

# **ORGANISATIONAL REFORM IN THE BRITISH LABOUR PARTY SINCE 1983**

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# Abstract

This thesis examines the organisational transformation of the British Labour Party since 1983. The main intellectual contributions are: (1) the development of a rational choice model of party organisation; (2) an explanation Labour's organisational reforms, a subject that has attracted little academic attention.

An exchange model of party organisation is developed, focusing on leader-follower relations inside parties. It builds on previous exchange models and extends the approach to the issue of party change, on which some general propositions are offered. The model is used to examine changes in leader-follower relations in the Labour Party. It is shown that Labour's historic form of intraparty exchange consisted of that between the parliamentary elite and the leaders of the major trade unions affiliated to the party, institutionalised in the 'block vote'. Labour's problems with the unions in the 1970s and its subsequent electoral wilderness years persuaded party leaders to reduce union influence to broaden the party's electoral appeal.

The strategy was to enfranchise individual members at the expense of activist cliques and unions. Three areas of decision-making are examined – policymaking, parliamentary candidate selection, and leadership contests – and two trends are evident: (1) the erosion of Labour's federal structure, based on union affiliation and its replacement by a unitary (individual membership) structure; (2) the centralisation of power with party elites. A new form of exchange, between party leaders and individual members, has increasingly replaced that between party and union leaders. This has given Labour's organisation a greater degree of electoral legitimacy by reducing its reliance on the unions (who might extract policy concessions from Labour governments). However, centralisation has gone so far that it is questionable whether party activists and unions have sufficient incentives to remain inside the party, supplying it with labour and finance. To this extent, the exchange model alerts us to the possibility that Labour may no longer possess 'equilibrium institutions'.

# Contents

<i>List of Figures</i>	6
<i>List of Tables</i>	7
<i>List of Abbreviations</i>	8
<i>Acknowledgements</i>	10
<b>1 Introduction</b>	<b>11</b>
1.1 Introduction	11
1.2 Existing Work on the Labour Party	11
1.3 Aims of the Thesis	14
1.4 Structure of the Thesis	16
<b>2 The Rational Choice Approach</b>	<b>22</b>
2.1 Rational Choice and the Study of Institutions	22
2.2 The Downsian Model and the Study of the Labour Party	27
2.3 Incomplete Information and the Downsian Model	36
2.4 Conclusion	38
<b>3 An Exchange Model of Party Organisation and Party Change</b>	<b>40</b>
3.1 Introduction	40
3.2 Approaches to the Study of Party Organisation and Party Change	41
3.3 The Informational Functions of Political Parties	48
3.4 Politicians, Activists and Political Exchange	51
3.5 Party Organisations as Governance Structures	58
3.6 The Policy-Votes Trade-off and Politicians' Autonomy	65
3.7 Institutional Change in Vote-seeking Parties	70
3.8 Conclusion	81
<b>4 Political Exchange in the Labour Party (pre-1990)</b>	<b>83</b>
4.1 Introduction	83
4.2 The Development of Political Exchange in the Labour Party	84
4.3 The Autonomy of the PLP and Party-Union 'Pathologies'	99
4.4 Coalitions for Change	110
4.5 Conclusion	117

<b>5</b>	<b>Policymaking</b>	<b>119</b>
5.1	Introduction	119
5.2	Policymaking in the Labour Party Before 1983	120
5.3	Party Policy and the PLP	125
5.4	The PLP and Policymaking After 1983	131
5.5	Trade Unions and the Party Conference in the 1990s	136
5.6	Policymaking in the 1990s: The National Policy Forum	141
5.7	Conclusion	153
<b>6</b>	<b>The Selection of Parliamentary Candidates</b>	<b>155</b>
6.1	Introduction	155
6.2	Local Party Organisation	156
6.3	Political Exchange and Candidate Selection	159
6.4	Selection in the Labour Party	163
6.5	Other Changes to Candidate Selection Procedures	177
6.6	Trade Union Sponsorship of Parliamentary Candidates	182
6.7	Conclusion	191
<b>Appendix to Chapter 6</b>		
<b>Candidate Selection Procedures</b>		<b>193</b>
<b>7</b>	<b>Electing the Leader: The Electoral College</b>	<b>195</b>
7.1	Introduction	195
7.2	Rational Choice and Party Leadership	196
7.3	Labour's Electoral College, 1981-93	198
7.4	The Electoral College After 1993	212
7.5	Accountability and the Electoral College	222
7.6	Conclusion	227
<b>Appendix 1 to Chapter 7</b>		
<b>Procedures for Challenging a Labour Leader</b>		<b>230</b>
<b>Appendix 2 to Chapter 7</b>		
<b>Electing the Extraparliamentary Leadership: The NEC</b>		<b>231</b>
<b>8</b>	<b>Organisational Resources: Supply and Demand</b>	<b>236</b>
8.1	Introduction	236
<i>Part I</i>	<i>Resources</i>	
8.2	Funding	237
8.3	Members and Activists	244
8.4	Party Staff	248
8.5	Conclusion	249
<i>Part II</i>	<i>Political Communications</i>	
8.6	Party Resources and Political Communications	250
8.7	Labour's Political Communications Revolution	254
8.8	The New Communications: Techniques and <i>Modus Operandi</i>	257
8.9	Conclusion	270

<b>9</b>	<b>Conclusion: Labour's Transformation</b>	<b>271</b>
9.1	Introduction	271
9.2	Explaining Organisational Change in the Labour Party	271
9.3	The New Labour Party	282
9.4	Objections to the Model	293
9.5	Intellectual Contributions of the Thesis	300
9.6	Conclusion	306
<b>Appendix 1</b> <b>From Federalism to Unitarism in the Labour Party</b>		<b>307</b>
<b>Appendix 2</b> <b>UK General Elections, 1900-2001</b>		<b>309</b>
<i>Notes</i>		310
<i>References</i>		318

# List of Figures

2.1	Median Voter Theorem	29
2.2	Downsian Model of Party Competition	30
3.1	Curvilinear Disparity	57
3.2	Horizontal (Organisational) and Vertical (Factional) Cleavages	63
3.3	Efficient and Redistributive Institutions	68
4.1	Distributional Consequences of Block Voting	94
4.2	Labour Vote and TUC Membership	104
4.3	Institutional Preferences of Labour Factions	116
5.1	Policy Determination at the Labour Party Conference	122
5.2	Labour Party Policymaking Structure (mid-1980s)	132
5.3	The NPF and the Two-year Rolling Policymaking Structure	144
5.4	Preference Alignment between the Party Conference and the NPF	149
5.5	NPF Minority Reports and the Party Conference	150
6.1	Constituency Labour Party Structure	157
6.2	Candidate Selection Screens	160
6.3	Model of Reselection/Deselection of MP	164
6.4	Distribution of Preferences of Voters, and Labour Members and Activists	174
6.5	Union Involvement in Candidate Selection	183
6.6	Candidate Selection Screens and Party Lists	187
6.7	Sponsorship of Labour Prospective Parliamentary Candidates, 1945-92	188
6.8	Sponsorship of Labour MPs, 1945-92	188
6.9	Sponsored MPs as a Proportion of Sponsored Candidates	189
7.1	Leadership Election Screens	201
7.2	Institutional Preferences: Traditionalists and Modernisers (1993)	214
8.1	Main Parties' Head Office Expenditure 1959-97 (1997 prices)	237
8.2	Main Parties' Head Office Income 1959-97 (1997 prices)	238
8.3	Labour Party Individual Membership 1980-2002	247
8.4	Trade-off between Activist Retention and Electoral Support	251
8.5	Communication Technologies	253
9.1	Simple Membership Structure of the Labour Party	273
9.2	Labour's Two Phases of Modernisation	283

# List of Tables

2.1	Perceptions of Electoral Strategy by 'Hard' Left and Other Factions	34
3.1	Reasons for Joining the Labour Party	54
4.1	Labour Party Membership	90
4.2	Strategic Options for Labour Factions (mid-1980s)	112
4.3	Labour Party Members' Attitudes to Modernisation	115
4.4	Attitudes to Modernisation by Activism and Ideology	115
5.1	PLP-Conference Conjunctures	128
5.2	National Policy Forum Membership	143
6.1	Powers and Responsibilities of General Committees (pre-1989)	157
6.2	Ideology and Activism in the Labour Party	168
6.3	Labour MPs Sponsored by Individual Unions (1945-92)	190
7.1	Contests Under the Electoral College	210
7.2	Individual Unions' Influence under OLOV	217
7.3	Electing the NEC	233
8.1	Labour Party National Head Office Income and Expenditure, 1959-97	237
8.2	Labour Party Annual Income (£m)	240
8.3	'Short Money' to the Parliamentary Labour Party, 1980-97	242
8.4	Party Staffing Levels in the Labour and Conservative Parties, 1964-98	249
8.5	Use of Computers by Constituency (percent)	268
8.6	Mean Number of Computers used, by Constituency	268
8.7	Mean Number of Campaign Workers by Constituency (per day)	268

# List of Abbreviations

AEEU	Amalgamated Electrical and Engineering Union (previously AUEW, now Amicus)
APEX	Association of Professional, Executive, Clerical and Computer Staff
ASTMS	Association of Scientific, Technical and Managerial Staff (later MSF, now Amicus)
AUEW	Amalgamated Union of Engineering Workers (later AEEU, now Amicus)
CCD	Campaigns and Communications Directorate
CLP	Constituency Labour Party
CLPD	Campaign for Labour Party Democracy
COHSE	Confederation of Health Service Employees (now UNISON)
CSC	Campaign Strategy Committee
EC	Executive Committee (of unions)
EETPU	Electrical, Electronic, Telecommunications and Plumbing Union (later AEEU, now Amicus)
EPLP	European Parliamentary Labour Party
FPTP	First past the post
GC	General Committee (of CLP)
GCHQ	Government Communications Headquarters
GMB	General, Municipal and Boilermakers' Union (previously GMWU)
GMWU	General and Municipal Workers' Union (now GMB)
ILP	Independent Labour Party
JPC	Joint policy committee
LCC	Labour Co-ordinating Committee
LGA	Local Government Association
MSF	Manufacturing, Science and Finance Union (previously ASTMS, now Amicus)
MP	Member of Parliament
MEP	Member of the European Parliament
NALGO	National Association of Local Government Officers
NCC	National Constitutional Committee
NEC	National Executive Committee
NPP	National parliamentary panel
NUM	National Union of Mineworkers
NUPE	National Union of Public Employees (now UNISON)
NUR	National Union of Railwaymen (now RMT)
NUS	National Union of Seamen (now RMT)
NPF	National policy forum

ODOV	One delegate – one vote
OLOV	One levypayer – one vote
OMOV	One member – one vote
PPB/PEB	Party Political/Election Broadcast
PLP	Parliamentary Labour Party
PRG	Policy review group
RFMC	Rank and File Mobilising Committee
RMT	Rail, Maritime and Transport Union (previously NUR and NUS)
SCA	Shadow Communications Agency
SDP	Social Democratic Party
SOGAT	Society of Graphical and Allied Trades
TGWU	Transport and General Workers' Union
TUC	Trades Union Congress
TUFL	Trade Unionists for Labour
TULV	Trade Unions for a Labour Victory
UCATT	Union of Construction, Allied Trades and Technicians
UCW	Union of Communication Workers
USDAW	Union of Shop, Distributive and Allied Workers

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Thomas Quinn  
London, October 2002

# 1 Introduction

## 1.1 INTRODUCTION

In July 2001, the Labour Movements Specialists Group of the UK Political Studies Association convened a conference on interpretations of the Labour Party. The organisers' aim was to 'revisit and re-evaluate the relative strengths and weaknesses of key interpretative approaches' to the study of the party and thereby 'better understand Labour's past, present, and possible future'. Conference papers covered the ideology and history of labourism, reflections on the Marxian analyses of Ralph Miliband, Tom Nairn and Perry Anderson, an application of cultural theory to the party, and an explanation of the Labour Party-trade union link in terms of social norms. Rational choice theory was not represented at the conference. Indeed, one participant asserted: 'the rational choice model, taken alone, affords little illumination on the operations and dynamics of the Labour Party' (Shaw, 2001b).

The present thesis disagrees fundamentally with this last remark and shows that rational choice can in fact shed considerable light on the Labour Party. It explains the functioning of Labour's internal institutions and offers an account of why party leaders felt compelled to reform them after 1983. This was the beginning of Labour's 'modernisation' and is a contentious period in the party's history. This opening chapter establishes the remit of the thesis. In section 1.2, I briefly overview existing work on Labour's modernisation. In section 1.3 I state the aims of this thesis and justify its focus before outlining the subsequent chapters in section 1.4.

## 1.2 EXISTING WORK ON THE LABOUR PARTY

Existing work on the Labour Party since 1983 covers most of the changes in policy, organisation and strategy the party has undertaken with the emphasis on

policy changes. The present thesis is concerned solely with organisational changes but argues that the latter were motivated by a desire to make the party more electable by easing internal constraints on policy. Labour's modernisation involved abandoning leftwing policies in a range of areas, including defence, European integration and the economy. All were important but Labour's changes to its economic policies were perhaps the most significant and have elicited the most attention by academic commentators. Much of the debate has been normative, discussing Labour's relationship to social democracy or whether it made too many concessions to Thatcherism. Labour's policy shifts are not the focus of this thesis but they have some related importance to the extent that they were motivated by electoral considerations. These competing accounts can be categorised by whether or not they regard Labour's changes as necessary and/or desirable. Leftist critics such as Hay (1999) and Heffernan (2001) find the changes undesirable and unnecessary. They suggest Labour could have won with radical policies if it had tried persuading voters of its case. *Marxist* followers of Ralph Miliband find the changes undesirable but an inevitable response to the economic and electoral constraints on reformist social democratic parties (Panitch and Leys, 1997; Coates, 2001; Coates and Panitch, 2001). These writers hold a normative commitment to the manual working class and find Labour an extremely limited vehicle for change. More sympathetic observers such as Martin Smith and Mark Wickham-Jones find the changes, to varying degrees, both necessary and desirable though more recent changes are criticised.

In an exchange with Hay and in other articles, Smith has defended the cause of Labour's modernisers (Smith, 1992, 1994a, 1994b, 2000; see also Smith and Spear, 1992). He suggests the left's programme and strategy were discredited by the election defeat of 1983 and that Labour had to transform its electoral, party and governing strategies. This entailed appealing to middle class voters, centralising power in the party and adopting economic policies that fit with the realities of globalisation (Smith, 2000: 144-50). Economic policy has been at the centre of debates about Labour, with observers such as Wickham-Jones (1995a, 1995b, 1996, 1997) arguing that economic circumstances made the abandonment of radical policies inevitable. This view is based on the 'structural constraints' theory of social democracy (Przeworski, 1985) whereby social democratic governments are constrained by the need to maintain corporate profitability. Failure to do this can

precipitate capital flight, unemployment and a fiscal crisis of the state. The thesis has been attacked by Hay who claims that it implies a ‘logic of no alternative’ for social democratic governments and leads them to accept the new right’s neo-liberal agenda (1999: 149, 175). However, structural constraints are precisely that – constraints – whereas the ‘logic of no alternative’ is implied only by structural *determinism*, which neither Przeworski nor Wickham-Jones advocates. A constraint involves a restriction on freedom but rarely a total negation of it (e.g. a dog is constrained by its leash). That much is obvious from Przeworski’s original discussion, in which he argued that socialist parties went along with the strictures of neo-classical economics until the 1930s but then discovered Keynesian techniques of demand-management, enabling them to secure material improvements for workers under capitalism. Hay’s argument illustrates the entangling of normative and analytical debates evident in much work on the Labour Party. The present thesis eschews normative arguments, focusing instead on what did happen and why rather than whether it should have happened.

In contrast to Labour’s policy changes, its organisational transformation has received less attention. An older literature exists on the distribution of power in the party, centred round the famous ‘McKenzie thesis’ of domination by the Parliamentary Labour Party (PLP) (McKenzie, 1964, 1982; see also Minkin, 1980; Kavanagh, 1985, 1998; Brand, 1989; Beer, 1982). This thesis is examined in Chapter 5. The major source of contention was over whether PLP leaders were free of control by the Labour Party conference. After 1983, this debate was overtaken by new organisational developments, examined in a series of books and papers by Eric Shaw (1988; 1994: 108-23; 1996; 2000b; 2001a). Shaw’s basic claim is that since 1983 Labour’s leaders have increasingly centralised power. He offers normative arguments against this development and complains that the ‘one member – one vote’ (OMOV) reforms amount to centralisation through the back door. Shaw also documents how party leaders have acquired increasing control over the policymaking process. In this he is joined by Gerald Taylor (1997: 42-67; 1999: 9-25), who complains that party members have been sidelined in policymaking.

A more sympathetic voice to the organisational changes is Patrick Seyd (1993: 85-92), who claims they were a necessary part of making Labour electable. However, Seyd also claims that recent reforms have ‘de-energised’ Labour members and reduced the party’s campaigning capabilities (Seyd, 1999). Seyd, in

collaboration with Paul Whiteley has also written a book and numerous articles on Labour's membership, based on large-scale surveys (Seyd and Whiteley, 1992; Whiteley and Seyd, 1998a). These data are referred to in the present thesis. Labour's organisational structure has also been compared to other British parties by Paul Webb (1994, 2000), who too points to the reality of centralisation-through-democratisation though Webb's account is largely non-normative.

One of the major areas of interest in this thesis is the reform of Labour's institutional links with the trade unions. The major account of the party-union link is Lewis Minkin's *The Contentious Alliance* (1992). Minkin is a staunch defender of the link though he has accepted the need for reform. Minkin was a member of the NEC's trade union links review group in 1992-3 and aligned himself with the 'traditionalists' seeking limited rather than extensive changes. Minkin's arguments have been assessed by Steve Ludlam (1998, 2001a), who at first concluded a 'divorce' was likely but changed his mind after the first term of the Blair government and the subsequent (temporary?) reduction in party-union tensions. Repeated reference is made to Minkin's work throughout the present thesis and its analytical framework (based on norms and values) is critically assessed in Chapter 9.

In summary, a principal aim of this thesis is to fill a gap in the literature on the contemporary Labour Party. Most existing work focuses on policy changes while discussion of organisational reform is scarcer. There has been no book-length analysis of Labour's organisational transformation. The present thesis examines all the major reforms and explains them within the framework of analytical models, which together comprises a significant part of the 'value-added' of the thesis.

### **1.3 AIMS OF THE THESIS**

This thesis utilises many of the arguments deployed in the accounts listed above but it goes beyond them, integrating their insights into a coherent whole structured round a rational choice model of party organisation. The aim is to explain why Labour's organisational structure changed so dramatically in the two decades after its catastrophic general election defeat of 1983. I explore the external pressures and intraparty forces that were instrumental in shaping the party. I do not employ a great deal of primary sources, other than some published Labour Party documents.

The primary contribution of this thesis is towards the development of theoretical models that help us understand the processes of institutional design and change in parties. Existing rational choice work on party organisation is utilised to fashion a fuller model that sheds light on the competing pressures on intraparty actors. A major aim of this thesis is to open up the black box of party organisation and connect it to existing models of party competition, which have received more attention.

It might be objected that developing a model on the basis of one case is risky. However, I believe this approach can be justified. First, there are precedents in the party organisation literature, the most celebrated being Roberto Michels' (1962) account of the German Social Democratic Party, on the basis of which the author formulated his famous 'iron law of oligarchy'. Second, although this thesis develops theoretical tools that can be used to analyse any party, other aspects of it have a narrower empirical reach. The model of party competition I utilise assumes a two-party system. In practice, such systems tend to be the exception rather than the norm (though this does not detract from their importance – many insights have been gained by work on spatial models of two-party competition). This means there is a much narrower range of cases available for comparison and besides, party organisations and political systems vary considerably across states. Thus, the USA has a two-party system but its parties have loose organisational structures in which the entire notion of party membership is problematical. Alternatively, the Australian Labor Party is similar in some respects to its British cousin but Australia is a federal state and uses a preferential electoral system. The federal structure – replicated in the Australian Labor Party, which is divided along state lines – complicates comparisons, not least because the federal Labor Party is less developed than the state parties (Manning, 1996; Albanese and Robinson, 1996; Maddox, 1978; Overacker, 1968).

One of the advantages of using the British example is that given its electoral system and unitary structure, the UK's political and party system most closely resembles the simple system used by Anthony Downs in *An Economic Theory of Democracy* (1957), a text that provides the model of party competition used in this thesis. To this, it might be objected that the UK is not really a two-party system because the Liberal Democrats (or their forerunners) consistently achieve about one-sixth of the votes in general elections. However, when we look at the allocation of seats in the House of Commons, we do indeed find a largely two-party system: even

in 2001, when the Liberal Democrats achieved the best result by a third party since the 1920s, their 52 seats amounted to only 8 percent of the total, while the Conservatives and Labour combined accounted for 88 percent of the legislative seats. The assumption of two-party competition is thus a simplification but a justifiable one, not least because two-party systems often exhibit strong centripetal tendencies, an observation confirmed by the experience of the period under review. In Britain, only Labour has undertaken comprehensive organisational change since the early 1980s, largely because it was electorally uncompetitive. The Conservative Party could postpone change because it kept winning elections, though its landslide defeat in 1997 prompted some organisational change with the possibility of more to come.

