our own involuntary determinations' (Thompson, *op cit*: 88).
The key concept in the historical process is determination. The essentially ambivalent status of human beings in history makes the 'crude' Marxian notion of a 'law of motion' driven by 'class struggle' problematic. Thompson suggests that 'law of motion' should be replaced by 'logic of process': determination thus amounting to a setting of limits or exerting of pressures; 'structural actuation within a social formation that remains protean in all its forms' (Thompson, ibid 110). The 'dialectic' is not a law deriving from the antagonism produced by the law of motion, but a 'class' practice. Through the dialectical interplay between the conceptual dichotomy of value and use-value and empirical historical data I have analysed the pressures and limits relating to the reduction of social actors concerned with the gas and water industries to träger of the money form and thus the domination of abstract labour (capital).

5. Dialectical Method and the Promise of "Critical Ethnography".

I will now turn to a consideration of the importance of anthropology to the development of critical social research. Bourgeois sociologists writing from a phenomenological perspective stress the extent to which ethnography provides an opportunity to construct 'objective' and 'systematic' accounts of social systems from the 'subject's point of view'. The researcher upholds an 'unbiased' and 'impartial' approach (Schwartz & Schwartz, 1955), and
is reflexive with regard to the effect of her presence upon methodological techniques, data collection and theoretical suppositions (Hammersley & Atkinson, op cit: 27-54). The contradictory determination of human beings obviously makes these approaches problematical. Notwithstanding the extent to which the epistemological and ontological presuppositions of phenomenology are diametrically opposed to those of historical materialism, however, the utility of ethnographic research can nevertheless be applied to dialectical analysis through the development of what Harvey (op cit: 9-14, 204-5) has termed critical ethnography.

Critical ethnography is not 'value neutral', and 'reflexivity' is focused upon the questioning of taken-for-granted propositions, and the proposal of radical alternatives: indeed, positivistic ethnography is ideological through the way in which the 'individual subject' is abstracted from the 'economic' relations of capitalist society. Critical ethnography goes beyond the meanings of subjects through the incorporation of ethnography into a dialectical analysis. This involves linking the detailed insights of ethnography with wider social structures and systems of power relations (totality). The detailed nature of ethnographic research renders it an extremely useful tool in 'making the invisible visible': enabling anomalies to be transformed into contradictions which, through dialectical analysis, may be placed in wider social and historical analytical frameworks (Harvey, ibid: 204). Dialectical ethnographic research thus allows the constant
mediation between totality and empirical detail that is necessary in order to unearth the nature and operation of oppressive social structures.

Empirical data is essential to dialectical analysis; the conceptualisation and reconceptualisation of conceptual reality being grounded in the material world. The type of data and its reliability and validity (the much-vaulted, gods of sociological positivism) are, however, irrelevant to the dialectic research. Data is meaningful only in its theoretical context and the epistemological presuppositions the researcher brings to the enquiry. 'Cases' are selected not for their 'representativeness', but as 'paradigm' cases: that is, foci for the analysis of contradiction (Harvey, ibid: 202). The design of my research project includes an ethnographic study of managers and trade unionists involved in the water industry and a series of associated 'case' studies that will examine documentary data pertaining to selected companies and organizations. The initial selection of data sources was thus premised upon my initial abstract, but empirically mediated, conceptual presuppositions.

The interviewees in the water industry and trade unions constitute paradigmic cases which illustrate the way in which individuals live the contradiction between value and use-value which is inherent in the capitalist state and capitalist production. A central element of my research has been an
ethnographical survey of the way in which managers and workers working within the water industry live the contradiction between value and use-value. The ethnographic study of 'key informants' drawn from within the water industry has gauged the way in which these individuals live the constant attempts to reduce them to träger of the abstract power of money, and the way their opposition and resistance to abstraction is crucial to the future social forms of these industries.

Anthropological data is useful as it illustrates the way in which 'life goes forward within structures' (Thompson, op cit: 152-8). The great achievement of Marx was to uncover the partly visible structure of rules by which human relations are mediated. This may be compared with playing a game: a rule-governed structuration of historical eventuation in which men and women are subjects of their own history. Anthropology allows an insight into the necessary gap between the abstract concepts pertaining to modes of production and historical materiality: that is, the way in which the circuit of capital is obstructed and resisted at every point, and thus the way capital 'forms' are diverted in theoretically improper ways by the class struggle itself. A consideration of the way in which men and women may be perceived as 'subjects' 'handling' their experiences within their consciousness and culture in complex and relatively autonomous ways.
6. Summary and Conclusion.

In this Appendix I have demonstrated the way in which my research project is premised upon the presuppositions of historical materialism, and the implications of these presuppositions for the 'design' and 'process' of social research. I have attempted to highlight the way in which the 'materialist ontology' and 'realist epistemology' associated with my 'substantialist' position, imply a 'praxiological' theory of knowledge, and the way in which this implies a methodological approach that is both 'dialectical' and 'historicist'. I have outlined the implications of the above theoretical presuppositions for the practice of empirical social research: arguing that over-subjectivist concerns with the research process and positivist concerns with 'sampling' are peripheral and irrelevant to the theory and practice of dialectical social research.

In conclusion, my own research project has developed an analysis of the value relations imminent to the state regulation and management of the water industry: to penetrate the forms in which these industries have become historically manifest in order to reveal the underlying content of their oppressive social relations. I have developed an analysis of the value relations within the water industry from the class perspective of labour. To follow in the footsteps of Marx, I consider my research to have been part of the process of highlighting the potential for the
oppressive capitalist forms of these industries to be challenged and replaced non-alienated communistic social relations and service provision premised on the needs and capacities of concrete labour.
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