In short, the British Labour Party offers a unique study in comprehensive organisational change in the context of a two-party system. However, this does not mean that the lessons drawn from it are inapplicable to other parties. On the contrary, many of its reforms have been replicated elsewhere and identified as contemporary trends in party organisational development, ranging from the empowerment of individual members in candidate selection, to new developments in policymaking (Scarrows, et al., 2000; LeDuc, 2001). By focusing on the Labour Party, it is possible to test the model's explanatory power over a wide range of institutional reforms. One caveat, however, is that even after the reforms, Labour did not correspond to some ideal-typical party structure, which was somehow the endpoint of party reformers. I argue that institutional change is a contested and negotiated process, whereby outcomes reflect actors' preferences, existing institutional opportunities and electoral considerations. Rather than being an evolutionary process, party change also reflects power struggles. The method of enquiry employed in this thesis is to examine institutions before and after change and account for the motives of reformers. I pursue the usual rational choice approach of analysing the range of outcomes permitted by institutional constraints but I endogenise institutional design. Institutional stability and institutional change are twin areas of concern in this work.

#### **1.4 STRUCTURE OF THE THESIS**

This thesis focuses on the main areas of institutionalised decision-making in parties, namely candidate selection, leadership election and policymaking. In the

Labour Party this means looking at the principal reforms to the national and local structures. The unitary nature of the UK state ensures that the national decision-making institutions of the Labour Party are pre-eminent though local bodies are important in the selection of parliamentary candidates. Changes to Labour's regional structure are not considered because it has traditionally been of lesser importance. Recently, regional bodies have been given a boost, first through UK devolution and second through their representation in Labour's new national policy forum.<sup>1</sup> They may become the focus of future research in to the party's organisational structure.

Before discussing the Labour Party, some theoretical issues are addressed. In Chapter 2, I provide a brief account and justification of the rational choice approach. Major rational choice concepts are introduced and key notions such as office-seeking politicians and imperfect information are explored. Critiques of both the approach in general and its previous application to the Labour Party are evaluated.

Chapter 3 turns to the theory of party organisation, beginning with an assessment of older theories. 'Evolutionary' models are rejected for the present study because their focus is on long term transformations rather than the sort of incremental changes that are of interest here. Ware (1996) distinguishes between electoral, institutional and 'sociological' accounts of party organisation, and while each has some strengths, none can explain all the important aspects of parties. However, these approaches inform the rational choice 'exchange' model that is developed in the remainder of the chapter. The exchange in question is between politicians and activists: politicians need activists to campaign for them and in return for labour and finance, they offer policy promises. However, this exchange is non-simultaneous and politicians face commitment problems over their willingness to deliver activists' preferred policies. Moreover, activists have different preferences so they cannot all exchange resources for promises. To solve these problems, institutions substitute for explicit market exchange. However, these institutional solutions are not perfect because politicians promise policies for citizens' votes. Voters' preferences are usually more 'moderate' than those of activists so politicians require autonomy within parties in order to chart a course between the two. Tensions between activists and politicians are never fully resolved and the latter may seek to reduce their reliance on activists. Some propositions on party change are derived from the analysis and are deployed in the thesis. Three propositions are of particular

relevance to the Labour Party: (1) in two-party systems, electoral failure is a major precipitant of change; (2) politicians prefer more autonomy from members and seek change that achieves this goal; and (3) parties founded by or accountable to external organisations such as trade unions, may suffer electorally if voters suspect their policy promises lack credibility due to their external links.

I am not claiming that a new ‘theory’ is being offered here. No overarching meta-theory of party change is advocated in this thesis. Instead, the explanatory thrust is more short- and middle-range, developing and applying a set of analytical tools, embedded in models, and which can in principle be used to study other parties. The propositions I offer on party change are probabilistic rather than deterministic in nature. An important reason for this is that party members have different preferences over policies and institutions. Thus, parties do not simply follow an evolutionary logic (though there will be evolutionary *tendencies*) because organisational change is also shaped by internal *power struggles*. Since the balance of forces varies both between and within parties over time, it is hazardous attempting to offer general predictions for all parties. Institutional change may be precipitated by electoral failure but rival intraparty actors will still negotiate over change. For this reason, it is better for us to have analytical *tools* for exploring political *mechanisms* rather than seeking a general theory of party development.

Chapter 4 begins the analysis of the Labour Party by applying the exchange model to Labour’s pre-modernised organisational structure. Some historical details are provided about the party’s emergence and growth and there are also accounts of the coalitions for change that formed in the 1980s when Labour’s electoral fortunes were at their nadir. The centrepiece of the chapter is an analysis of the trade union block vote, a key internal institution in Labour’s decision-making bodies. The block vote is normally regarded as an institution that facilitated oligarchic control of the Labour Party, a claim largely accepted here. Less attention has been given to its *efficiency* in safeguarding the supply of trade union resources to the party by linking financial donations to voting power. This institutional arrangement with the unions was a rational response by a party that needed union money and could not wait to build up slowly an individual membership.

Chapters 5-7 examine the institutional reforms in the Labour Party since 1983. Each chapter begins with a rational choice account of the *status quo ante*,

setting out the types of behaviour and outcomes that the institutions produced. Explanations are offered of why party reformers wanted to change these institutions and then I describe the new institutions and why various actors were persuaded to support change. One question the analytical tools developed in Chapter 3 are deployed to address is: Why did the unions that bankrolled the Labour Party permit it to change so fundamentally that their own material and organisational interests came under attack? I return to this question in Chapter 9.

Chapter 5 examines Labour's policymaking bodies. An account is given of the policymaking structure in 1983, focusing on the annual conference and the national executive committee (NEC). The relationship of this extraparliamentary nexus to the PLP has been the traditional focus of debate about power in the Labour Party. Shortcomings in this debate are highlighted and I argue that the absence of direct enforcement mechanisms has been responsible for the PLP's independence of the annual conference. The new policymaking structure of the 1990s organised round the national policy forum is analysed and shown to facilitate elite control of the party, though not to the extent some critics have alleged. The guiding principles surrounding reform have been to centralise decision-making power with the parliamentary leadership and to give the policymaking process greater legitimacy by directly reducing union input or undermining union-dominated bodies, such as the annual conference. I show that the institutions were in need of reform but the new structures risk depriving party members of any real influence over policymaking.

Chapter 6 analyses the selection of parliamentary candidates – the most contested reforms of the period. Candidate selection is presented as a series of intraparty screens enabling various actors to select or veto candidates. Many screens have been reformed in the Labour Party since 1983 including not only voting rules but also nomination rules and the powers of the centre. The major reform was the adoption of OMOV and two stages in its progress are identified. First, party leaders sought to reduce the influence of the activist left by enfranchising inactive (and 'moderate') members. The collective action problems faced by the latter effectively meant that OMOV entailed centralisation-through-democratisation. However, it is shown that the granting of voting rights carries dangers for a centralising leadership unless the centre's veto powers are strengthened. Second, OMOV signalled the launch of an assault on the party-union link. Its achievement in 1993 marked a significant

step away from Labour's federal structure towards an individual membership structure, which was deemed to possess greater legitimacy in the eyes of voters.

Chapter 7 examines Labour's electoral college for leadership contests. I sketch a principal-agent framework for understanding the constraints on political leadership and apply it to Labour. In its original form, the electoral college was dominated by the trade unions, even though they controlled only 40 percent of its votes, because block voting enabled four or five large unions to sew up leadership contests early on. The abolition of block voting and the introduction of OMOV curtailed the power of union leaders in leadership contests. However, party members did not really benefit at their expense. Instead, MPs and the media have assumed the 'kingmaking' role formerly played by union leaders. Once again, the changes represented a big step away from Labour's federal structure, as individual union levypayers were enfranchised at the expense of their union leaders. The electoral college has never really enabled party members to hold their leaders to account but is instead a way of bestowing legitimacy on elected leaders. An appendix offers reflections on the reformed structure of the NEC.

Chapter 8 addresses the issue of Labour's organisational resources. The first part of the chapter looks at trends in funding and membership levels. Labour's financial dependence on the unions decreased significantly during the 1990s but individual membership remains fairly low despite a brief period of fast growth. I argue that relying on wealthy donors is no substitute for union finance and that only state-funding of political parties would enable the party to abandon the unions. The second part of the chapter assesses Labour's use of its resources in campaigns. Labour made a deliberate attempt to switch to capital-intensive communication technologies, thereby reducing its dependence on policy-seeking activists. I develop a theoretical framework for understanding the place of communications in political exchange and provide a brief account of the new techniques. Labour's renewed interest in constituency campaigning during general elections requires a core of activists so party leaders cannot completely ignore the wishes of activists.

Chapter 9 concludes by reflecting on Labour's organisational transformation and the theoretical tools deployed in the work. I argue that two main stages are apparent in Labour's organisational overhaul. First, there were moves to centralise power and undermine the leftwing activists in the 1980s. Second, the 1990s saw the

erosion of the party-union link in many areas (accompanied by further centralisation). The result is that Labour, from being a largely federal party with some unitary features is now a mainly unitary party with some federal features. However, it resembles Kirchheimer's catch-all party rather than Duverger's 'bottom-up' mass party. The motivation for organisational reform was Labour's parlous electoral position, with successive election defeats eroding opposition to change. This is why the unions went along with many of the changes: modernisers claimed that voters distrusted Labour because the unions had dominated the party and only reform would allow trust to be rebuilt. Since the unions had an interest in the return of a Labour government, they accepted through gritted teeth the reform agenda. Now that office has been achieved, the exchange model directs our attention to the unions, who are starting to question their value-for-money from the link. This raises questions about whether Labour's institutions any longer provide individuals and unions with incentives to remain members. The thesis ends with reflections on the advantages of the exchange approach over other explanations of the Labour Party.

## 2 The Rational Choice Approach

### 2.1 RATIONAL CHOICE AND THE STUDY OF INSTITUTIONS

I do not intend to engage in an exhaustive discussion of rational choice theory not least because the widespread and increasing use of rational choice models is a testament to the utility of the approach. Nevertheless, it is necessary to remind ourselves of the key assumptions employed in rational choice analyses.<sup>1</sup>

Rational choice models are based on the interaction of individuals, who are generally seen as the bearers of preferences but who are confronted by a range of economic, institutional and informational constraints. ‘Rationality’ in rational choice refers to individuals’ means rather than ends, though certain conditions are laid down about preferences. First, preferences must be *complete* in that all options can be ranked better than or equal to each other. Second, individual preferences must be *transitive*, or, logically consistent – if I prefer  $x$  to  $y$  and  $y$  to  $z$ , I should also logically prefer  $x$  to  $z$ . Third, preferences must be translatable into action, so that if I prefer  $x$  to  $y$ , then given a choice between  $x$  and  $y$  I will undertake action to bring about  $x$  (Dowding and Hindmoor, 1997: 455; see also Downs, 1957: 6).

An individual’s preferences are usually assumed to be fixed (see below) and the interest for the analyst concerns whether the individual chooses from the available courses of action that which secures her highest attainable preferred end. Rational individuals do this because they are assumed to engage in *maximising* behaviour. Specifically, individuals seek to maximise their *utility*, which is seen as an analytic rather than a substantive concept, referring to von Neumann-Morgenstern utiles (not happiness, satisfaction, desire, etc.) – a means by which numerical values can be attached to preferences. Each individual possesses a utility function that captures her choice behaviour under institutional, informational, etc. constraints

(Dowding, forthcoming). A rational actor will not choose a course of action that leads to a lower payoff than she could obtain by acting differently. Moreover, actions are chosen purely to achieve certain goals (instrumentalism) rather than being pursued for their own sake – only the attainment of the actor's goals will enable her to accrue utility. Actions themselves involve the expenditure of scarce resources and thus involve costs. Some rational choice theorists have sought to relax the assumption of instrumentalism by allowing a greater role for expressive motives, whereby individuals can undertake actions because the actions themselves are pleasurable (Brennan and Lomasky, 1993; Chong, 2000; Schuessler, 2000). In their surveys of party members in the UK, Seyd and Whiteley (1992; Whiteley et al., 1994) suggest expressive benefits are an important motive to join parties. However, many rational choice theorists are uneasy about the role of expressive motives in models because there is the danger that they can be invoked to 'explain' any discrepancy between a model's predicted outcome and observed empirical outcomes. In the model of party organisation I develop, expressive benefits are absent.

Strictly speaking, utility maximisation is not the same as self-interest. An altruist could maximise her utility by performing generous acts for others but this could entail costs for herself and not be in her selfish interest (Margolis, 1982; see also Bergstrom and Stark, 1993; Eshel et al., 1999). However, most rational choice models do assume self-interest, which is usually introduced via what Kavka (1991: 373) calls 'auxiliary assumptions', which often supersede utility maximisation. For example, an entrepreneur seeks to maximise profits, a politician seeks to maximise votes, a bureaucrat seeks to maximise budgets, etc. In the present work, utility maximisation and self-interest are, unless otherwise specified, assumed to be congruent. The reason is that this work deals principally with institutional actors rather than actual individuals. This corresponds to the type/token distinction, in which a type is a general class of object, actor, etc. while a token is a specific example of a given type (see Dowding, 1991: 11). Thus, I talk about general types – 'party leaders', 'activists', 'trade union leaders', 'voters', and even 'leftwingers' and 'rightwingers'. Such actors are defined by their institutional or structural position or role rather than by any peculiar personal tastes that may enter into their utility functions. Even when I talk about token individuals such as Neil Kinnock, I do so largely in his (former) capacity as the leader of a vote-seeking party and not as an

individual with a personal history and idiosyncratic quirks. Proper names generally do not enter into rational choice models (Dowding, 1994: 109).

The type/token distinction is relevant to another feature of rational choice theory – methodological individualism. This is the doctrine that all outcomes and events are to be explained in terms of individuals' actions. Sociological critics of rational choice have long complained about its focus on individuals at the expense, as they see it, of social structures and institutions.<sup>2</sup> However, much of this critique is misplaced. The emphasis on type rather than token actors ensures that certain institutional and structural elements are directly incorporated into rational choice models via actors' preference schedules and constraints (see Dowding, 1991: 10-16; 1996: Ch.2). Assuming a politician to be an office-seeker means importing structural features of the competitive party system into our explanation of individual actions. Far from being anti-structuralist, most rational choice models are in fact quite structuralist (Dowding and Hindmoor, 1997: 453).

The other main point about individualism in models is that it does not have to be methodologically so (Dowding, 1991: 10). Rational choice theorists contend that while events *can* be explained in terms of individuals often it is otiose to do so because macro-level (e.g. institutional-level) explanations may suffice. Thus, it is possible to discuss the actions of 'parties' or 'interest groups' without referring to individuals because even though such collective bodies never have their own preferences (only individuals have desires), we can often refer to them as a shorthand for aggregates of individual decisions that take place within such bodies. In principle, we could explain a party's electoral strategy by detailing the countless individual decisions taken but usually this is not necessary. All that matters for the individualist is that we could so explain if we desired.

The critic of rational choice may respond that this framework of analysis and the narrow characteristics of *homo economicus* offer an extremely pared-down concept of individuals and demand in its place a more 'realistic' view of human behaviour. However, rational choice theorists do not believe that all people are necessarily like that in every sphere of their lives; nor do they dispute the validity of non-rationalist approaches. Instead, they claim the simplifying assumptions of rational choice enable us to *model* scenarios, in which extraneous factors are filtered out and the explanatory work is done by a few concepts (Dowding, 1991, 1996;

Dowding and Hindmoor, 1997). It is not inherently objectionable to simplify matters in this way – all science is reductionist, explaining the complex in terms of the simple. This inevitably means that some things will be left out of our models (if this were not so they would be descriptions rather than models) and no model can explain 100 percent of the variance.<sup>3</sup> Nevertheless, good models and assumptions help illuminate key patterns, processes and mechanisms. For example, in his model of party competition, Anthony Downs (1957: 30) assumed unapologetically that ‘[p]oliticians in our model are motivated by the desire for power, prestige, and income ... their primary objective is to be elected.’ This provides politicians with an instrumental attitude to policy and ideology, which, as we shall see shortly gives the model a lot of analytical purchase. This assumption is a simplification – real politicians are as likely as anyone else to have their own intrinsic preferences (more so since they have found their way into a political career). According to Downs, office-seeking politicians ‘choose an ideology which will win votes, not one they believe in, since their objective is the acquisition of office, not the creation of a better society’ (Downs, 1957: 111). This rather blunt and perhaps even cynical statement not only posits the primacy of office-seeking motives but also acknowledges that politicians may have private views that differ from the electorally optimal policy. Politicians may have their own *private* (perhaps radical) preferences but the success of their careers depends on their *party’s* policy programme. A party leader who sticks dogmatically to his own private preferences may find himself forever out of office or being removed by his colleagues. Often, the logic of party competition asserts itself so that such politicians either abandon their private preferences or do not publicise them and stick to the party line.<sup>4</sup> This thesis employs the general assumption of politicians as office-seekers. This does not preclude politicians expressing support for radical policies to an intraparty audience in leadership contests, candidate selection, etc. What it does is to provide a useful approximate guide to the incentive structure of politicians in the British parliamentary system during the period under review, which was largely a two-party affair, at least in the House of Commons where it is legislative seats that count. Moreover, the ‘Westminster model’ of executive-legislative fusion, strong party discipline, single party majority governments and a unitary state ensures that the only way of wielding real power is to win a national election (Lijphart, 1999).<sup>5</sup>

The assumption of office-seeking indicates the types of situations in which rational choice is most fruitful – when it is applied to types rather than tokens, which generally involves specific institutional settings where actors' goals are clear and rules of interaction are precise (Tsebelis, 1990: 32-3). Political institutions, such as parties, provide such interactional settings with clearly-defined rules and a set of actors in clearly-defined roles. Many political scientists have, in recent years, turned their attention to the functioning of institutions, with rational choice theorists playing a leading role.<sup>6</sup> Institutionalism and rational choice are well-suited. Institutions are formal or informal sets of rules, which provide 'structure' and establish the rules of the game. They constrain human action, helping define the choice set of individuals. Rational individuals pursue their interests subject to institutional limitations. This conception informs, for example, Williamson's transactions cost analysis of organisation (1985), where individuals are assumed to be opportunistic ('self-interest seeking with guile') and 'boundedly rational', i.e. they are instrumentally rational subject to information constraints. As Alt and Shepsle (1990: 2) explain:

[P]ositive political economy is *the study of rational decisions in a context of political and economic institutions*. It deals with two characteristic questions: How do observed differences among institutions affect political and economic outcomes in various social, economic, and political systems, and how are institutions themselves affected by individual and collective beliefs, preferences, and strategies? In effect, these are questions about equilibrium in institutions and about institutions in equilibrium. In providing answers to these questions, positive political economy seeks both to furnish an understanding of optimal choices in various institutional settings and to endogenize those institutional settings... [T]he distinguishing characteristic of positive political economy is that it always considers these two questions to be related. (Emphasis in original).

What this implies, *inter alia*, is that 'those seeking to change an institution have some result in mind when they try to do so' (Alt and Shepsle, 1990: 2). Just as political actors have preferences over policy, they also have preferences over institutions because the latter present alternative utility streams: an actor may have more chance of achieving her goals in institution A than she would in institution B.

This is merely a basic description of the fundamentals of the rational choice approach. The present thesis fleshes out this approach to institutions to explain why different actors in the Labour Party had divergent preferences over its structure. Indeed, I argue that the existence of party organisations *per se* reflects the mutual interdependence but conflicting preferences of elected politicians and volunteer activists. The argument is built around simple assumptions about how different types of actors interact with each other in a common institutional setting. An important component of my approach is one of the most famous models in the rational choice canon, the spatial, or ‘Downsian’ model of party competition. Given the importance of this model for the present thesis, and its recent criticised invocation in relation to the British Labour Party it is worthwhile examining it briefly.

## **2.2 THE DOWNSIAN MODEL AND THE STUDY OF THE LABOUR PARTY**

The main theoretical work of this thesis consists of the exchange model of party organisation developed in Chapter 3. This model is partly founded on the Downsian model of two-party competition, which provides dynamism to the model of party organisation. That being so, some justification is needed for using the Downsian model. The analysis throughout this thesis is *positive*, with the emphasis on explaining what *is* rather than describing what *ought* (not) to be. Advocates of rational choice argue that it is ideal for explaining and analysing rather than merely describing and judging (Shepsle and Bonchek, 1997: 5-35). In the literature on the Labour Party, much work is informed by strong normative commitments. This is most obviously true of the various Marxist analyses of Labour, which bemoan its failure to be a vehicle for socialism and condemn its conservatism vis-à-vis the existing political and social order (Cliff and Gluckstein, 1988; Elliott, 1993; Miliband, 1972; Nairn, 1964). Labour’s recent ‘modernisation’ has spurred a fresh wave of academic assaults from the left on the party’s leadership (e.g. Hay, 1994, 1999; Taylor, 1997; Allender, 2001). Even Robert McKenzie’s (1964, 1982) famous analysis of the distribution of power in the Labour Party was informed by the normative belief that parties’ policy programmes should not be determined by extra-parliamentary bodies, such as Labour’s annual conference.

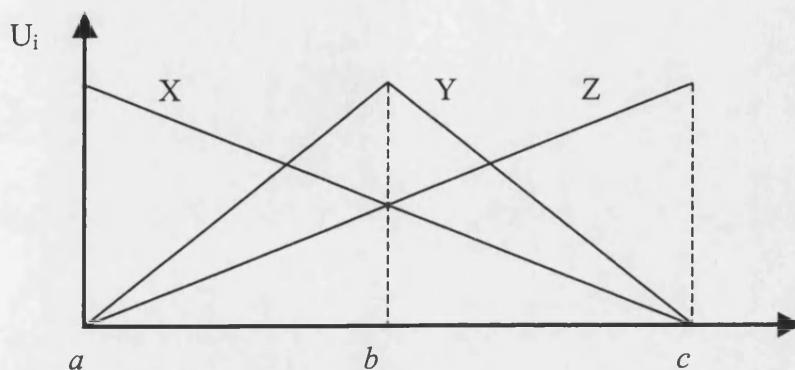
The present work is not informed by normative commitments and offers no normative recommendations. Instead, it explains why certain actors in the Labour Party felt compelled to undertake organisational changes and why other actors supported them. The emphasis is on the ‘how, what and why’ of party change rather than on the ‘should or should not’. Yet many opponents of rational choice claim it is irredeemably tainted by its association with the new right (Self, 1993; see also King, 1987: Ch.6) while in the UK, where rational choice is a minority pursuit, it is widely believed to predict pessimistic outcomes. However, rational choice is a method, not an ideology, and it can be used by political scientists of both left and right (Dowding and Hindmoor, 1997). Nevertheless, suspicion of rational choice has been expressed in the Labour Party literature, particularly in relation to the Downsian model, which is widely seen as informing Labour’s electoral strategy throughout the 1990s. As Hay (1999: 76) observes, ‘A quite startling range of authors have ... been impressed by the similarities of Labour’s “politics of catch-up”, with its studious targeting of the “median voter”, and the Downsian logic of electoral rationality and/or expediency’.<sup>7</sup> However, this recognition of the model’s importance is usually filled with dismay and regret. More often than not, the Downsian label is applied disapprovingly, as the Labour Party is condemned for an electoral strategy that is deemed pusillanimous or even treacherous. Far from being a positive model, the Downsian model is seen as largely normative and part of a conservative project, a siren song to seduce the leaders of socialist and radical parties into abandoning their progressive policies. How sympathetic should we be to these fears?

The Downsian two-party model is an informal statement of Duncan Black’s (1958) more rigorous median voter theorem (MVT). The latter states that if the members of a group have single peaked preferences and there is a unidimensional ideological/policy scale, then the ideal point of the median voter has an empty winset.<sup>8</sup> This can be illustrated by considering a three-member voting body (say, a committee), with each member (X, Y and Z) ranking three alternative policy options (*a*, *b* and *c*) differently (Figure 2.1).

In Figure 2.1,  $U_i$  measures the utility accruing to individual *i* from a given policy position. Individual X’s preference ranking is *a* > *b* > *c*; Y’s ranking is *b* > *a* = *c*; and Z’s ranking is *c* > *b* > *a*. If the options were put to pair-wise votes, *b* would defeat *a* by two votes (Y and Z) to one (X), and *b* would defeat *c* by two votes (X

and Y) to one (Z). Option *b* is thus a Condorcet winner and as we can see, it is the preferred alternative of the median voter, Y. This result holds for a group of any size.

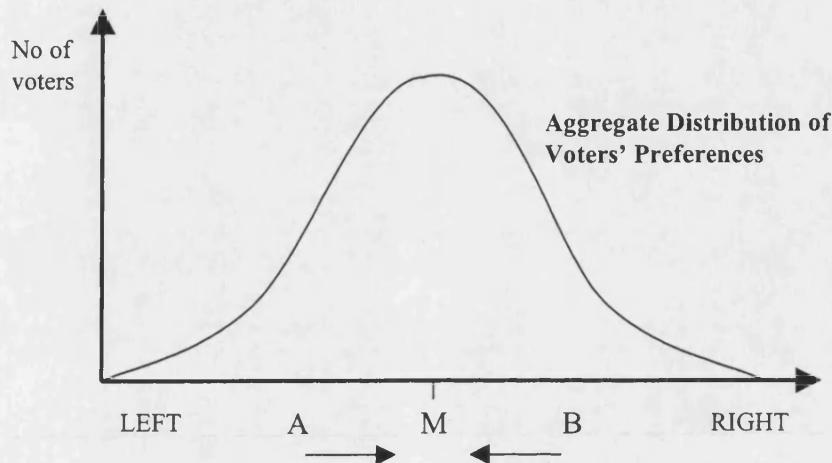
**Figure 2.1 Median Voter Theorem**



Now one of Downs' (1957) contributions was to relate (rather informally) this idea of the importance of the median voter to two-party electoral competition. The Downsian model consists of two types of actors, voters and parties (the latter being coterminous with politicians), with parties offering policy promises in exchange for citizens' votes. Voters have single-peaked policy preference schedules, which are mapped along a unidimensional scale of ideology, based on attitudes towards government control of the economy (leftwing – in favour of nationalisation; rightwing – in favour of free markets<sup>9</sup>). Downs assumed voters are normally distributed along this scale, so that most voters are situated in the political centreground (though there is nothing to rule out the possibility of voter distributions skewed to the left or right, or of bimodal distributions). Meanwhile, parties are concerned solely with the aim of winning governmental office, regarding policies as means to an end: '[p]arties formulate policies in order to win elections rather than win elections in order to formulate policies' (Downs, 1957: 28). Downs viewed politicians as *vote-maximisers* because this is the most effective way by which parties can win office. However, it is better to assume politicians are *office-seekers*, so that they seek only as many votes as they need to win an election (50 percent plus one).<sup>10</sup> This is particularly apposite if we assume, as I do, that vote-gathering is costly (see Frohlich and Oppenheimer, 1978: 76). Figure 2.2 depicts two parties (A

and B), each seeking to win a majority of votes. Each voter supports the party that is nearest to her in ideological space. Parties try to steal a competitive advantage on each other by moving closer to each other and the limit of this convergence occurs when both parties position themselves at the median voter point (M).

**Figure 2.2** *Downsian Model of Party Competition*



Party convergence in this model reflects the fact that the median voter's bliss point has an empty winset so each party aims to capture the support of the median voter. It is possible for a party to win the election even if it does not occupy point M – provided that the other party is even further away from M. Furthermore, parties may converge even if they are not aware of MVT, e.g. through trial and error (see Dowding, 2000: 75-7). However, most discussions of the 'pure' Downsian model assume that the parties converge at M. It is this equilibrium result that has worried, among others, many critics of the British Labour Party's electoral strategy in the 1990s. Since this process of party convergence seems to capture precisely what has occurred in British politics over the last decade, Labour's leftist academic critics, who generally prefer a more radical set of policies than those pursued by Labour's leaders, have called into question the analytical value of the Downsian model.

I believe that such fears and hostility are misplaced. It is of course possible that a theory might be used as intellectual cover for a political programme but that fact alone is not sufficient to damn the theory. Moreover, it is unfair to claim that Downs advised that parties *should* adopt centrist policies. In fact, the model (when

formalised) is purely axiomatic, stating that if a given set of axioms is satisfied (two parties, unidimensional scale, single-peaked preferences, proximity voting, etc.), parties will converge on the median voter position (Barry, 1991: 218; see also Downs, 1959). The model does not offer predictions for real countries' political systems – not least because its assumptions are so pared-down<sup>11</sup> – and it does not provide normative advice on electoral strategy. Likewise, in this thesis the Downsian model is used as an analytical device that helps us understand why Labour's parliamentary leaders have usually pursued moderate policies. At no point do I condemn or applaud Labour for pursuing given policies.

This confusion of positive and normative elements pervades the whole of Hay's critique of the model and its impact on Labour. His caution about what he rather revealingly calls 'the dangers of Downsianism' (Hay, 1999: 102) throws into relief the essentially *normative* content of the term – a debased strategy of selling out socialist principles in the search for votes.<sup>12</sup> Hay discusses Downs' book as if it were entitled, 'How to Win Elections: A User's Manual'. It is not. The apparent belief that Downs is offering prescriptive advice to politicians seems to underlie Hay's assertion that while the Downsian model provides a useful *description* of Labour electoral strategy in the 1990s, it utterly fails to *explain* that strategy. This seems to be saying that, while it may look like a duck, waddle like a duck and quack like a duck, it is in fact not a duck at all... but an ostrich! Like many hostile critics of rational choice before him, Hay associates the method with a particular political prescription. From this perspective, to concede that the Downsian model explains Labour's shift to the centreground is tantamount to *endorsing* that shift.

The critique of the Downsian model by Labour Party specialists entails a number of points, two of which I consider briefly. One criticism is that it is far too simplistic to assume that politicians are office-seekers. Many radical critics would perhaps agree wholeheartedly that specific leaders such as Neil Kinnock and Tony Blair were 'motivated by the desire for power, prestige, and income', as Downs puts it, but their objection would be that leaders of socialist parties *should* not be like this. Instead, they should shape public opinion and win support for socialist policies. They should be policy-seekers prepared to argue their case.

However, assuming politicians to be policy-seekers makes little impact on the two-party Downsian model because even here parties will experience a centripetal

pull (Barry, 1978: 149-50; Calvert, 1985). Let us assume that the party leaders positioned their respective parties at their ideal policy points towards the left and right extremes of the policy continuum. The leader of the leftist party would have an incentive to shift marginally towards the median voter because although it is a small distance from his preferred position it is enough to defeat the rightist party, whose policies are detested by leftists. Similarly, the leader of the rightist party would shift closer towards the median voter and at the limit the two parties would be in equilibrium at the median voter position. Thus, whether as office-seekers or policy-seekers, the competitive dynamics in a two-party system are the same.

A second response of critics of the Downsian model is to attack the assumption of fixed preferences. Most rational choice theorists assume fixed preferences to give their models predictive power. If preferences were not fixed, any change from the *status quo* could be 'explained' by a change in preferences (Becker, 1986: 110). For example, if a party in a two-party system were unexpectedly to win an election with an 'extremist' policy platform (confounding the centripetal logic of spatial models of voting), it might simply be explained on the basis of a (largely unobservable and unmeasurable) change in voter preferences. That is unsatisfactory. Assuming fixed preferences helps stabilise models yet there are few rational choice theorists who believe preferences are fixed for eternity. Indeed, there has been a push to endogenise the process of preference formation (e.g. Dunleavy and Ward, 1991; Grafstein, 2000; Ward, 2000; Young, 1991).<sup>13</sup>

The fixity of preferences is a prime target of Hay and illustrates his confusion of axioms and normative prescriptions. Hay does not explain the utility of the fixed preferences assumption but instead disparages what he sees as its normative substance, viz. that parties should pander to the prejudices of voters – a process he terms, following Dunleavy and Ward (1991), 'preference-accommodation'. Instead, Hay wants parties to lead rather than follow public opinion. Such a 'preference-shaping' strategy would entail winning over voters with the force of argument and would liberate Labour from the tyranny of 'preference-accommodation'.

At this point, a few words should be said about these latter two terms for the purpose of clarification. In a hostile assessment of the Downsian model and its relation to British politics, Heffernan (2001: 101-27) reaches a similar conclusion to Hay's, viz. that parties have the ability to shape voters' preferences, which implies

that parties need not converge on the median voter position.<sup>14</sup> Heffernan seeks to make a ‘clear distinction’ between *preferences* and *choices*: ‘an elector casts a vote for one party rather than another not necessarily because that party meets his or her preference but because that is the choice made available to them’. He adds, seemingly in the belief that this contradicts Downs, ‘always a preference is constrained by the choices that can be made’ (2001: 104-5). Quite so, but that is part of all rational choice models. Rational choice theorists, including Downs, assume not that an actor always chooses her first preference but simply that she chooses *from among the available options* the one she ranks highest in her preference schedule. This is clearly the case in Downs’ spatial model since there are innumerable voters but only two parties, each adopting one point on the ideological continuum. Clearly, those voters whose ideal policies are not offered by either party (which means the vast majority of voters) must choose between the more preferred of two points neither of which represent their ideal points.

Heffernan’s confusion may stem from the misleading term ‘preference-accommodation’. The latter is seen as the conventional Downsian approach to parties’ behaviour vis-à-vis voters with fixed preferences. By contrast, preference-shaping refers to parties’ active alteration of voters’ preferences. Preference-shaping involves re-shaping the *aggregate* distribution of voters’ preferences but preference-accommodation is the process whereby parties seek to satisfy the preference of the median voter only. ‘Preference accommodation’ is an unhappy choice of term, not least because all parties accommodate preferences – those of the voters whose position they happen to share (which might not be the median voter).

Much of the ‘preference-shaping versus preference-accommodating’ debate is normative. From the perspective of individuals with radical (i.e. non-centrist) policy preferences, a strategy that involves ‘accommodating’ the preferences of centrist voters will involve a ‘sell-out’, ‘betrayal’, etc. Only a strategy that ‘shapes’, i.e. changes preferences will persuade voters to support radical policies. Interestingly, in their survey and analysis of the opinions of Labour Party members in the 1990s, Seyd and Whiteley (1992) suggested that those members on the most radical wing of the party, the so-called ‘hard’ left, were those most set against electoral compromise. The authors compared the attitudes of the ‘hard’ left to all other members (‘soft’ left, centrists, ‘soft’ right and ‘hard’ right) (see Table 2.1).

**Table 2.1** *Perceptions of Electoral Strategy by 'Hard' Left and Other Factions (%)*

<b>Indicator</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neither</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<i>1. 'The Labour Party should adjust its policies to capture the middle ground of politics.'</i>					
Hard left	10	20	7	28	36
All others	21	42	10	21	6
<i>2. 'The Labour Party should always stand by its principles even if this should lose an election.'</i>					
Hard left	52	29	7	9	3
All others	19	37	13	23	8
<i>3. 'The central question of British politics is the class struggle between labour and capital.'</i>					
Hard left	61	28	6	5	1
All others	21	40	16	19	4
<i>4. 'The Labour Party should only adopt policies supported by a majority of working class people.'</i>					
Hard left	31	24	14	22	10
All others	13	27	18	37	6
<i>5. 'Coalition governments are the best form of government for Britain.'</i>					
Hard left	1	3	8	31	57
All others	1	5	14	49	31

Source: Seyd and Whiteley (1992: 167, Tab. 7.12).

The essence of so-called 'Downsianism' is in item 1 about capturing the middle ground of politics, and here 'hard' left members are six times more likely than other party members to disagree strongly. They are also much more likely to demand that the party stick to its principles and believe coalition government is undesirable. For Seyd and Whiteley, the reason for these differences is that 'members of the hard left have their own distinctive analysis of Labour Party electoral strategy' (1992: 166). This strategy involves viewing politics as being about class struggle (item 3 in the table) so Labour should adopt policies favourable to workers (item 4). Manual workers are a minority of the electorate in Britain as elsewhere, creating problems for electoral strategies based on class mobilisation

(Przeworski and Sprague, 1986). In response, many socialists have argued that white-collar workers should also be classified as working class. Given the considerable differences between blue- and white-collar workers, it would seem only an aggressive ‘preference-shaping’ electoral strategy, perhaps involving industrial mobilisation and white-collar union membership drives, would persuade a majority of voters to identify themselves as working class and supporters of the radical left.

This is not the place to discuss the feasibility of such a project (though it would probably require mobilisation on an enormous scale, involving increased unionisation or widespread fear of job losses). The point is that within the constraints of two-party electoral competition, radicals on both the left and the right face an uphill task. ‘Preference-shaping’ offers the hope of overcoming these problems though even then it is easier for governments than oppositions to achieve because the former have access to the resources of the state (see Dunleavy and Ward, 1991). Shifting policies towards the centreground involves fewer political costs and promises speedier electoral rewards, even if those promises are not always immediately delivered. This is what the Downsian model recognises, rather than opposing radical policies on normative grounds.

Neither Hay nor Heffernan fully define what they mean by ‘preference-shaping’ and each fails to distinguish the latter from ‘persuasion’.<sup>15</sup> In Dunleavy and Ward’s initial discussion of preference-shaping, it was clear that the term generally referred to the systematic transformation of individuals’ material *interests* and the very structure of society (e.g. through the Conservative government’s decision to sell off council houses in the 1980s). However, both Hay and Heffernan often seem to be referring to persuasion, which involves furnishing voters with *information* rather than material incentives. Thus, Hay describes preference-shaping as ‘the politics of advocacy’ (1999: 60) and elsewhere commends to the Labour Party a strategy that would entail a ‘*narration*’ of the crisis of Thatcherism and a ‘new alternative *vision*’ of a post-Thatcherite settlement (1994: 701; emphasis added).<sup>16</sup> This focus on persuasion reflects Hay’s more general tendency to assume that ideas rather than social structures play the major explanatory role in political science (see Coates, 2001: 297).

## 2.3 INCOMPLETE INFORMATION AND THE DOWNSIAN MODEL

The version of the Downsian model usually presented both by critics and in textbooks is one of complete information. However, Downs went into great depth on the implications of uncertainty and regarded it as the major contribution of his book (Downs, 1993: 199; see also Hindmoor, 2000). Once we admit parties may not fully know what voters want, or that voters have only sketchy ideas about parties' policies (as Downs himself noted), we may sometimes have breaks on party convergence. Furthermore, when information is costly and incomplete, issues such as *trust* become very important, so much so that if a party abandons its policies to win votes, it may lose credibility and gain a reputation for being untrustworthy, costing it votes. Policy change can entail costs as well as benefits (Laver, 1997: 115-6). In Chapter 3, I argue that the concept of party organisation makes sense only in conditions of imperfect information since finance, activists, spin doctors, pollsters etc. are needed precisely because neither politicians nor voters are fully informed.

Some extensions of the spatial model have assumed uncertainty and have generated equilibria in which parties diverge (Berger et al., 2000; Hinich and Munger, 1997: 117-35; cf. Calvert, 1985; see also Grofman and Withers, 1993; Enelow and Hinich, 1984: 115-30). Affording a proper role to uncertainty entails recognising that the collection, evaluation and dissemination of information is costly. Voters rely on free information in the media because the minuscule probability any voter has of determining an election result cannot justify incurring the costs of collecting and evaluating information. Voters may rely on information shortcuts (Popkin, 1993) such as perception of politicians' competence, credibility and trustworthiness. Politicians' attempts to project credibility and endear trust may constrain their policy manoeuvrability, thus imposing costs on policy changes.

Uncertainty can impact on electoral dynamics, as Downs understood. A feature of the basic Downsian model is that parties and policy positions are indistinguishable – voting for a given party means voting for its given policy position. In reality, voters realise that the policies parties *say* they will deliver are not always the ones they later implement in government. Voters may attach different levels of uncertainty to different politicians. Some may be regarded as completely trustworthy whereas others are only moderately so. Some may be completely untrustworthy so that their policy pronouncements lack any credibility whatsoever.

Rational voters discount by a suitable factor the promises of politicians they deem to be moderately or completely untrustworthy. Incorporating this risk factor into the Downsian model can produce divergence between parties. It can even produce situations where trusted and credible extremists can defeat untrusted moderates (Hinich and Munger, 1997: 122-7), or where less trusted candidates can harm their prospects by shifting from extreme to moderate positions (Berger et al, 2000).

These considerations weigh on the minds of politicians. In a world where information is costly, *reputations* can be extremely valuable for politicians but they also impose constraints on politicians' actions. Reputations can take years to establish but they are fragile: like shattered glass, ruined reputations are extremely difficult to put back together. Politicians who change their minds on important issues – particularly if they are perceived to be doing so simply to win votes – risk becoming distrusted. This can be a significant cost of vote-seeking behaviour. Neil Kinnock was never able to play down the jibe that in his effort to make Labour re-electable by abandoning unpopular policies, he had changed his mind on every major political issue. Another credibility problem for Labour in the early 1990s stemmed from its organisational and financial links to the trade union movement. The Conservatives claimed that if Labour entered government it would abandon its moderate economic and industrial policies in the face of union pressure. The 'moderate' faction that 'modernised' Labour in the 1990s loosened the party's links with the unions so as to alleviate this credibility problem (Gould, 1999).

Related to the issue of credibility is that of competence – politicians' ability to manage the country and its economy, and to deal with unanticipated events (Popkin, 1993: 29-32). Incumbency can provide parties with greater credibility than challengers because voters can use the incumbent's record as a guide to how closely policy outcomes match *ex ante* promises (Hinich and Munger, 1996). If a party's competence is questioned, voters may deem it a risky proposition and therefore discount its promises by a risk factor reflecting the possibility that economic mismanagement could harm the welfare of voters. General matters of politicians' competence may be more important to many voters than detailed policies (Popkin, 1993: 29). Tony Blair's first three years as party leader were characterised by a determined effort to portray Labour as a 'business-friendly' party rather than one dominated by unions. There are many more trade unionists than there are business

leaders but Blair wanted to signal his party's economic competence, which cannot be achieved through policy implementation when Labour is in opposition. All governments are dependent on firms to invest in order to promote growth and employment (Przeworski, 1985). Policies that threaten investment and macroeconomic stability evoke fierce criticism from business leaders. John Eatwell, a former economics adviser to the Labour Party, has written:

Credibility has become the keystone of policy-making in the nineties. A credible government is a government that pursues a policy that is 'market friendly'; this is a policy that is in accordance with what the markets believe to be sound (cited in Wickham-Jones, n.d.: 6).

To demonstrate Labour's competence, Blair sought endorsements of his party's policies from business leaders. Popkin (1993: 19-22) argues that parties can acquire voter credibility by mobilising public support (on television) from elites. Relying on elite interpretations provides voters with free *shortcuts* to obtaining and evaluating information when it is not rational to expend resources on such actions. Blair learnt from Labour's failure to mobilise sufficient elite support prior to the 1992 general election, when the publication of the 'shadow budget' was condemned by many business leaders (see Wickham-Jones, n.d.).

Relaxing the assumption of perfect information not only makes models more realistic but also opens up avenues for exploration. Informational problems are a key issue in the design of institutions, as recognised by Williamson (1985) in his assumption that individuals are *boundedly* rational, unable to know everything or compute all eventualities. They are a recurrent theme in this thesis and I argue that an imperfect understanding among Labour's current leaders about the incentives needed to attract and maintain activists is one reason for current membership discontent.

## 2.4 CONCLUSION

This chapter has set out some of the theoretical building blocks of the present thesis. The defence offered for the rational choice approach was that it generates interesting questions and equips us with the tools to answer them. Of the concepts

introduced, those of office-seeking elites and incomplete information are particularly important and the next chapter employs them to generate a model of party organisation. The test of that model and of the utility of the rational choice approach will be whether they offer convincing explanations of the changing structure of the Labour Party, the analysis of which begins in Chapter 4.

# 3 An Exchange Model of Party Organisation and Party Change

## 3.1 INTRODUCTION

Political parties are one of the most important organisational forms in modern societies – indeed, modern democracy is effectively coterminous with party democracy. Even in an age when their alleged demise has been charted (Lawson and Merkl, 1988), parties are the mainstays of Western democracies. Yet the rational choice literature on party organisation is relatively underdeveloped. There is a classic literature on party organisation dating from a century ago when Ostrogorski (1962) and Michels (1962) offered brilliant early analyses, to which would later be added Duverger (1964). In the last few decades, interest has grown in the nature of party organisational change with an ‘evolutionary’ view making a considerable impact (see below).<sup>1</sup> Yet significant as these works are, there is still a dearth of work on the microfoundations of parties. This chapter sketches such microfoundations. The model developed follows the ‘exchange’ approach in which politicians are assumed to offer policy promises to activists in exchange for campaign resources.

Parties as organisations have changed enormously over the past century so our models must be able to account for party change. In this respect exchange models are particularly useful. Some accounts of party change take a long-term perspective, looking at differences between party ideal-types at various points in time. Thus, evolutionary models look at the rise and fall of the cadre, mass, catch-all and cartel party structures over the course of the past century. However, the present work looks at one party over a period of twenty years so long-term theories do not adequately capture the nature and extent of party change.

The present chapter is set out as follows. Section 3.2 pinpoints strengths and weaknesses of existing approaches to party organisation and change. Section 3.3 derives the need for party organisation in rational choice models from imperfect

information in political markets, 3.4 describes the basic exchange between activists and politicians while 3.5 shows how transaction costs create the need for formal organisations. Section 3.6 shows how politicians need autonomy from activists if they are to win elections but too much autonomy causes conflicts. Section 3.7 outlines an exchange model of party change and 3.8 concludes.

### **3.2 APPROACHES TO THE STUDY OF PARTY ORGANISATION AND PARTY CHANGE**

An important insight of the literature on party organisation is that efficient forms of party organisation correspond to historical phases of democratic development. These are usually regarded as the cadre, mass, catch-all, and cartel party structures (Duverger, 1964; Kirchheimer, 1966; Katz and Mair, 1995, 1996). Each party structure is associated with a particular period in the development of democracy, with the cadre party prevalent in the restricted suffrage era, the mass party during the extension of the suffrage in the early twentieth century, and the catch-all and cartel parties in the post-war period of class dealignment. These forms are ideal types and in reality, considerable organisational variety exists because parties are prone to internal power struggles. Katz and Mair argue that the motor of long-term changes in party organisational structure is transformations in the nature of democracy itself. The stages of metamorphosis of the evolutionary model provide too great a time-scale for my analysis of the Labour Party. Labour's changes were directly connected with its electoral failings. Nevertheless, the evolutionary model does provide us with a useful set of party organisational templates.

The mass party was devised by European socialists at the turn of the twentieth century in response to the enfranchisement of the working class. Their aim was to capture the working class vote even though workers did not comprise a majority of the electorate (Przeworski and Sprague, 1986; Przeworski, 1985) and required a party structure that would enable this. The mass party was the answer, with the emphasis on recruiting members who would finance the party through subscriptions and campaign for it in the community. Membership recruitment was facilitated by a branch structure, local branches being the lowest-level organisational unit in the party – what Duverger (1964: 17-40) called ‘the basic element’. The national party consisted of many branches at the grassroots level and each branch

typically came under considerable control from the centre. The branch structure broke the membership down into smaller, more manageable units and eased socialists' collective action problem. These organs were small enough for the active members to get to know each other and coordinate their action. Olson (1971: 60) observed that social selective incentives, like the desire for friendship and status, are likely to work best in small groups. Such incentives would help to retain activists since many of these are likely to know each other in small units like branches. A centralised command structure combined with a decentralised branch structure of mass membership could efficiently promote collective action. Vertical links between branches and higher bodies were strong. These links defined the means of coordinating party activity, significantly reducing coordination costs. Many mass parties provided social incentives in the form of cultural and social clubs (e.g. sports, literary societies), which were used to attract a wider audience (see Geary, 1987). These too encouraged people to join the party.

By the 1950s, a new organisational form appeared in response to changes taking place in industrialised societies. The 'catch-all' party reflected the weakening of class ties that followed greater prosperity. It was a structure intended to capture ideologically footloose voters. Kirchheimer identified five features of the shift from the mass to the catch-all party:

- (a) Drastic reduction of the party's ideological baggage...
- (b) Further strengthening of top leadership groups...
- (c) Downgrading of the role of the individual party member...
- (d) De-emphasis of the *classe gardeé*, specific social-class or denominational clientele, in favour of recruiting voters among the population at large.
- (e) Securing access to a variety of interest groups... The chief reason is to secure electoral support via interest-group intercession (Kirchheimer, 1966: 190).

Kirchheimer is not as clear as Duverger on parties' 'basic elements', but the emphasis is on leadership autonomy vis-à-vis members. The catch-all party is necessarily centralised because the party elite requires flexibility in determining policy. This era also saw a shift to more capital-intensive forms of campaigning, further obviating the need for an active membership (Katz and Mair, 1995: 20). Panebianco (1988: 262-7) argues that whereas mass parties were bureaucratic, parties

nowadays are professional. This ‘electoral-professional’ party encompasses the catch-all party while acknowledging the shift towards the employment of experts and technicians (Webb, 2000: 249, n.6). The catch-all party is also an ideal type and in reality, hybrid parties existed, combining mass and catch-all features.

According to Katz and Mair (1995), a new form of party began to emerge in Western Europe during the 1970s and 1980s, which corresponded to changes in the nature of party democracy. Katz and Mair claim that class dealignment continued to weaken the link between parties and social segments and parties have now ceased to offer even programmes of social amelioration. Instead, the basis of party competition has become more technocratic, with parties offering similar policies and competing on managerial expertise. The further development of political communications means that campaigning has become even more capital-intensive and party members are less important. However, a mass membership is a useful legitimising device for the party leadership, and membership may turn over rapidly. State funding of parties leaves them financially secure. Most parties will find themselves in government before long and will thus get the chance to reward their supporters until another party wins an election and gets its chance. Politics becomes simply another profession rather than a means of pursuing social reform or amelioration. Parties thus ‘collude’ in dividing up the spoils of office and become a ‘cartel’ (Katz and Mair, 1995: 16-23). Katz and Mair do not suggest that these tendencies are anywhere fully developed or that they are uniformly applicable – in fact, they argue that ‘cartelisation’ is least advanced in the UK.<sup>2</sup>

A synthesis of these party types provides an historical account of general party organisational ‘evolution’ (Maor, 1997: 100). However, this historical account covers a broad time-span and is of limited use for analysing the minutiae of changes that took place in a single party in a given twenty-year period, which is the task before us. A more fine-grained approach to the study of party organisation and party change is required. Alan Ware has recently asked why party organisations share certain similarities and exhibit various differences, and he identified three main approaches to the examination of this question (Ware, 1996: 94-108). First, there are *electoral competition* models in which party competition compels different parties to copy their successful rivals and adopt ‘efficient’ organisational structures. Secondly, there are *institutional* models, which emphasise intraparty relations in accounting for

organisational variation. Finally, there is what Ware describes as a *sociological* approach, which emphasises the way in which party organisation reflects the supply of resources to parties (as well as changes in that supply).

### **(i) Electoral Competition Approaches**

The major exponents of this approach are Duverger (1964), Epstein (1980) and Kirchheimer (1966). As we have seen, Duverger explained the rise of mass parties in terms of their greater mobilisational efficiency in an age of mass enfranchisement. This efficiency stems from its branch structure, which enables the mass party to embed itself in local communities and mobilise people into the party. Successful mass parties recruit a large proportion of their potential voters into party membership. In the face of this competition, the old cadre parties were compelled to adopt features of the mass party, in particular the branch structure, which enabled them better to mobilise their supporters. This is what Duverger meant when he spoke of 'contagion from the left', since the original mass parties were the working class-based socialist parties, while the cadre parties being infected by this contagion were mainly older conservative parties. The propelling force of this contagion was electoral competition since the branch structure was a superior means of recruiting members and procuring other resources in the age of mass democracy.

Epstein (1980) used the same logic of electoral competition to argue the contrary, that there would be 'contagion from the right'. As older 'non-electoral' parties faced greater electoral competition, they would be forced to shed those functions that did not promote vote-seeking. Since party members often wanted policies inconsistent with the preferences of voters, politicians had incentives to reduce their reliance on those members. A cadre organisation would suffice if sufficient funds could be garnered from interest groups and individual donors. Epstein predicted that West European parties would become more like American parties, weak membership organisations with hazily defined policy programmes, elite flexibility and running candidate-centred campaigns. Kirchheimer followed in a similar vein, claiming that the erosion of traditional social class cleavages created a bigger market for available votes and this compelled parties to centralise and broaden their funding base.

The weakness with the arguments of Duverger and Epstein is that neither the mass party nor Epstein's 'electoral party' became the dominant template for party organisations throughout liberal democracies. Epstein later acknowledged he had overstated his case that European parties would move towards the American ideal-type (see Epstein, 1980: 359-83). Yet electoral approaches are valuable because they emphasise the importance of party competition in being an underlying cause of party change. Any party that is in the business of winning votes faces pressure to reform its organisation if doing so offers the prospect of electoral gain. This is particularly true of two-party systems where competition is zero-sum and in the model developed later, electoral 'shocks' are important in explaining party change.

## **(ii) Institutional Approaches**

In contrast to electoral approaches to party organisation, which focus on external factors, institutional approaches emphasise the importance of intraparty relations. The main exponent of this approach, Panebianco (1988: 50), claims that '[a] party's organizational characteristics depend more upon its history, i.e. on how the organization originated and how it consolidated, than upon any other factor... Every organization bears the mark of its formation...' Panebianco proposes a theoretical structure for analysing parties, consisting of two components: a party's 'genetic model' – i.e. how it came to be formed – and its degree of 'institutionalisation' – the extent to which it ceases to be simply an instrumental tool and becomes 'valuable in and of itself' (1988: 53).

Three factors define a party's genetic model. First, an organisation develops through either *territorial penetration* (centrally-directed development of local party units) or *territorial diffusion* (autonomous development of local units, nationally integrated later). Second, parties' formations take place either in the presence or absence of an external sponsoring institution. Those with an external sponsor, such as the old West European communist parties and the Comintern, or labour parties formed by trade unions, have leaderships that are *externally legitimated*. In those parties without an external sponsor, the leadership's authority is *internally legitimated*. Third, some parties are created as vehicles for a *charismatic* politician, while others are not (Panebianco, 1988: 50-2).

Panebianco's second component, institutionalisation, occurs in a party's early years, and he offers two dimensions along which to measure it. First is the organisation's degree of *autonomy* vis-à-vis its environment, including its relations with members, external sponsors and ordinary voters. Second is a party's degree of *systemness* (the level of interdependence of its internal organs and the party's overall structural cohesion). When systemness is low, sub-units control party resources independently of the centre, which makes for a heterogeneous organisation and retards the centre's ability to make the party autonomous vis-à-vis its environment. This can be done only if the centre controls resources and coordinates the sub-units. Strong institutions are autonomous with high levels of systemness whereas weak institutions have low levels of autonomy and systemness (Panebianco, 1988: 53-7).

Panebianco claims parties that emerge from territorial diffusion are usually weak institutions because the local units retain considerable autonomy, whereas those that form through territorial penetration are strong institutions, as the centre possesses coordinating power. Internally legitimated parties often become strong organisations because there is no external sponsor to retard such development. Externally legitimated parties with extra-national sponsors, such as the old Western communist parties, are strong institutions because the external sponsor prefers to shield them from other influences in that society. By contrast, externally legitimated parties with 'national' sponsors are weak institutions – the most common examples are labour parties, which rely on trade unions – and remain so because the sponsor fears institutionalisation would weaken its own control (Panebianco, 1988: 63-7).

Panebianco regards the development of party organisation as path-dependent, placing great emphasis on an organisation's formative years. Differences between parties are thus explained by reference to internal party relations, and although he acknowledges that parties can change (see below), change is greatly constrained by the existing structure. It does, however, tend to underplay the significance of exogenous factors such as electoral competition in explaining party change. Ware remarks that 'Panebianco's approach is correct in emphasizing how a particular genetic history and a particular pattern of institutionalization constrains the potential for any reform, but it does no more than that' (Ware, 1996: 104). In fact, Panebianco's model seems to perform better at explaining organisational stasis than it does organisational change. Nevertheless, the message of this approach is that the

existing organisational structure of a party is a crucial factor in empowering supporters and/or entrenching opponents of party change.

### **(iii) ‘Sociological’ Approaches**

‘Sociological’ approaches focus attention on the supply and demand of party resources. All parties require resources if they are to function, first as organisations in their own right and then as electoral machines. The most important resources are money and labour, though Ware suggests there are others, such as personal charisma of individual politicians – an individual’s charisma might be very important in helping the party to attract votes. Labour is provided by party activists, who are usually unpaid volunteers but money can be provided by a range of sources, including members but also interest groups, firms and, increasingly the state. There are limits to the substitutability of resources, e.g. even parties running media-based campaigns need activists to operate telephones and computers. ‘Consequently, how a party responds to the challenge of developing its organization in a way that enables it to maintain (or improve) its electoral competitiveness depends on where it perceives its potential new resources residing’ (Ware, 1996: 106).

A variation of this resources-based approach, centred on the cartel party thesis turns the traditional relationship between resource acquisition and electoral competitiveness on its head. The cartel thesis claims that the integration of parties with the state has created a cartel among the main parties, in which the substance of party competition is greatly reduced. One of the most important aspects of this integration is state-funding of parties. As Ware (1996: 108) observes, ‘[t]o the extent that the state can provide for resources that are substitutable for those resources provided by members and activists it provides a disincentive for individual parties to expand and develop a membership base’. Ware claims the main problem with the ‘sociological’ approach is that various organisational structures may be compatible with a given pattern of resources but the approach does not enable us to predict which one will emerge. However, the more general idea that the supply and demand of resources is an important element towards an understanding of party organisation is one that is incorporated in the model set out shortly.

In the remainder of this chapter, I synthesise existing work on exchange models of party organisation. The model I develop combines elements from the three approaches to the study of party organisation identified by Ware. The resultant model emphasises the importance of electoral shocks, as well as internal distributive conflicts. It also places great emphasis on the supply and demand of party resources.

### 3.3 THE INFORMATIONAL FUNCTIONS OF POLITICAL PARTIES

A major argument of this thesis is that the internal organisation of parties, and their relationships with ordinary voters, is most fruitfully comprehended in terms of *political exchange*, i.e. the exchange of votes and/or resources for policy promises. Political exchange is necessarily subject to much higher transaction costs than economic exchange. Economic exchange is conducted through the medium of money, making exchange simultaneous and precise. Measurement costs in basic market exchange are usually low, as each trader knows what s/he is getting (and giving) and how much of it s/he receives (and gives). Enforcement costs in market exchange are reduced by the existence of a disinterested third party (the state), which can legally enforce contracts. As we shall see, certain kinds of exchange involving highly specific assets face more serious enforcement problems and may require additional institutions (Williamson, 1985), but generally economic exchange is much easier to measure, monitor and enforce than political exchange, *ceteris paribus*. Political exchange is usually non-simultaneous (Weingast and Marshall, 1988) as votes, favours, donations, labour, etc. are supplied now in exchange for promises of *future* benefits. However, there is no common medium of exchange, such as money, in which promises can be stored and cashed in. Conventional IOUs are inefficient because in politics there is generally no neutral arbitrator that can enforce agreements. Furthermore, politics usually concerns the supply of public goods, which because they are indivisible and non-excludable involve problems of measurement and enforcement. Determining who supplies what and how much can be difficult. Thus, political exchange cannot be analysed as precisely as economic exchange.

Nevertheless, exchange models can shed light on the microfoundations of political organisations and help explain why certain institutions arise. Political exchange is a feature of rational choice models of party competition. The Downsian model consists of voters and parties engaging in electoral exchange, in which policy

promises are traded for votes. However, Downs did not examine the exchange that occurs inside parties between intraparty actors. His intention was to explore the dynamics of party competition in a simplified setting so he assumed away internal divisions in parties, regarding the latter as unified actors:

[A] political party is a team of men seeking to control the governing apparatus by gaining office in a duly constituted election. By *team*, we mean a coalition whose members agree on all their goals instead of just part of them (Downs, 1957: 25) [Emphasis in original].

Textbook presentations of the Downsian model normally assume perfect information. Downs himself discussed the role of uncertainty in party competition but he did not fully explore its consequences for parties as organisations. Parties appear as 'black boxes' in his model, being cohesive teams of office-seekers rather than organisational complexes. In fact, the concept of parties as organisations makes sense only in conditions of incomplete and costly information, as we can see by considering the counterfactual situation of perfect information, which in a two-party system entails the following:

1. Each voter knows her own policy preferences.
2. Each voter knows the aggregate distribution of all voters' preferences.
3. Each voter knows the policy positions of both parties.
4. Each party knows its own policy position.
5. Each party knows the aggregate distribution of all voters' preferences.
6. Each party knows the policy position of the other party.

From these assumptions, *inter alia*, parties know the policies they must adopt to win elections.<sup>3</sup> However, at least four implications for party organisations follow:

I.1 If voters are completely informed, there is no persuading role for political communications, such as leaflets, advertising, broadcasts etc. or for 'spin doctors'. Propaganda consists of partial information (supportive of one's own party, critical of opponents), and is effective only in conditions of incomplete information.

- I.2 If parties are completely informed about voters' preferences, they need not expend resources on collecting such information, making polling and focus groups superfluous.
- I.3 Since all actors are perfectly informed of each other's preferences and positions, electoral campaigning is otiose. Therefore, politicians do not need donations of money or labour because these resources are required only for campaigning.
- I.4 Policymaking committees and conventions are unnecessary because in the absence of activists and interest groups, politicians simply choose policies that can win elections.

These propositions imply that *party organisation is redundant in conditions of perfect information*. Once the need to campaign is removed, so is the need for organisation, which is why they appear as 'black boxes' in perfect information models, an assumption that still characterises much rational choice modelling of party competition.<sup>4</sup>

In reality, information is incomplete and costly, and it is in such conditions that party organisation is needed. Political exchange between voters and parties incurs costs covering information collection and transmission, organisation and mobilisation. Politicians must expend resources discovering voters' preferences, as well as testing the popularity of different policies. Meanwhile, voters have only a basic idea of party programmes, relying on free information from the mass media and using ideologies as information-economising devices because they have little incentive to expend resources on acquiring information (Downs, 1957; Ware, 1979: 35-7). Parties have incentives to transmit information favourable to themselves or disparaging of their opponents. In short, parties must *campaign* to persuade imperfectly informed voters to support them. Leaflets must be printed; advertising space must be purchased; opinion polls must be commissioned; spin doctors and advertising professionals must be employed; party functionaries need transportation; rent must be paid for hired buildings, and so on. To cover these costs, politicians need financial contributions and labour from supporters. Individual politicians will need to pool their resources in parties in order to surmount these costs, which would otherwise present considerable barriers to entry. Politicians have incentives to band

together in parties because campaigning is costly but can exhibit economies of scale and it may be easier to raise funds as a group because greater numbers lend greater credibility (Laver, 1997: 85). Politicians may have reputational incentives to join existing parties because a party label is a low-cost way of conferring information to voters about a politician's credibility and preferences (Aldrich, 1995: 50, 55). Hence, 'parties' in the loose sense of 'bundles' of politicians, activists and campaign resources, stem from information costs facing ambitious politicians. The premise of incomplete information establishes the need for politicians to attract activists in order to campaign for votes – and in the process creates a new set of exchange relations.

### **3.4 POLITICIANS, ACTIVISTS AND POLITICAL EXCHANGE<sup>5</sup>**

#### **Intraparty Incentive Structures**

Since Downs' definition of a party is inadequate for this thesis, we need an alternative one. Ware (1996: 5) offers the following:

A political party is an institution that (a) seeks influence in a state, often by attempting to occupy positions in government, and (b) usually consists of more than a single interest in the society and so to some degree attempts to 'aggregate interests'.

This definition avoids assuming party members are united in their beliefs and goals. It also enables a distinction to be drawn between parties and pressure groups. It does not, however, mention participation in elections because it is intended to cover parties in one-party states as well as liberal democracies. For present purposes, participation in competitive elections and the pursuit of government are essential attributes of parties. Combining these points permits a conception of parties as politicians and activists interacting within an institutional setting.

Now we have seen that politicians require finance and labour in order to campaign for and win votes. It is the contention of this thesis that a valuable way of conceiving of this relationship is in terms of political exchange between the two sets of actors. Exchange models of party organisation focus on exchange between politicians and activists, whereby activists agree to campaign for politicians to help them get elected in return for policy concessions or other benefits. Though there have

been a number of important contributions,<sup>6</sup> the main exchange models are those of Schlesinger (1984) and Strøm (1990; see also Strøm and Müller, 1999), both of which strongly inform the model developed here. In this section, I assess Schlesinger's model, which looks at incentives within parties while in section 3.5, I turn to Strøm, who focuses on institutions.

Schlesinger presents an incentive structure for a party organisation embedded in a two-party system in which politicians are assumed to be office-seekers. His account is based on a distinction between parties and other kinds of organisation, such as firms, interest groups and bureaux.<sup>7</sup> He compares them in terms of three variables: (1) how they obtain key resources; (2) the nature of the organisation's principal output; (3) the mode of compensation of the organisation's participants. Parties and firms are similar on only the first of these counts, in that they both obtain their key resources through market exchange. Like firms, parties must measure their success by market criteria, i.e. whether they secure enough votes to win an election. By contrast, interest groups have much greater freedom to define their own goals and standards of success. Thus, if they put up candidates in an election, they define their own measure of success or failure, e.g. targeting certain incumbents, winning a given number of seats, etc. But winning elections is not the be-all and end-all for an interest group. In short, where parties are office-seekers, interest groups are policy-seekers. Similarly, bureaux obtain resources from governments and can maintain their existence if they can convince governments to continue funding them.

Thus, parties and firms both need to be competitive. In two other key respects though, parties differ from firms. On the nature of their respective output, firms produce private goods but parties, like interest groups and bureaux, seek to supply collective goods. Private goods are divisible, easy to measure, and those who refuse to pay for them can be excluded from consuming them. Revenues generated from sales can be used to compensate directly those producing the goods – the firm's workers – who can be recruited directly via the labour market. The material incentives that firms provide to their workers means that the latter can happily produce the firm's output without having any desire to consume it. By contrast, parties produce collective goods – policies – which cannot be divided up among individuals, which are not readily observable, and which cannot be restricted to those who pay for them or help to produce them. *Inter alia*, this means that collective

goods generate no revenue (Olson, 1971), which in turn implies that parties must recruit labour (and financial donations) by offering non-financial incentives.<sup>8</sup> While politicians receive social and material benefits from attaining office, activists receive solidary and purposive incentives in return for their voluntary labour (Clarke and Wilson, 1961).<sup>9</sup> Solidary (social selective) incentives refer to such factors as friendship and status – in general the enjoyment one derives from participating in a group, though they may also be negative, e.g. avoiding ridicule and ostracism. Purposive benefits are payoffs an individual receives from seeing certain policies implemented or ideological goals achieved.<sup>10</sup> As Schlesinger observes, these benefits are collective and thus run up against Olson's free-rider problem. Those attracted to parties by purposive incentives tend to be the young and inexperienced, who lack sufficient information to be able to calculate the relative costs and benefits of joining groups. Such incentives lack staying power and there is likely to be a high rate of membership turnover as those who gain experience realise their marginal influence and quit the party, being replaced by new recruits. Those who remain in the party have probably become attracted to the social benefits of membership. Nevertheless, the existence of purposive incentives means that party members, unlike employees in a business firm, have preferences over the kind of output that their organisation produces (Demsetz, 1990) and thereby have an interest in the configuration of power in the party because this may determine which policies are adopted.

This leads to the third variable identified by Schlesinger, the mode of compensation offered by the organisation. Firms pay their workers monetary rewards but parties generally do not pay their members and activists. On the contrary, they look to their members to supply the party with finance. Direct payment allows firms to recruit workers from the full-time labour market and exercise control over them once they are hired, making sure that they turn up on time, fulfil certain levels of productivity, etc. Moreover, it allows the firm to rationalise its workforce, producing the most efficient division of labour. By contrast, parties recruit members from the leisure market and there is thus the constant risk that they may be diverted to other pursuits. The lack of financial remuneration prevents parties from controlling their members in the same way as firms. The members' contributions are voluntary so they cannot be ordered around under the threat of dismissal. Many members – in fact, most – are likely to make no active contribution at all other than paying their

annual subscriptions. *Inter alia*, this prevents party leaders from rationalising their organisations as efficiently as firms can. Perhaps most importantly, parties must offer their members other rewards – policies and candidates. Since this is a party's principal output, its competitiveness in the electoral market may be damaged if the members' preferences are not aligned with those of the median voter.

**Table 3.1 Reasons for Joining the Labour Party**

Motives (important examples in italics)	%
<b>Altruistic concerns</b>	<b>42.3</b>
<i>A belief in socialism</i>	14.2
<i>To help the working class</i>	10.5
<i>To create a more equal/compassionate society</i>	9.6
<b>Collective positive incentives</b>	<b>7.5</b>
<b>Collective negative incentives</b>	<b>17.4</b>
<i>To get rid of Thatcher/Conservatives</i>	16.9
<b>Selective outcome incentives</b>	<b>0.3</b>
<b>Selective process incentives</b>	<b>23.9</b>
<i>To be politically active</i>	11.5
<b>Social norms</b>	<b>7.2</b>
<b>Unclassified</b>	<b>1.4</b>

Source: Seyd and Whiteley (1992: 74, Tab. 4.5).

Schlesinger's account of incentive structures in parties is useful and forms a central part of the exchange model deployed in this thesis. A recent empirical study of British Labour Party members found that incentives of a broadly purposive nature were the most important reason members gave for joining. Seyd and Whiteley (1992) devised a general incentives model of party membership fairly similar to that described above. They identified three classes of reasons for joining a party: rational (collective and selective incentives, whether process- or outcome-oriented), altruistic and social norms (Table 3.1 above). *Inter alia*, they claim 42.3 percent of Labour members joined for altruistic reasons and 24.9 percent joined for collective

incentives (positive and negative). However, the distinction between the two is rather hazy. Collective incentives referred to support for certain policies or a desire to defeat the Conservatives. The most important *altruistic* motives for joining were a belief in socialism, to help the working class and to create an equal society (1992: 74). Both categories relate to ideology and policy, and can be subsumed under the heading of purposive incentives, in which case, two-thirds of Labour's members had purposive motives for joining.

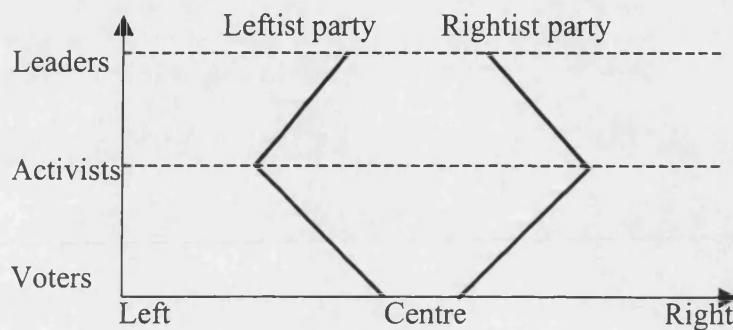
Schlesinger tends to discount the long-term significance of purposive incentives because they are collective and from this he invariably assumes office-seeking politicians face few serious impediments from activists (e.g. pp. 387-8). As such, it would appear there is very little 'exchange' taking place inside parties, certainly over policies. Yet this sits uneasily with their important recruiting role and the ubiquity of ideological struggles inside real-life parties. In fact, purposive incentives can be accorded an important role even in rational choice models once we realise the impact they may have in *combination* with social incentives. The latter conform to Olson's broad definition of selective incentives – private benefits that accrue only to joiners – because only by participating in a party's activities can individuals secure friendship, status and the opportunity to meet like-minded people, etc. (see Chong, 1991: 31-72; 2000). In his critique of exchange models, Ware (1992: 81-3) complains that they sideline social incentives yet there is no reason why they should not be integrated into the model.<sup>11</sup> Social incentives buttress purposive incentives. Theoretically, people may join a party just for social incentives while having no sympathy for its policy goals but they are unlikely to find friends in a party whose members are hostile to their own views (Chong, 1991: 34). Social incentives are important when a party is out of government and unable to implement its policy package, though their relative importance has diminished over the years. In the era of the old mass parties, many people joined parties for access to their cultural and social functions (the German SPD was archetypal in this regard). Access to other sources of leisure, particularly through the mass media, has reduced the importance of these kinds of clubs yet party activists still benefit in the narrower sense of meeting like-minded people. Empirical studies provide support for the importance of these incentives: in the Seyd and Whiteley study above, 23.9 percent of members joined for selective process incentives, mainly of a social nature.

Social incentives are particularly important for *activist* retention. Negative social incentives may persuade activists to continue working hard for a party. Since activists are volunteers, they cannot be ‘sacked’ if they shirk, as employees can. Whereas employment contracts set out workloads and penalties concerning unfulfilled obligations, party constitutions do not detail the responsibilities of activists other than specifying an annual membership fee. There are never provisions setting out activist workloads. This lacuna is due to the collective goods output of parties, the voluntary nature of party membership and the lack of financial incentives for recruitment. There seems to be nothing to stop activists from shirking on their labour contributions. However, negative social incentives in the form of ridicule or ostracism from colleagues may help control shirking. Those seeking to occupy elected positions in local parties will not want reputations for shirking. Social benefits are more likely to accrue in small groups, where individuals’ efforts are noticed by others, so it is not surprising that much activism is organised locally. A branch structure breaks up a national collective action problem into thousands of small collective action problems, which can be overcome as social incentives and conditional cooperation flourish (Bendor and Mookherjee, 1987). Nevertheless, social incentives are most useful for existing activists. They do not accrue to inactive members, who are often fleeting members but who normally comprise the majority of a party’s membership. The activists form a self-selected core that dominates a party’s intermediate-level structures.

Indeed, the relatively small numbers of individuals joining parties and the even smaller number who become active has led many political scientists to suggest that activists are different from most voters – and here we can see the true significance of purposive incentives. The most famous expression of this is John May’s ‘law of curvilinear disparity’ (1973), which predicts that activists will be politically more radical than voters. May’s law is based on two assumptions: first, that party members can be horizontally divided along organisational fractures, and second, members within these different subgroups face different incentives and receive different types of payoffs. The subdivision of the members is along a continuum ranging from low to high ‘organisational status’, whereby leaders occupy high positions, activists occupy intermediate positions and the party’s supporters occupy low positions. May claims there is a ‘curvilinear disparity’ of incentives and

preferences between high, intermediate and low status levels. Politicians strive for material and social incentives, such as the financial rewards and status of holding office and power, whereas activists are attracted mainly by purposive incentives. Only the most zealous people will undertake the tedious administrative chores of local party organisations. In order to gain office, party leaders prefer 'moderate' policies aligned with ordinary party supporters' preferences, whereas activists are more likely to have radical preferences, producing leftwing extremists in socialist parties and rightwing extremists in conservative parties (Figure 3.1).

**Figure 3.1 Curvilinear Disparity (based on May, 1973: 139, Fig. 5)**



May's law has been criticised on theoretical and empirical grounds but some of its weaknesses stem from the model of party competition on which it is based. It is often said that May's law is founded on the Downsian model (e.g. Iversen, 1994: 158), but this is not true – May assumes most voters are *pre-committed* to one or other party (1973: 139, esp. n.1). Hence, two recent tests of May's law (Iversen, 1994; Norris, 1995b) followed May in focusing on the preferences of the mean *partisan* supporter of each party and purported to show the lack of any great differential between these voters and party activists. However, reformulating May's schema on the Downsian model draws our attention away from partisan supporters and towards the *median voter overall*, since it is the latter that parties must capture. If a party attracts all its activists from one side of the median voter divide, the median activist will *always* be more radical than the median voter, regardless of whether the activist body is dominated by extremists. This obviates making strong psychological assumptions about 'zealous' activists (which Kitschelt (1989) claims is a feature of exchange models) in order to show that activists are more radical than voters.<sup>12</sup> This

reformulation of May's law is less contentious than the original version but also more relevant and is the first of five propositions I offer on party organisation:<sup>13</sup>

**P.1** In two-party systems, a party's median member and the overall median voter have different policy preferences (modified law of curvilinear disparity).

Thus, a genuine *exchange* model of parties requires us to recognise that there are two parallel spheres of political exchange: an internal sphere of exchange between politicians and activists; and an external realm of exchange between politicians and voters. *Pace* Schlesinger, the exchange of policy promises for labour/finance inside parties *is* important and we cannot simply assume that such internal exchange will always be trumped by politician-voter exchange. (Neither, as I argue shortly, can we follow early exchange models in assuming politicians are completely constrained by the preferences of activists.)

However, at this point, two problems arise. First, the simple exchange model suggests politicians offer the same policy promises to all activists. Yet if an activist is not happy with these policies, she has little incentive to engage in the exchange. Thus, the simplified model might appear to assume all activists share the same policy preferences, which in turn implies politicians are forced to forgo recruiting large numbers of activists because they cannot offer them satisfactory policies. Yet it is unrealistic to assume even broadly homogenous preferences among activists. Second, even if activists unite behind a policy, politicians face a choice in accommodating their preferences or those of the median voter (P.1). Politicians might persuade activists that moderation is needed to win an election but in government radical policies can be implemented. Yet the risk remains that the politicians will renege on their promises. These problems are discussed next.

### 3.5 PARTY ORGANISATIONS AS GOVERNANCE STRUCTURES<sup>14</sup>

#### Exchange and Institutions

The black box status of parties in rational choice models of party competition mirrors the way in which the firm was regarded as a production function in neo-

classical economics. Indeed, organisational economists' attacks on this conception of the firm point the way forward for reconceptualising parties.<sup>15</sup> Williamson (1985) argues that firms are *governance structures* in which some transactions are organised more efficiently than they would be in markets.<sup>16</sup> The key elements for Williamson are *imperfect information*, since not everything can be known in advance; *opportunism*, which is 'self-interest seeking with guile'; and *asset specificity*, or, the degree to which investments made during the course of a trading relationship are dependent on the continuation of that particular relationship (Williamson, 1985: 30-2). Some exchanges can take place via the market and without the need for institutions because the goods/services being traded can easily be put to alternative uses if an agreed exchange breaks down. Such exchanges involve fairly unspecific assets. By contrast, highly specific assets are vulnerable to opportunistic behaviour in market exchange (e.g. *ex post* attempts to renegotiate contracts) so they are more efficiently organised in firms through a process of 'vertical integration'. Williamson (1985: 114-5) gives the example of General Motors buying out the car body manufacturer, Fisher Body in 1926. From 1919, Fisher had a ten-year contract to supply GM with car bodies, but a technological shift from wooden to metal car bodies required increasingly specific investments geared to the particularities of GM's cars. GM became dissatisfied with the contract and wanted to renegotiate more favourable terms. Fisher resisted this as well as demands to situate its plants adjacent to GM's. However, Fisher could not hold out indefinitely because its investments were tied up in supplying GM and it would be costly to switch to other companies. Fisher and GM integrated under a unified governance structure, thereby enabling the realisation of economies of scale without fear of opportunistic behaviour.

Now, political parties are similar to the Williamsonian conception of firms. Given the nature of the transaction costs attending 'trade' between politicians and activists, such trade is best organised within an institutional framework whereas politician-voter 'trade' can be accommodated in 'market' (i.e. electoral) exchange. Internal rules and party organs institutionalise politician-activist exchange, providing it with durability.

When politicians offer policy promises in return for a tangible resource such as a vote or a donation, the exchange is normally *non-simultaneous*. This insight (following Weingast and Marshall, 1988) forms the centrepiece of Strøm's exchange

model of party organisation (1990). Strøm argues that when activists campaign for politicians, they are usually supplying their labour in the months and years before an election, after which they hope to obtain favourable policies from the newly-elected politicians (the same applies to financial donors). We may add that the same non-simultaneity characterises politician-voter exchange because when voters offer their votes, they do so hoping policy promises will be enacted in the future. In each case, politicians may face a *commitment problem* because once voters or activists have supplied votes or finance/labour, the politicians could decide to renege on their promises. Thus, politicians could promise radical policies to activists in order to secure their campaigning efforts but once in office they may renege. However, if activists anticipate this problem, they may undersupply campaign resources (Strøm, 1990: 576). This is a prisoner's dilemma in which politicians' incentive to break their promises imposes costs on them as activists shirk.

Commitment problems in non-simultaneous political exchange are similar to the problems caused by high asset specificity in economics (e.g. donated labour or finance cannot be retrieved and reinvested elsewhere), and in the case of politician-activist exchange, the solution is similar: to institutionalise exchange in a rules-based governance structure, i.e. a party. Strøm (1990: 577-9) lists three institutional means to promote credible commitments in parties: (1) intraparty democracy; (2) internal recruitment policies that favour existing activists; and (3) personnel accountability of leaders to members. The first enables decentralised policymaking, the second permits activists to pursue careers and the third gives activists the power to replace shirking politicians. Each of these is a means, whether direct or indirect, by which activists can influence party policy and limit politicians' autonomy. To this we may add that there are two principal mechanisms available to institutional designers for affecting outcomes: *screens* (or filters) and *sanctions* (Pettit, 1998: 57-9). Sanctions, which can be positive (rewards) or negative (punishments), impact on the desirability that agents attach to each option within their set of options, while the set itself is assumed constant. While sanctions concern agents' incentives, screens are about excluding (or including) certain options. Alternatively, they may involve excluding (or including) certain *actors* from the decision-making process. Throughout this thesis, it is shown that screens are an important institutional mechanism in party organisations, e.g. in candidate and leader selection procedures.

Thus, Strøm's insight is to see that institutionalising exchange in organisational structures assigns enforcement powers to activists and reduces their fears about elite shirking. Institutions are *efficient* because they permit exchanges that otherwise might not take place due to the transaction costs that attend them. Therefore, my second proposition on party organisation is:

**P.2** Party institutions are *efficient* in that they reduce party members' policy enforcement costs and ease the commitment problems of members and leaders.

Strøm also observes that the severity of any commitment problems for politicians can vary according to the technology of campaigning that is deployed (1990: 575-6). Labour-intensive mass parties that depend on activists will be most affected whereas capital-intensive parties that rely on mass media campaigns can comfortably afford shirking by activists. Other things equal, office-seeking politicians may thus prefer capital-intensive technologies because it eases their reliance on policy-seeking activists. This creates a dynamic element in the exchange model and I return to it in section 3.6

Institutions also mediate exchange between politicians and voters (e.g. electoral systems, voter registration, term limits). However, formal *organisations*, whose functions and activities occur much more regularly than quadrennial election days are generally not required despite the non-simultaneity of politician-voter exchange. The *frequency* of exchange is an important dimension of asset specificity, with infrequent exchange less needful of costly governance structures (Williamson, 1985: 72-3). An individual voter has little incentive to form extra-electoral institutions to reduce the costs of exchange because her vote is but one among millions and is cast just once every four years. By contrast, activists make much higher political investments of labour and donations. These are wasted if politicians shirk so institutional guarantees of control are required.

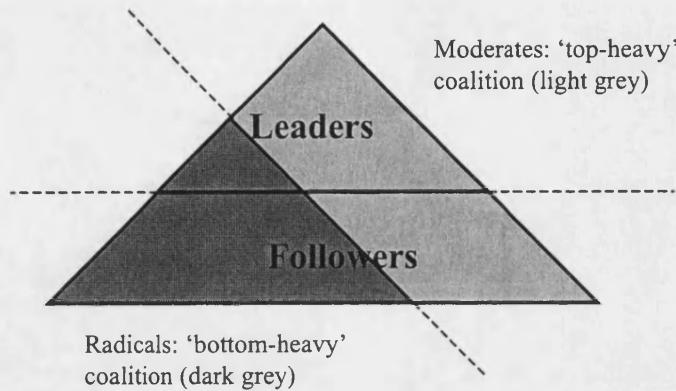
Strøm's model fits well with the incentives approach set out earlier and it forms another important part of the exchange approach adopted here. However, there would appear to be a slightly problematical feature with the story thus far. The

unstated assumption has been that activists seek a *single* set of policies from the politicians – after all, in the Downsian model a party can occupy only a single point on the policy continuum at any one point in time – and use intraparty institutions to enforce their preferences. In reality, activists' preferences range along the ideological spectrum even if the distribution is usually skewed towards the radical end. In which case, why is one set of policies chosen rather than another? Furthermore, will those activists who do not receive their most favoured policies from politicians decide to exit? An exchange model must be able to address these problems.

### **Activist Preference Heterogeneity**

Simple exchange approaches focus on the 'horizontal' division within parties between the elite at the top and the activists at the bottom. This dichotomy has often been identified by critics as too simple to capture all the important elements in parties (e.g. Kitschelt, 1989). However, recognising that preference heterogeneity exists among the activist body allows us to go beyond simple exchange models because a role is opened up for vertical (i.e. factional) fractures running through parties. While retaining the assumption from May's law that activists on average will be more radical while politicians on average are more moderate, we can accept that both sets of actors will display a *range* of policy preferences. Moreover, elites and followers with similar preferences can band together in their own *factions*. Figure 3.2 presents a simple illustration of this in a social-democratic party, with the horizontal division between leaders and followers crosscut by a factional division between moderates and radicals. The moderate faction (shaded light grey) is a 'top-heavy' coalition consisting of the bulk of the political leaders supplemented by a minority of party members. The radical faction is a 'bottom-heavy' coalition of mainly ordinary members together with a minority of the politicians. This is a simplification but according to May's law it represents something like the normal configuration in major parties. 'Moderate' coalitions tend to be 'top-heavy' while 'radical' coalitions tend to be 'bottom-heavy' though all coalitions exhibit tensions between leaders and followers, especially if the former are shirking.

**Figure 3.2 Horizontal (Organisational) and Vertical (Factional) Cleavages**



Many authors use the concept of the *dominant coalition* as that subset of actors that controls a party (e.g. Panebianco, 1988; Harmel and Janda, 1994).<sup>17</sup> Rival factions may challenge the dominant coalition or be coopted into it. Vertical and horizontal (leader-follower) cleavages may crosscut because each faction includes politicians and activists. Subgroups of activists can attempt to install a subgroup of politicians in order to control party policy. The excluded activists may in turn promote another subgroup of politicians. Likewise, politicians outside the dominant coalition may compete against it or be coopted into it. A constraint on incumbent party leaders straying too far from the preferences of most activists is that they could be replaced by an alternative set of politicians. The parliamentary body contains many politicians seeking to pursue their own self-interest and the most effective way of doing this is by holding key leadership positions in the party. Rival politicians may have incentives to monitor the leaders and expose shirking in the hope of being called upon to replace the incumbents (see Laver, 1997: 68-88). Vertical cleavages are thus very important though ultimately in an exchange model horizontal cleavages retain primary (but not sole) explanatory priority, particularly as far as institutional change is concerned. Major intraparty organs are usually divided from each other by horizontal fractures, i.e. they are in a hierarchical relationship. It is rare to find institutions purposefully divided by factional fractures, i.e. a body set aside for the left, another for the right, etc. This latter configuration should be distinguished from horizontally divided bodies that happen to be dominated by one or other faction, e.g. local party branches dominated by radical activists. The assumption of horizontal

cleavages inside party organisations together with May's law suggests there is a systematic tendency for party organs at given organisational levels to have certain distributions of preferences, e.g. parliamentary bodies dominated by moderates and local branches dominated by radicals. I return to this in section 3.7.

These points raise questions about the institutionalisation of politician-activist exchange. Since a party's leadership can set party policy at only one point on the policy continuum, and given activist preference heterogeneity, leaders cannot recruit activists by offering *all* of them their most preferred policies. Why then would activists remain in a party if their preferred policies are not adopted, given their considerable investments of money and labour? Answering this helps us identify another general function of party organisation:

**P.3** Party institutions *aggregate members' preferences* and permit enduring preference heterogeneity among members and politicians.<sup>18</sup>

Through their procedural and voting rules, as well as with rules on voter eligibility, institutions aggregate activists' preferences so as to prioritise a *single* policy position. For example, policymaking conferences allow activists to choose policies they *collectively* want party leaders to pursue. This necessarily means that not all activists are exchanging resources for promises of *their* preferred policies – only some activists will be in this position. Thus, rather than being directly offered policy promises *per se*, activists are instead offered *institutions* as a means of *influencing* policy. That is, intraparty institutions serve as a *substitute* for the explicit exchange of policy promises for resources. This crucial point is absent from Strøm's exchange model. It is crucial because even if a subset of activists fail to secure their most preferred policies, they can use the institutions to try to *change* policies, ensuring that they have incentives to remain in the party because they can fight again, building new coalitions and forcing new votes. Institutions also provide the means for activists or their representatives to *bargain* with politicians, e.g. through elected members of committees. Thus, institutions and the distribution of preferences co-determine party policy. Finally, party constitutions usually set out means by which the institutions themselves can be changed so that even if a subset of activists is disadvantaged under current rules, they may have further incentives to stay if they

believe they could introduce more favourable institutions. Just as actors have different preferences over policies, they also have different preferences over institutions. I return to this in section 3.7.

In summary, Strøm's exchange model provided insights into how party organisation helps reduce commitment problems between politicians and activists. However, we identified a second function of institutions – to aggregate members' preferences – which forces us to reconceptualise the exchange approach to parties. In the same way, according to Weingast and Marshall (1988) that the committee system in the US congress serves as a substitute for the explicit exchange of votes for promises, so intraparty institutions over policymaking and candidate selection substitute for the explicit exchange of activist resources for policy promises. However, the degree to which institutions can enforce deals is itself a variable. A problem facing intraparty actors is that parties also engage in electoral exchange with voters. This requires politicians to have some autonomy in order to speak to two different constituencies but it ensures that commitment costs are never fully eradicated. It is to that and related problems that I now turn.

### **3.6 THE POLICY-VOTES TRADE-OFF AND POLITICIANS' AUTONOMY**

Politicians must offer popular policy promises to voters to win elections and thereby satisfy their own office-seeking desires. Politicians also require activists if they are to win votes and in return activists require institutions through which they can pursue their own interests and exert influence over politicians. However, the median activist and the median voter have different preferences (P.1), presenting politicians with a strategic dilemma. Activists too face tough choices since they know their favoured policies can be implemented only if their party captures the median voter. If they burden it with extreme policies, they may hand victory to the opposing party, to whose policies they are more vehemently opposed. It is, therefore, too simplistic to regard them as pure policy-seekers who have no interest in electoral considerations, though this is how they are normally regarded in the rational choice literature (e.g. Robertson, 1976; cf. Kitschelt, 1989). Activists face a trade-off between doctrinal purity and electability so it is more realistic to regard them as *constrained* policy-seekers, i.e. there is a minimum probability of electoral success that they demand of any given policy package (which in reality is an empirical

question). Activists may voluntarily dilute their demands if their preferred policies fail to offer a high enough chance of electoral success. Intraparty institutions are important, being sites of bargaining between politicians and activists. Whether in delegate conferences or committee meetings, politicians and activist representatives can agree a policy package that will win votes but which also contains some policies favoured by the activists. This may not be impossible given the reality of imperfect information among voters. Politicians may attempt to ‘becloud their policies in a fog of ambiguity’ (Downs, 1957: 136; see also Alesina and Cukierman, 1990; Shepsle, 1972) in order to capture centrists while retaining extremist support. Such strategies are more likely to sway voters than better-informed activists.

To do this, politicians need some autonomy from activists, with freedom to expound and interpret policies. Since electoral politics is characterised by constant flux, with new issues and events arising, politicians generally do require some – and prefer more – discretion over policy and its presentation. Institutional accountability and control mechanisms provide safeguards for activists and may encourage them to permit autonomy. However, granting discretion carries risks for activists because opportunistic politicians may exploit it to tweak policies through presentation. This could be a problem if the party gains office because governments can use the resources of the state and are more independent of activists. Activists will be more willing to allow discretion if politicians’ preferences are close to their own because agency loss will be lower (so moderate activists are likely to permit discretion to office-seeking politicians), but less likely if there is a big difference in preferences.

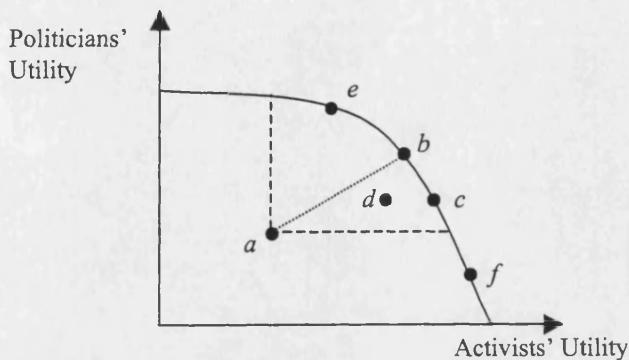
**P.4** Party leaders tend to prefer institutions that give them more autonomy from members but members tend to prefer institutions that give them more control over politicians.

Many intraparty tensions can be traced back to elites’ exercise of their autonomy. This autonomy is greatest when politicians are in government, and we often find that activists attempt to impose stricter controls on politicians after their ejection from office, especially if there is a perception that the government reneged on promises to activists. It is costly for politicians to shift policy in the face of activist opposition because it can cause ‘voice’ and ‘exit’ (Hirschman, 1970). Activist voice can range

from public disquiet to attempts to implement new policies or enforce institutional reforms. If a subgroup of activists realises it has no hope of affecting party policy, its members may decide to exit. Activist voice and exit are more likely to occur when politicians have considerable autonomy. If politicians could be completely controlled by activists, the latter would bear full responsibility for the party's performance. This would still leave room for voice and exit but it would be among activists themselves. However, if politicians have discretion to shift policy, activists are more likely to believe they are being ignored when policy does not reflect their own preferences. Politicians must weigh up the electoral costs of activist voice and exit. Voice is costly because voters are often repelled by divided parties, though closing down channels of 'voice' such as embarrassing conferences may encourage membership exit. Exit is costly if it leaves politicians with insufficient activists for campaigning. Politicians may then feel compelled to offer policy compromises or institutional reforms to stem the outflow of activists or attract new ones (see below).

Some degree of leadership autonomy is a reality in most parties. This reminds us that political institutions have *distributive* as well as efficient consequences. Party organisation is efficient if it provides politicians and activists with payoffs higher than they could achieve in non-institutionalised exchange. This is shown in Figure 3.3, where politicians and activists begin at the non-party *status quo ante* point *a*. Politicians' utility increases with votes and resources whereas activists' utility derives from policy and social benefits. Party organisation offers activists some protection from the threat of shirking by politicians and institutionalises the supply of resources to politicians. Thus, there is a Pareto improvement whereby politicians and activists move to a point north-east of point *a*. However, numerous institutional configurations are Pareto-superior to *a* – e.g. *b* and *e* are on the Pareto frontier and are thus Pareto optimal. However, a move to the Pareto frontier need not imply a Pareto improvement, e.g. a move from *a* to *f* reduces politicians' utility. Moreover, a Pareto improvement need not reach the Pareto frontier (e.g. a move from *a* to *d*). Thus, *b*, *c*, *d* and *e* are just four examples of Pareto improvements on the *status quo ante*. Each represents a different institutional settlement, but which will be chosen? This cannot be determined *a priori* as it depends on the relative bargaining power of politicians and activists. Disputes over which Pareto improvement to choose are distributional conflicts as politicians and activists seek to maximise their payoffs.

**Figure 3.3 Efficient and Redistributive Institutions**



Since politicians and activists often prefer different policies, they may also disagree over institutions. Conflicts over institutions can be even more intense than conflicts over policies because institutions have a longer time-span than policies and represent investments by actors (Tsebelis, 1990: 92-118). Party institutional change is an ever-present possibility. For example, in Figure 3.3 assume that the formation of party institutions results in a new status quo at *b*. Politicians seeking more autonomy might want to move to *e*. By contrast, activists prefer a move to *c* so as to reduce leaders' autonomy, though if they move to *f*, politicians would be worse off than they were at the non-party stage (point *a*) and such points are not viable in the long term. Any point that makes activists worse off than they were at *a* would cause membership exit and party decline, so it too would not be viable in the long term.

It is easy to think of examples of institutions with different distributive consequences. Policymaking conventions have differing abilities to enforce their decisions. Party leaders often have more autonomy if parliamentarians rather than activists elect them. Leaders facing mandatory annual re-election have less autonomy than those who remain in charge until challenged. Nomination rules make it easier or harder to mobilise support for challengers. Parliamentarians may face reselection panels run by activists. If a party's executive has no veto power over local selection contests, the activists can exert more control over their MP. Generally, institutions provide greater or lesser amounts of *discretion* for politicians. The more discretion politicians enjoy, the greater the potential commitment costs will be because activists may suspect that promises could be broken and so undersupply resources. Party organisation reduces commitment problems but does not eradicate them.

## Campaign Technologies

The inevitability of leader-activist disparities over policy gives politicians incentives to develop ways of campaigning that permit a reduction in demand for activists' services, introducing a dynamic element into the exchange model. The post-war period has seen a strong shift in liberal democracies towards capital-intensive means of campaigning based on the electronic media and lately involving computerisation (see Scammell, 1995; McNair, 1999; Farrell and Webb, 2000; Wring, 1996). Intraparty conflicts are not the only motivation to develop new technologies but they are an important one. The old mass parties of the pre-war era were based on labour-intensive techniques, relying on activists to ascertain voters' desires and communicate the party's policies. The activists were in a powerful position as conveyors and collectors of information, which would be filtered through their own policy preferences. The growth of media campaigning via television interviews and political marketing enabled politicians to communicate directly with voters. This, together with the rise of modern opinion polling helped reduce the significance of labour-intensive methods. By reducing their demand for activists, politicians can alleviate policy-vote trade-offs – capital makes no policy demands. Politicians still require finance to pay for polling, marketing, etc. but observers of the shift from the mass party structure to the catch-all (Kirchheimer, 1966), electoral-professional (Panebianco, 1988) and cartel party structures (Katz and Mair, 1995) have noted a corresponding shift to different sources of funding – interest groups, firms and the state. State funding alleviates parties' reliance on the financial donations of activists and interest groups and can reduce constraints on elites.

**P.5** Party leaders may have incentives to reduce their dependence on party members by seeking alternative sources of funding and by adopting capital-intensive communications technologies.

However, capital can only *partly* substitute for labour (Ware, 1992), and some technology requires activists to operate it, e.g. PCs and telephone canvassing. The renaissance in constituency campaigning in the UK (Denver and Hands, 1998)

points towards a continued role for activists and with it the need for intraparty channels of accountability and control. Yet the undoubted importance of spin doctors, pollsters and other professionals has consequences for the internal organisation of parties. Media-based campaign techniques require centralised command structures so that decisions can be taken quickly and actors can respond to a fast-changing environment. As Kavanagh (1995: 108) notes, '[s]peedy decision-making and short lines of communication (by-passing committees) are important to communicators'. Such centralisation has distributive consequences, facilitating leadership autonomy, not least because informal communications groups often operate outside of parties' formal constitutional structures, making it difficult for them to be controlled 'from below'. In contrast to the old mass parties, it is now the strategists and spin doctors, accountable directly to party leaders, who control flows of information to and from the party, undertaking polling and interpreting the data – a powerful resource during arguments about the direction of party policy – and spinning the party's message to the voters.

### **3.7 INSTITUTIONAL CHANGE IN VOTE-SEEKING PARTIES**

Some institutions allow more discretion than others, sometimes leading politicians and activists to conflict over institutions. A satisfactory model of parties must explain how and why they change. We saw earlier that evolutionary models look specifically at change but their scope is long term, particularly those variants that point to socio-political change as the motor of party change. The purpose of devising an exchange model was to provide parties with microfoundations. An exchange model of party change must be based on such microfoundations. Therefore, we need to develop tools for understanding short and medium term changes based on the two key exchange relationships in which politicians engage. Also important is the existing distribution of intraparty resources because a party's prior development creates organisational opportunities and resources, which can be utilised by opposing actors or indeed become the focus of reformers' attempts to institute change.

I do not propose to examine in great detail all other theories of party change. However, I do examine one recent model, which offers an advance on earlier models and which informs the model I sketch below. Going beyond sociological models of long-term change and studies of individual parties that invariably point to

incremental alterations, Harmel and Janda (henceforth, HJ) have developed ‘a theory of party change that uses party goals as a major concept in explaining changes in individual parties’ (1994: 259). This is the approach adopted in this thesis. The HJ model essentially critiques and extends a notion of party change sketched by Panebianco (1988: 239-61).

Panebianco poses three questions about party change (1988: 239-42). First, is it ‘evolutionary’<sup>19</sup> or politically ‘developmental’? Evolutionary accounts, such as that of Michels, claim that party organisations pass through stages of development that follow laws determinable *a priori* (e.g. growth in size, greater bureaucratisation, etc.). By contrast, theories of political development view change as the indeterminable result of power struggles in parties, an approach that Panebianco himself prefers. Secondly, he asks whether change is intentional or non-intentional. Management theories typify the former (‘the effect of deliberate and conscious choices’), whereas non-intentional models (such as natural systems models of organisations) view change as less planned and often the result of reactions to long-brewing organisational crises. Panebianco suggests both views have strengths so a hybrid approach is most useful. Thirdly, change can have either exogenous or endogenous origins. The former relates to external shocks that induce organisational adaptation, while the latter reflects changes in an organisation’s internal distribution of power. Again, Panebianco suggests most change is a combination of the two.

HJ concur with Panebianco on the first two questions, as does the present work. A model of parties based on microfoundations cannot simply view change as evolutionary and inevitable. Further, despite Panebianco’s use of the terms ‘intentional’ and ‘non-intentional’ change, actors in this work are regarded as boundedly rational and capable of miscalculating, and they also face internal resistance from other actors. However, HJ differ with Panebianco slightly on the third question. First, they suggest some change can be explained by internal factors alone. Second, they claim the role of external stimuli should be comprehensively developed: more specifically, ‘the most potent external stimuli are those which cause a party to reevaluate its effectiveness in meeting its primary goal, whether that be electoral success or something else’ (Harmel and Janda, 1994: 265).

On the basis of this distinction between internal and external precipitants of change, HJ suggest party change can be of two main types. First, there is *goal-*

*motivated* change, which usually follows an exogenous shock, and is intended to address the party's pursuit of its *primary goal* (1994: 278-9). These goals relate to whether the party is a vote-seeker (referring mainly to parties in two-party systems), an office-seeker (in a multiparty system), a policy-seeker, or what the authors call 'intraparty democracy seekers' (such as some ecology parties). Parties are judged by how well they achieve their primary goals, and if they are failing in this respect, change becomes more likely. In this thesis, my concern is with the British Labour Party, which I take to be a vote-seeking party and it is to such parties that I restrict my focus here. The most important exogenous shock for vote-seeking parties is electoral failure because it directly harms the pursuit of their main goal, that of winning elections. Secondly, HJ say parties may undertake *power-motivated* change, which involves reinforcement of, or challenges to, the party's dominant coalition. The key variables here are leadership change and changes in the dominant coalition. Leadership change often follows other changes such as electoral defeats but it can also occur for 'personal' reasons, such as ill health, age or even death. This did indeed happen in the Labour Party in the period under review, when John Smith's death spurred a transformation in Labour's strategy. Changes in the dominant coalition can entail either the addition of new personnel to the existing coalition or the displacement of one coalition by another (1994: 266-7).

HJ offer a number of propositions on party change. On goal-motivated change, they suggest the poorer a party's performance in achieving its goals, the greater the likelihood of change. For vote-seeking parties, 'the more pronounced their electoral failures, the more likely they are to change' (1994: 281). On power-motivated change, they claim changes in leadership, the composition (personnel) of the dominant coalition or the *conformation* of the dominant coalition (i.e. replacement of the previous dominant coalition by a new one) each make change more likely (1994: 280). HJ also offer propositions that distinguish the effects of goal motivations and power motivations on party change but I ignore these as my main concern is with the very notions of goal- and power motivations. In the following paragraphs, I restrict my comments to vote-seeking parties.

Now, it is not always clear that goal- and power-motivated changes are so easily distinguishable. Power is not desired for its own sake but for what it can achieve – in this case, control of policy. The latter also has consequences for the

party's ability to capture votes, so goal and power motivations overlap considerably. For example, goal-motivated change could entail making the party more competitive through institutions that favour the adoption of vote-winning policies. To the extent that this favours one faction over another or involves increasing leadership discretion, such change has power consequences. Besides, while it is true that politicians want to improve their party's performance, this is mainly achieved through policy and personnel changes rather than institutional reform.

This blurring of goal and power motivations flows from a problematic feature of HJ's model. Although they distinguish five different types of actors (top leaders, middle leaders, activists, passive members and ordinary voters), HJ appear to assume each type of *intraparty* actor behaves in much the same way in the pursuit of the party's primary goal. Thus, in a vote-seeking party, top leaders, middle leaders, activists and passive members are all vote-seekers. This means horizontal cleavages play little explanatory role in the HJ model, with vertical cleavages explanatorily more important. Thus, HJ use the concept of dominant coalition to describe the people that control the party, and these coalitions are largely factions that cut across horizontal divisions. As we have seen, they argue party change often occurs after the displacement of the dominant coalition by a new one, and the attempt by the latter to entrench itself through institutional change.

I earlier acknowledged the utility of the concept of 'dominant coalition'. However, HJ's use of it blurs the distinction between horizontal and vertical cleavages. While factional (vertical) cleavages are important, we generally find that horizontal cleavages between politicians and activists explain most intraparty institutional change. If factions were uniformly distributed in each party organ, it would be difficult for the dominant coalition to augment its position through specifically *institutional* reforms. Institutional change for distributive reasons is effective only if different factions are concentrated in different organs because the rival coalition can be easily targeted with an attack on their powerbase. May's law suggests factions are indeed differentially distributed in party organs, with moderates controlling top leadership positions and radicals dominating intermediate and local organs. Thus, a leadership attack on radicals could target local parties. Therefore, I prefer to give explanatory priority to the tensions arising from parties' horizontal cleavages, which are activated by the clash of vote-seeking (politicians) and policy-

seeking (activists) motives. Horizontal cleavages provided the microfoundations of the exchange model above. As we shall see, activated horizontal cleavages often precipitate reforms that either tighten or relax activist control of politicians.

The concepts of 'power-motivated change' and a purely factional notion of 'dominant coalition' are closely linked, in that the dominant coalition implements changes to augment its own power, and changes in its conformation often produce power-motivated change. This does not distinguish sharply enough between reforms that consolidate the old dominant coalition and those that empower a new one. I prefer the term *redistributive* institutional change to power-motivated change because it focuses on institutions rather than factions. Redistributive institutions can be of a *consolidating* or '*new deal*' nature, whereby the former consolidate the old dominant coalition and the latter entrench a new coalition (Tsebelis, 1990). Consolidating change is normally instigated 'from above' by party leaders and usually involves increasing leadership autonomy. This often involves centralisation (particularly with 'top-heavy' coalitions) but consolidating change may be subtler than that, e.g. by reforming preference aggregation mechanisms. An increasingly common real-life example of this is the *decentralisation* of candidate selection procedures from activists to inactive (and politically moderate) ordinary members (Katz, 2001). New deal change typically emanates 'from below' as activist disenchchantment with the leadership empowers a set of politicians willing to listen to the activists. The new institutions usually impose tighter controls on politicians and strengthen activist organs. However, new deal institutional change is sometimes instigated by party leaders, e.g. if a part of the dominant coalition decides it would be better off abandoning another part of that coalition and replacing it with some other group. Precisely this happened in the Labour Party in the early 1990s.

### **Political Exchange and Party Change**

This section outlines an exchange model of party change building on the strengths of the HJ model. In an exchange model, it follows that party change will relate to one or both spheres of political exchange, i.e. politician-voter or politician-activist. It would seem that vote-seeking politicians are more likely than policy-seeking activists to seek changes that directly or indirectly make the party electorally more competitive. My claim is that much party change usually centres round the

opportunities that institutions offer for elite *autonomy* from party members and that the major precipitant of change is poor electoral performance.

There is a consensus that the principal conditions prompting organisational change in a vote-seeking party are likely to be shocks that affect its electoral performance or sharpen tensions between politicians and activists (e.g. Harmel and Janda, 1994; Koelble, 1996; Panebianco, 1988: 243). When a vote-seeking party loses an election it is generally because it has offered the median voter unfavourable terms of political exchange compared to the winning party, i.e. its policies are 'extreme' (or, alternatively, its policies in government were unsuccessful). In order to be more competitive it must change its policies. However, there may be costs, and not only benefits, in moderating policy. Some of these costs are external, e.g. credibility costs as voters lose trust in the party. Significant policy shifts will often need to be accompanied by major changes in personnel at the top of the party, with the adoption of new leaders without a history of political extremism or failure. Other costs are internal, stemming from intraparty impediments to policy change. Radical activists may control important decision-making organs and use them to block policy change (a problem according to P.1). Thus, my first proposition on party change is:

**C.1** Electoral failure creates pressure for organisational change that promotes policy flexibility and/or makes vote-gathering less costly.

Electoral failure is bad for all intraparty actors since only governments can implement policies. Even activists may accept the need for party change to improve electoral performance but if, as often, this involves reducing their own power, they may resist it at first. This resistance will diminish with each successive election defeat. The corollary of C.1 is that change is less likely when electoral performance is good.<sup>20</sup> Change is not undertaken lightly because it involves *exit, voice* and *opportunity costs*, e.g. missed opportunities to campaign or attack the opposing party because time and energy is invested in party change.<sup>21</sup> HJ suggest parties are conservative organisations that change only under pressure (1994: 278). However, parties are likely to undergo organisational reform more frequently than firms or bureaux because unlike the latter, intraparty actors have conflicting preferences over their party's 'output' whereas paid employees receive material rather than purposive

incentives. Party change is generally about controlling policy and decision-making whereas in firms and bureaux it usually concerns 'X-efficiency' (internal efficiency). Interest groups also offer purposive incentives but they do not compete in the electoral market so leaders have greater incentives to pursue their members' preferences, reducing the likelihood of frequent institutional change.

Electoral failure can prompt different types of change but the most common is overtly redistributive reform as politicians attempt to increase their own power in order to pursue moderate policies free of internal constraints (see P.1 and P.4). Such reforms typically centre on institutional sites of contact between politicians and members, such as candidate selection, leadership election and policymaking procedures, as well as control over rule-making and disciplinary procedures. Thus:

**C.2** Redistributive change instigated 'from above' by party leaders is usually intended to increase their autonomy from party members.

This tends to characterise not only 'top-heavy' dominant coalitions but also 'bottom-heavy' (activist-dominated) coalitions. Even party leaders who are supported by a minority of MPs and a majority of (largely radical) activists will be tempted to dilute radical policies if this is the only realistic way of winning office. Any such 'shirking' risks splitting the dominant coalition and could end in the leadership forming a new coalition, perhaps buttressed by centralising reforms. This happened in the Labour Party when the centre-leftist Neil Kinnock was elected as leader in 1983 with little support from shadow cabinet members but with overwhelming backing from activists and trade unions.<sup>22</sup> Yet in the following years, Kinnock successfully shifted the party towards the centreground, forming a new coalition with the Labour right as the party sought electoral respectability. As in this case, change will be more widely accepted by activists if it is deemed necessary for electoral success. Similar centralising changes occurred in the German SPD in the 1990s after consecutive election defeats and this process of change has also recently begun in the British Conservative Party, with moves to assert greater central control over candidate selection. However, politicians must not increase their own power so much that commitment costs are too high. Institutions must remain Pareto-improvements on non-party 'market' exchange between politicians and activists otherwise the latter

will undersupply resources. A further recent lesson from Labour is that although redistributive change from above normally consolidates the dominant coalition it is sometimes ‘new deal’ in nature. I show throughout this thesis that Labour’s traditional dominant coalition of parliamentary and trade union leaders was partly dismantled by Tony Blair because the unions were seen as an electoral liability.

The flip side of the elite’s preference for autonomy is activists’ desire for control (see P.4). The lower the degree of elite discretion, the harder it becomes for politicians to renege on deals with activists. However, activists too must be careful not to bind politicians too tightly otherwise the party may end up with policies that reflect activists’ preferences but which harm its electoral chances. Nevertheless:

**C.3** Redistributive change instigated ‘from below’ by party members is usually intended to reduce politicians’ opportunities to shirk by shrinking their autonomy from members.

The most obvious way of achieving such change is through decentralisation of decision-making to activists or the strengthening of enforcement mechanisms. For example, Labour activists in the 1970s fought for the mandatory reselection of MPs in order to reduce the latter’s security of tenure by increasing activist leverage over them. However, redistributive change can be subtler than this. Parties’ preference aggregation methods are often the subject of fierce battles (see P.3). There is no perfect way of democratically aggregating the preferences of a group of individuals (Arrow, 1951) so institutions affect outcomes. Electoral rules can be majoritarian or proportional. Votes can be cast as blocks by affiliated organs or on an individual basis. Electoral colleges can weight votes in favour of one group or another. In 1980-1, the Labour Party was split by an argument over the weighting of votes in its new electoral college for leadership contests (Kogan and Kogan, 1982) and in later years controversy surrounded moves away from block voting to individual voting.

Redistributive change from below can involve activists who are part of a ‘bottom-heavy’ dominant coalition reasserting control over leaders but more often it is ‘new deal’ in nature and reflects a challenge to the dominant coalition. As with

change ‘from above’, redistributive change ‘from below’ normally follows electoral failure but this time it is likely to follow an unsuccessful spell in office:

**C.4** A perceived government ‘betrayal’ of party members, followed by electoral defeat, increases the likelihood of attempts ‘from below’ to introduce ‘new deal’ institutions and/or reduce leadership autonomy.

In these circumstances, the first instinct of the activists is to bring the politicians to heel by implementing changes that reduce their autonomy in the expectation this will make them listen to the activists. Labour’s activists did this after the defeat of James Callaghan’s Labour government in 1979. The watchword of such reforms is usually ‘accountability’. (Another example would be the leftist-inspired reforms in the German SPD after its ejection from office in 1982 – see Koelble, 1987, 1996.) However, reforms can go too far, replacing elite independence with stifling controls that prevent any flexibility and result in the adoption of ‘extremist’ platforms. This is what happened in the Labour Party after its reforms of 1979-81, leading to the election defeat of 1983. If such reforms fail to turn the party around after one election, strong pressure emerges for greater elite autonomy, as there was in the Labour Party after 1983 and the SPD in the 1990s (Koelble, 1996: 256).

Redistributive reform – changing the distribution of power between institutions – is the major type of change undertaken in parties, reflecting attempts by coalitions to secure control of policymaking and candidate selection. However, there are other forms of party change, which have distributional consequences but which cannot simply be subsumed under this heading. I offer propositions on three such kinds of change (C.5-7) as well as a proposition adopted from the HJ model (C.8):

**C.5** Institutional change can be introduced to increase the supply of resources to the party.

**C.6** Institutional change can be introduced to facilitate new communication technologies.

**C.7** Institutional change can be introduced if voters are repelled by a party’s existing institutional structure.

### C.8 Leadership change can be a spur for party change.

First, an aim of party change that is often overlooked in exchange models, is the need to attract campaign resources (C.5, which together with C.6 is related to P.5). If a party does not have sufficient funds or activists to undertake campaigning, it will fare badly regardless of its policies. Institutional change can provide incentives for people to join the party or for interest groups to affiliate to it. For example, party ‘democratisation’ might encourage individuals to join, knowing they can receive the selective benefit of participation rights in decision-making (Pennings and Hazan, 2001: 268). Affiliated membership may encourage interest groups to institutionalise their relationship with the party and thereby provide a firmer commitment. Party change intended to attract activists may inevitably erode politicians’ autonomy. Similarly, if politicians wish to change their sources of funding, party change may precede or follow it. For example, the Labour Party began life purely as a party of affiliated members but in 1918, prompted by the extension of the franchise and the need to win many more millions of votes, it permitted individual membership. This broadened its source of funding but required the formation of a national network of constituency parties, with powers for the new class of members. Alternatively, the extension of state-funding for parties could result in greater control by politicians as they are less dependent on activists. It might precipitate activist exit but with less of an impact on the party’s campaigning capabilities.

A second neglected form of party change is that which accompanies the adoption of capital-intensive techniques based on the electronic media (C.6). Capital-intensive techniques reduce politicians’ reliance on activists and thus cut the costs of activist exit following a centralisation of power (though alternative sources of funding may be needed). Moreover, such techniques require centralised command structures, further undermining activists and their committee representatives.

Finally, parties may occasionally undergo change because *voters* do not like or trust the existing institutions – a previously unidentified form of party change (C.7).<sup>23</sup> This type of change is rare but I later argue that it was an important dimension of Labour’s transformation in the 1990s. In his taxonomy of parties, Panebianco (1988) distinguishes between internally and externally *legitimated* parties. The former are parties in which the leadership’s legitimacy is based within

the party, for example on a mass individual membership whereas externally legitimised parties are formed by or organisationally responsible to an external body. There are two main types of externally legitimised parties: West European communist parties, which were responsible to the Comintern in Moscow, and labour parties, which were formed by, and remained connected to sponsoring trade unions. A problem arises for such parties if their external sponsors undergo legitimacy crises. The collapse of communism in Eastern Europe rocked Western communist parties in the early 1990s and most underwent significant reform, including name changes. By contrast, the world's labour parties do not share a common extra-national source of legitimacy but are instead connected to national trade union movements. Hence, there is no reason why they should all simultaneously undergo legitimacy crises. Only those parties whose trade union movements undergo legitimacy crises should be affected and in this instance the British Labour Party is exemplary. British trade unions fell into public disrepute throughout the 1970s as industrial relations soured and strikes proliferated. The defining moment was the 'winter of discontent' in 1978-9 when a spate of public sector strikes mortally damaged the Labour government and fatally undermined the electoral and policy credibility of the Labour Party for over a decade. The unions' preponderant position in the Labour Party was put under the spotlight and the sight of demonised trade union leaders wielding block votes at Labour's annual conference gave the impression of a party under the thumb of its union paymasters. Even as public attitudes towards the unions mellowed, there remained unease with their role in the party. Labour's organisation lacked legitimacy and engendered distrust. Thus, even when Labour moderated its economic policies, a credibility gap remained because many voters suspected that the moderate policies would be abandoned in government as the unions moved to cash in their investments. The only way it could effectively counter these fears was to reduce the party's dependence on the unions, thereby demonstrating to the public that Labour could be trusted. However, it is difficult to persuade external sponsors to continue contributing funds while giving up power – consecutive election defeats were needed to secure union acquiescence to change.

These then are the major aims and precipitants of change in vote-seeking parties. Electoral considerations are at the forefront of explanations of change, even those that are ostensibly about internal power struggles. The major disagreement here

with the HJ model is on just how separate the various internal precipitants of change really are. Operationalising horizontal cleavages between office-seeking politicians and policy-seeking activists sheds a different light on redistributive party change. Sometimes, the catalyst is truly independent of such considerations but the resulting change can still be informed by electoral imperatives. For example, HJ rightly note the possibility of change following the accession of a new leader, who could have emerged due to the ill-health or death of the previous incumbent (C.8). The death of John Smith in 1994 was the *catalyst* that sparked a major transformation of the Labour Party but the *explanation* of the *direction* of that transformation lies mainly in the widespread recognition within the party of its parlous electoral situation and the resulting consensus that an electorally attractive leader was sorely needed.

This approach to party change is operationalised in the remainder of this thesis. Changes in institutions are examined in terms of their precipitant causes – usually electoral – and their distributive aims. It complies with the recommendation of HJ that explanations of party change be connected to party goals. It also complies with HJ and Panebianco's suggestion that 'political developmental' models are preferable to evolutionary ones. An evolutionary approach might be justified if all that mattered in vote-seeking parties was their ability to win votes; however, distributive issues and power struggles are also of the utmost importance. Finally, it is important to refer back to Panebianco and emphasise that the aims of party change may not necessarily be fulfilled; that change may often evoke strong resistance; and that unintended consequences may occur. Labour's transformation since 1983 is replete with instances of each.

### 3.8 CONCLUSION

This chapter has sought to integrate some existing rational choice arguments about party organisation and extend them. The model developed is informed by the 'new institutional economics' approach to organisation. Political parties represent a response to the problems inherent in politician-activist exchange, with institutions substituting for explicit 'market' exchange. This is not only due to the commitment problem that politicians face (emphasised by Strøm) but also follows from preference heterogeneity among activists. Nevertheless, parties also engage in exchange with voters, and this mediates politician-activist exchange. Politicians require discretion if

they are to satisfy activists and win votes, and institutions provide greater or lesser amounts of autonomy. However, this means that questions of organisational efficiency co-exist with distributional conflicts, as politicians prefer more autonomy while activists prefer less. Consequently, parties tend to be more prone to organisational change than other types of organisation.

The model of party change outlined above is based on an intentional rather than an evolutionary approach. As Harmel and Janda (1994: 261) argue, 'party change does not "just happen"'. Specific changes are undertaken for reasons, and the actors that implement them are motivated by self-interest. In the long run, parties may approximate to the ideal-types derived by evolutionary models but changes often reflect the need to win votes and yet maintain activists. Any given institutional configuration allocates resources to politicians and activists, and they will use these resources to bring about change. The bargaining power of actors also depends on the electoral success or otherwise of the party. Individual real-life parties will differ in all these respects so individual parties will always diverge from the ideal-types. Party change is path dependent.

The exchange approach helps to provide microfoundations for parties and enables us to move beyond the usual rational choice treatment of them as unitary actors. The simple dichotomy between politicians and activists proved useful for it allowed the exploration of institutional solutions to the tension arising from having office-seeking and policy-seeking actors in the same party. This is a more realistic way to conceive of parties than the normal rational choice approach, which is to see them solely as office-seekers or policy-seekers. The more fine-grained approach to parties developed here has provided underpinnings for a notion of parties as organisations and as such, has sought to enable rational choice accounts of parties to be connected to the largely non-rational choice literature on party organisation.

# 4 Political Exchange in the Labour Party (pre-1990)

## 4.1 INTRODUCTION

In Chapter 3, I argued that intraparty institutions serve two main functions: providing intraparty actors with means of alleviating their commitment problems and aggregating members' preferences. This chapter shows how a famous institutional device in the Labour Party tackled both these problems. That device is the 'block vote', an institutional means by which trade unions have been able to dominate the decision-making bodies of the party and one of the most controversial aspects of the organisational link between Labour and the unions. Block voting has been used, to greater or lesser degrees in all areas of decision-making in the Labour Party.

Block voting is so important that it is examined before the analysis moves on to policymaking, candidate selection and leadership elections (chapters 5-7). This chapter uncovers the efficient qualities of block voting, which helped hold the Labour Party together. Also analysed are the distributional features of block voting (section 4.2). In section 4.3, attention turns to why, despite the block vote, trade unions have rarely been able to control completely the actions of the Parliamentary Labour Party (PLP). I distinguish between the office-seeking motives of Labour politicians and the policy-seeking instincts of interest groups, such as trade unions. Understanding the logic behind the block vote and its limitations as a means of overcoming union-PLP commitment problems enables us later to recognise just how far-reaching recent reforms in the Labour Party have been. Block voting embodied a specific kind of relationship between the party and the unions, so before turning to an analysis of the block vote and PLP-union tensions it is necessary to understand something about the history of the party-union link.

## 4.2 THE DEVELOPMENT OF POLITICAL EXCHANGE IN THE LABOUR PARTY

The idea behind the exchange approach is that office-seeking politicians recruit activists to their cause in order to campaign for office, and in return they offer policy concessions and other benefits. However, this is not accurate, in a descriptive sense at least, of the British Labour Party. First, unlike the other main British parties, Labour was formed as an extraparliamentary party, which only later acquired a significant presence in parliament. By contrast, the Conservative Party was initially a parliamentary cadre party that developed an extraparliamentary structure in response to the extension of the franchise (McKenzie, 1964). Secondly, the major form of exchange in the Labour Party is between politicians and trade unions rather than individual activists. It is worth briefly examining Labour's formative years in order to understand the nature of its internal exchange relations.

Labour was formed in 1900 by a coalition of trade unions and socialists, mainly from the small Independent Labour Party (ILP) and the Fabian Society.<sup>1</sup> The unions had different interests from those of the socialist groups, and the new party represented a compromise of means and ends by all involved. As Pelling and Reid (1996: 4) observe, its foundation 'was therefore not so much a birth as a marriage'. The motives to coalesce for both unions and socialist groups were to be found in late-nineteenth century British political life.

Britain was unusual by continental standards in that its union movement achieved a position of considerable organisational development and membership growth before the formation of a major socialist political party, a consequence of the country's early industrialisation. However, the unions faced serious legal obstacles and since law was made in parliament it was inevitable they would seek to influence that body. It is a common feature of sectional interests that they seek to secure valuable legislation from governments through lobbying and political donations.<sup>2</sup> The unions did this but went a step further. The limited extension of the franchise to working men in 1867 (followed by a further extension in 1884) created a potential constituency for pro-union parliamentary candidates and so many unions sought to put up for election their own candidates in areas of working class strength. Rather than form a separate party, the unions sought to work through the existing parties, which effectively meant the Liberal Party since the Conservatives were largely

hostile to union aims. This was not surprising given the high costs of establishing a separate party and the lack of certainty of electoral success for any political newcomer, particularly in elections conducted under the plurality electoral system. Individual unions struck deals with local Liberal associations to put up union candidates, often in double-member constituencies (a number of which continued to exist until 1918) and in solidly working class areas, though not in middle class areas, where business interests often dominated local Liberal associations. The miners' federation was foremost among these unions, putting up candidates in mining communities. The first such union candidate was elected to the House of Commons in 1874 and several more were elected in the 1880s and 1890s. These MPs were known as 'Lib-Labs' and often aligned themselves with the radical wing of the parliamentary Liberal Party. They functioned as a small pressure group inside the House of Commons, seeking to influence trade union legislation and protect union rights in the industrial sphere, including picketing and free collective bargaining.

This strategy began to be questioned by some in the unions in the late 1890s. Employers formed their own federal organisations with links to parliament and went on the offensive against unions in the workplace through strike-breaking bodies, leaving union leaders worried about possible attacks on the very legitimacy of their organisations (Taylor, 2000a: 17). Unions also found themselves increasingly on the wrong end of judicial decisions, including threats to their right to picket (Pelling and Reid, 1996: 6). These were times when the unions needed strength in parliament yet by 1899 the number of Lib-Lab MPs had reached only eleven. This was largely due to the unwillingness of local Liberal associations, strongly influenced by business interests, to pick union-sponsored candidates (Lovell, 1991: 39). The strategy of Lib-Labism might be generally satisfactory for unions such as the miners' federation or the cotton workers, where large workplaces and regional concentration enabled such unions to dominate Liberal associations. However, the 1890s saw the growth of large general unions such as the transport workers and municipal workers, which sought to recruit semi-skilled workers across a range of industries and over a wider geographical territory. These unions tended to be more interested in issues of interest to workers everywhere, such as workplace and labour market conditions, rather than issues related to specific industries (Reid, 2000: 223). Such unions did not have the concentrated territorial strength of the miners, making Lib-Labism a less attractive

strategy. For the union movement as a whole, Lib-Labism proved to be a cheaper, but temporary alternative to forming a new party. There were moves by some of the general unions (with strong links to socialist groups) to secure a firmer basis for labour representation in the House of Commons. Finally, a resolution was passed at the 1899 Trades Union Congress calling for unions and socialist groups to devise ways of increasing labour parliamentary representation.

In February 1900, trade unionists and members of socialist societies met in London to agree the formation of the Labour Representation Committee (LRC). The aims of the LRC were unclear aside from providing for greater labour representation. No programme was agreed and no decision was made as to whether it would work alongside existing parties or form its own. The financial basis of the LRC would consist of affiliated organisations paying just ten shillings per thousand members and the committee could not appoint paid officials or finance its own candidates (Pelling and Reid, 1996: 7-8). At the time the events of the meeting were seen in rather limited terms, as a further step on the path towards better labour representation. Only retrospectively did it come to be seen as the founding moment of the Labour Party.

A question arises as to why the unions felt it would be in their interests to ally themselves with the socialist groups. After all, the LRC was dominated financially and organisationally by the unions so why did they not simply go it alone, without the hindrance of the socialists, of whom many union leaders remained deeply suspicious? The answer lies in the crucial role played in the newer unions by socialists, particularly those connected to the ILP. Most of the new general unions of 1889 were founded or rapidly taken over by socialists (Lovell, 1991: 30). Even if many union members remained instrumental in their attitudes to union membership, the socialists often organised them and provided the core of committed activists. The growth of socialism in the new unions even led to attempts to restrict their influence within the TUC through a series of constitutional reforms in that body in 1895 (including the advent of block voting). It was the formation of the ILP in 1893 that provided an attempt by some socialists to link these disparate groups of radical activists in the unions and local trades councils. The ILP put up candidates in general elections in the 1890s though it made little impact. Its leading figure, Keir Hardie, had harboured hopes of building an individual mass membership along the lines of the German SPD but realised that the best hope for a strong socialist party in Britain

lay in winning over union support in order to boost the growth of the party and quicken its electoral development. As G.D.H. Cole observed:

They [the ILP] speedily realized that ... they must either induce the trade unions to throw in their lot with them or be content to build up very slowly a party based on individual membership on the Continental socialist model. As they were not prepared to wait, most of them preferred the shorter cut of a Labour Party based mainly on trade union affiliations, even though they realized that they could get such a party only by a considerable dilution of their socialist objectives (Cole, 1948: 152).

Vote-seeking required a well-resourced organisation to campaign on the ground but attracting members and funds could not be achieved overnight. The ILP therefore chose an organisational alliance with the unions: large-scale collective action is easier to organise by drawing together existing groups than by starting from scratch because it dramatically lowers mobilisation costs (Chong, 1991: 36).

The socialist and trade union bodies that founded the LRC each had strong purposive incentives to do so but they disagreed over policies, with the socialists wanting to ameliorate the injustices of capitalism while the unions took a narrower perspective, seeking the repeal of, and a defence against legislation inimical to their interests. Given the financial dominance of the unions, it was their preferences that took priority. Political exchange consisted of a commitment by the socialist groups to pursue policies of benefit to the unions in return for the right to piggyback on the unions' organisational and financial resources. The parliamentary leadership was provided by the ILP and the Fabians, the latter of whose personnel tended to be more middle class, better educated and better versed in administrative tasks than working class trade unionists. For these reasons, and others including the high opportunity costs facing busy union leaders participating in parliamentary politics, politicians from the socialist societies would dominate the leadership of the new Parliamentary Labour Party (PLP). To ensure that they retained control, the unions would dominate the party's annual policymaking conference and its national executive committee (NEC), as well as furnishing the ranks of much of the PLP with their own nominees.

For its first twenty years of existence, the Labour Party (as the LRC called itself from 1906) was a policy-seeking party for union interests, with its MPs seeking to pressure Liberal governments for legislative concessions (Miliband, 1972). It enjoyed some early success, both in the electoral arena, where it had 42 seats by 1910, and in terms of policy concessions, especially the repeal of the Taff Vale judgement of 1901, when the House of Lords had ruled that unions could be sued for damages for loss of earnings resulting from strike action. A blow came in 1909 with the 'Osborne judgement', another House of Lords ruling, which prohibited unions from spending money on political activities. This could have proved catastrophic for the party since it was heavily indebted to the unions and faced being bankrupted. The judgement was reversed – with strings attached (see note 5 to this chapter) – by the Trade Union Act 1913, confirming the necessity of a parliamentary presence.

Labour made its electoral breakthrough in the 1920s when, in the aftermath of the First World War and another extension of the franchise, it supplanted a divided Liberal Party as the second great party of state. In 1923, just 23 years after its formation, Labour formed its first government, a minority administration that lasted a year, and by 1929 it was the largest party in the House of Commons. From this time on, however, there was a permanent tension in the party between the office-seeking instincts of the PLP leadership and the policy-seeking motives of the unions (and individual members). This was revealed during the general strike of 1926 and the severe economic crisis of 1931 that brought the Labour government and the unions to loggerheads over the government's attempt to cut unemployment insurance at a time when the rate of unemployment had soared above two million. This conflict split the party, leading to the expulsion of some of its leaders and a slump in its electoral fortunes that would last until the outbreak of the Second World War.

The form of political exchange in the Labour Party changed between 1900 and 1918. Once Labour became a credible contender for government, its politicians became imbued with clearer office-seeking incentives. This exchange with the unions replicated some features of the earlier exchange between the unions and the socialist societies, in that the unions wanted the PLP to pursue legislation favourable to their interests. However, the unions themselves now had to consider modifying their policy demands because the party was set on winning elections and found its incentives structured by the competitive two-party system and the plurality electoral

system. I return to this in section 4.3. Before that, it is necessary to explore the nature of intraparty political exchange when the principals are organisations.

### **Federalism and Block Voting in the Labour Party**

The dominant form of political exchange in the Labour Party differs from that sketched in Chapter 3 because it is organisations rather than individual activists that trade with politicians. Labour was an example of an ‘indirect’ membership party (Duverger, 1964), in which the party’s ‘members’ were organisations rather than individuals. An individual who wished to join the party had to join it indirectly via an affiliated trade union or socialist society. In 1918, a system of constituency Labour parties (CLPs) was established in order to aid Labour’s campaigning abilities after the extension of the franchise that year (until then, the party had relied mainly on local union branches to mobilise supporters). The new system permitted individuals to join the party independently of affiliated bodies though their membership was, and remained, dwarfed by that of the unions (see Table 4.1). This provision for individual membership diluted the indirect nature of Labour’s membership structure but not considerably so because the unions continued to provide most of the party’s funds and hold most of the power. Party leaders had considered restructuring the party on the basis of a direct individual membership as part of Labour’s broader electoral appeal but they decided that it could not survive financially without the unions. Thus, the indirect structure was entrenched and, with a couple of important exceptions, remained largely unchanged until the 1980s (see Appendix 1).

Analysing a party in which intraparty exchange is between politicians and interest groups entails modifying the exchange model sketched earlier. One obvious difference is that purposive incentives are extremely important for unions while social incentives are not. A union may reasonably believe that the substantial resources it donates to a party will have a much more noticeable impact than the efforts of an individual activist. Perhaps the most important difference is that a union, being an organisation in its own right, is controlled by a dominant coalition, ranging from elected elites and their supporters lower down the organisation. Control of the union enables this coalition to engage in exchange with Labour politicians, supplying funds in return for policies. However, unions have their own internal decision-making and leadership selection structures. Thus, a union can potentially be captured

by a new coalition, which then demands different policies from the party. *Inter alia*, this can potentially destabilise a party based on union affiliates (see below).

**Table 4.1 Labour Party Membership**

Year	Individual members <sup>a</sup>	Trade union members <sup>b</sup>	Socialist and coop. societies	Total membership <sup>c</sup>
1900	0	353,000	23,000	376,000
1910	0	1,394,000	31,000	1,431,000
1920	n/a	4,318,000	42,000	4,360,000
1930	277,000	2,011,000	58,000	2,347,000
1940	304,000	2,227,000	40,000	2,571,000
1950	908,000	4,972,000	40,000	5,920,000
1960	790,000	5,513,000	25,000	6,328,000
1970	680,000	5,519,000	24,000	6,223,000
1980	348,000 <sup>d</sup>	6,407,000	56,000	6,811,000
1990	311,000 <sup>d</sup>	4,922,000	54,000	5,287,000
2000	311,000 <sup>d</sup>	n/a <sup>e</sup>	n/a	n/a

Source: 1900-90 – Tanner et al. (2000: 394-7); 2000 – Wintour (2002a).

- a. No individual members until 1918. From 1918-1927 no count was made of individual members.
- b. 'Contracting-in' between 1928 and 1946. 'Contracting-out' before and after that period.
- c. Total membership figures for 1900 and 1910 include members of Co-operative and Women's Labour League.
- d. New basis for calculation (changed in 1980) but each CLP still allowed a minimum 1,000 votes at the annual conference (until reweighting of votes in 1993 and 1996). For individual membership figures for all years between 1980 and 2002, see Figure 8.3 in Chapter 8.
- e. According to Labour's submission to the Neill committee's investigation into party funding, by 1998 affiliated union membership stood at 3.5 million (Neill, 1998: 229).

Thus, there are differences in political exchange in indirect parties yet the most important elements are similar. In particular, mutual commitment problems attend the trade between politicians and unions, stemming from the nonsimultaneous exchange of union resources for policies. Resources are constantly needed but policies may not be delivered until years later. By then, the politicians may have incentives to supply different policies. The risk of shirking by the PLP could encourage unions to undersupply resources, to the detriment of both the party and the unions themselves since Labour would be less able to fight for the unions' preferred policies. Party institutions are needed to enable politicians and unions to make credible commitments to each other and reduce the scope for shirking by the PLP.

However, rather than just one union funding the Labour Party, there was a multiplicity of unions, each with different preferences and priorities. This was

beneficial because it increased the supply of funds and spread the burden over many contributors but it also produced problems by creating the possibility of inter-union opportunism. Individual unions might have commitment problems because there would be a temptation to free-ride on the financial contributions of other unions. If a number of unions decided to undersupply donations in the hope that other unions would compensate, the party's finances could be damaged, hindering its ability to campaign. What was needed was a means of preference aggregation that protected the party's funds from inter-union opportunism.

The solution was to construct internal party institutions that linked financial contributions to decision-making power. The year 1918 saw the publication of Labour's first constitution, setting out the rules of the party. The constitution formalised the federal structure that had been in operation before the First World War. An annual conference would aggregate and channel the affiliates' policy preferences. It would be dominated by union delegates and as well as deciding policy it would serve as the party's supreme decision-making body. When resolutions were passed at the conference, it would be the responsibility of MPs to introduce the appropriate legislative Bills. Union placemen would be guaranteed places in the PLP and work for pro-union policies. The NEC would run the party between conferences and it too would be dominated by the unions.<sup>3</sup> Meanwhile, the unions themselves would have complete autonomy in their own internal decision-making procedures – another reflection of the federal principle.

To give unions an incentive to maintain the supply of funds, they were allocated votes at the conference in direct proportion to the money they donated to the party. The mechanism by which this was achieved was the *political levy*, a small sum that trade union members pay to their unions in addition to their normal union fees. Each union affiliated to the party its own members who paid this levy, even though not all these members were usually aware that they were financing the party in this way. A system of 'contracting out' ensured that unless levypayers specifically stated that they did not wish to pay the levy, it would be automatically deducted from their wages.<sup>4</sup> Inertia and ignorance ensured that most uncommitted members failed to 'contract out'.<sup>5</sup> For each trade unionist whose political levy went to the party, his union received one vote at the party's annual conference. Big unions affiliated more members and thus obtained more votes.<sup>6</sup>

However, although this was a necessary condition for the unions to maintain their commitments to continue supplying funds, it was not sufficient because the temptation to free-ride remained. A union might affiliate 150,000 levypayers but the latter would have widely differing policy preferences, as would the delegates that represented them at the party conference. If the union's 150,000 votes were divided among its delegates, under a system of 'one delegate – one vote' (ODOV),<sup>7</sup> it would be the delegates, rather than the individual unions *qua* organisations, that would hold power. Preference heterogeneity among delegates would mean that delegates from the same union could cancel out each other's votes on the conference floor. For example, if three-fifths of these delegates supported policy resolution X while the other two-fifths voted against it, the union's 150,000 votes would be split 90,000 to 60,000 in favour of X, leaving only  $(90,000 - 60,000) = 30,000$  'effective votes'. Thus, although the union has paid affiliation fees for 150,000 members, only one fifth of these have any net effect on the outcome of the vote. Certainly, the same could happen in other unions, but the greater the differential between those in favour and against a policy, the higher a union's effective vote would be. A smaller union could have more effective votes if there were a greater consensus among its delegates. Thus, a union that affiliated only 60,000 levypayers would have 40,000 effective votes if its delegates were five-to-one against policy X. By contrast, big general unions with a vocationally heterogeneous membership might be prone to greater opinion diversity and thus a small effective vote.

A system of ODOV or any other form of vote splitting within unions could give big unions incentives to reduce their affiliation levels and thereby their supply of funds to the party. A union with a finely split delegation or membership could substantially reduce its affiliation level with only a marginal impact on its effective votes since all factions would be equally affected. Alternatively, internal 'decision costs' (Horn, 1997) could rise as union leaders expended resources on reducing the strength of rival factions in order to increase the union's effective votes. This would mean time and effort taken away from other activities and might necessitate costly offers of patronage to pull individual delegates into line. To minimise these problems and thus increase efficiency, Labour adopted an 'indirect' federal structure whereby the unions *qua* organisations would be regarded as the party's members. Each affiliate would speak with a single voice, which in turn would facilitate the

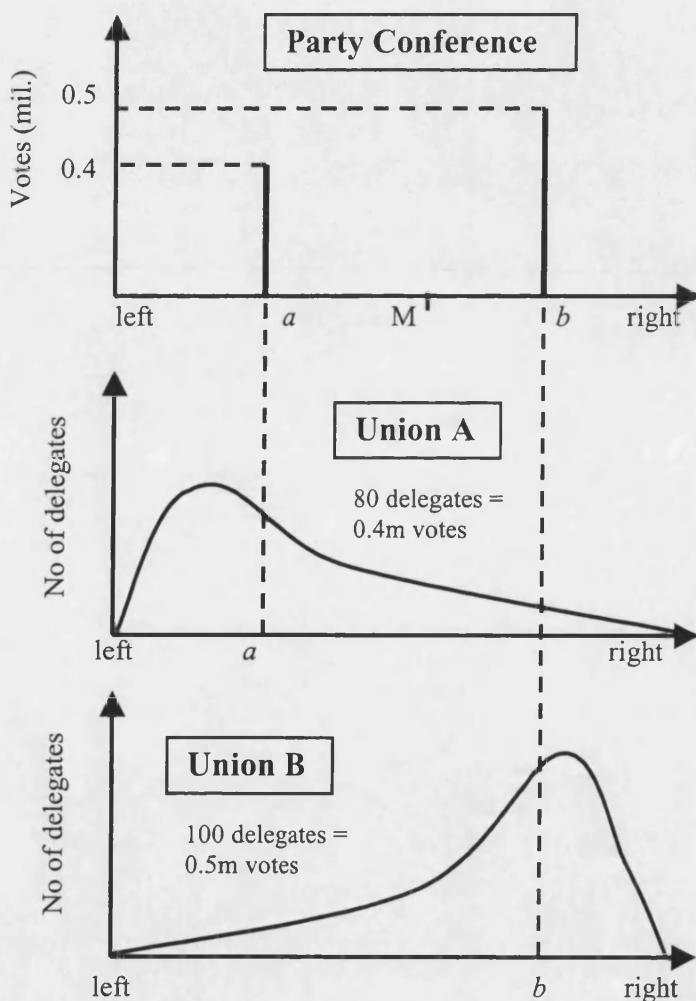
dominance of the big unions and safeguard their commitment to continued funding. This system was institutionalised through *block voting* at the party conference.

Block voting involves each organisation casting all its allotted votes as a single unit. Each organisation arrived at a decision and cast its votes unanimously in favour of that decision while minority opinion was not represented. Thus, in the previous example of a union with 150,000 affiliated levypayers, the union would cast a single block of 150,000 effective votes at the party conference, whether they were cast in favour of a policy or against it. Although it was never specified in Labour's constitution block voting was a consistent feature of the party since its formation in 1900 (it was first used by the large unions at the TUC in 1895). Until 1953 there were provisions for unions to split their block votes at the conference but they were rarely used, and even then mainly by federal unions with distinct regional divisions such as the miners' union (Minkin, 1992: 283). Before 1953, block votes were printed on cards, which were held up by union leaders at each vote. But with the televising of the conference party leaders were anxious about audiences' response to this practice so 'secret' balloting was adopted. Where unions previously required just one voting card, they now needed eighty (forty 'for' and forty 'against') and it was deemed impractical to multiply this further by giving each delegate a book of voting cards (see Minkin, 1992: 283-6). Secret card voting entrenched block voting but the latter had existed since the party's formation because it institutionalised the link between financial contributions and voting power. This secured the party's supply of funds by reducing the risk that the big unions might resent their financial burden.

Since block voting compels each union to adopt a single position on each policy issue rather than allowing individual delegates to cast equal votes at the party conference, the policies adopted by the conference are not a simple reflection of the preferences of individual conference delegates. This can be illustrated by looking at a simplified conference consisting of two unions (Figure 4.1). Union A is leftwing and has 400,000 votes while Union B is rightwing and has 500,000 votes. Assuming that each union takes up its full entitlement of one delegate per 5,000 votes, Union A will have 80 delegates while Union B has 100. Under a system of ODOV, the overall distribution of opinion would be more important than that within each union, so the median delegate at the conference would be at point *M* in the upper panel and this is where conference policies would be positioned. However, block voting ensures that

the preferred position of each union's median delegate is the preferred position of that union as a whole: point  $a$  in the case of Union A, and point  $b$  for Union B. However, since Union B has more votes than Union A, it can unilaterally decide policy, which it sets at  $b$ . As we can see, there is a significant distance between  $b$  and  $M$ . In this example, the rightwing union wins. From its earliest days until the 1970s, most union leaders were from the centre-right of the party (reflecting their concern with its electability) so the left was often disadvantaged by block voting.

**Figure 4.1 Distributional Consequences of Block Voting**



The left was also disadvantaged by intra-union distributional consequences of block voting. At the turn of the twentieth century when liberals dominated the unions but socialists were growing in influence, block voting stopped the socialists in the unions voting with the leftwing socialist societies and later, the CLPs, at the party conference. The latter also wielded block votes, though they were much smaller than those of the unions (typically 1,000 votes per CLP) and all the CLPs together rarely comprised more than 15 percent of the total votes. If it were ever to capture the party, the left would need concentrated support in the big unions. Block voting enabled centre-right union leaders to control the left by imposing upon it high mobilisation costs. Factional conflict had to be waged *within* organisations as well as between them, so minority factions would first need to win majorities inside individual unions – a significant undertaking, though if achieved it could invigorate factions by providing them with an organisational shell and access to that organisation's resources (Panebianco, 1988: 94).

Under an ODOV system, factional conflict would be mainly extra-organisational, with majority and minority factions within each union affecting the conference's factional balance. A mandating system or some way of 'whipping' delegates would be needed to bind all delegates to union policy but it might not be sufficient. In fact, mandating does exist in the Labour Party, with union executives or conferences laying down the policies of their unions, which then form mandates for union delegates to the party conference. However, the sheer volume of policy resolutions submitted to the conference means that a union's 'official' attitude to a given resolution may be difficult to discern. Union conferences (often held months before the party conference) and/or union executives would have to anticipate all of the issues to be discussed, and determine policies which would then have to be formalised into mandates. It is costly trying to write complete contracts or mandates because the future is uncertain. Block voting reduced these measurement costs by providing a means of voting the preferences of the unions' dominant coalitions. As a safeguard mandates could continue to exist on all the major issues but beyond that they were not always necessary. Trade unions at the Labour Party conference are usually directly mandated on about a third of issues, partly mandated on another third, and not mandated at all on the final third (Harrison 1960: 167; Minkin, 1992: 294). Minkin observes that '[w]hether Left wing or Right wing, the senior union

official could occasionally obtain the backing of the delegation (or in some cases the Executive Committee) for interpreting the mandate in ways which approached the point of breaking its spirit' (Minkin, 1980: 324). For example, in 1961 the railwaymen and the engineering unions broke their mandates on public ownership in order to help out the embattled leader Hugh Gaitskell (Minkin, 1980: 240).

Measurement costs were further raised by *compositing* resolutions at the conference, i.e. merging together different resolutions to reduce the number of issues debated. This increased the discretionary power of delegates with regard to mandates, as Minkin explains:

So often [composite] resolutions emerged which combined a range of disparate elements that delegation meetings were in the position of assessing a resolution, part of which conflicted with union policy and part of which was compatible with it. A shrewd opponent of a composited resolution could make much of its inadequacy. A supporter could find 'basic' elements in it which were deserving of support (Minkin, 1980: 164).

Composites that linked together separate issues in this way gave the delegations more latitude over interpreting mandates. This made it easier for union leaders saddled with hostile mandates to be able nonetheless to help out the party leadership. The costs to the delegates of defying hostile mandates could thus be reduced.

Breaking mandates carries costs but there was room for manoeuvre, and delegates' discretion increased when mandates were absent. Block voting made the institution of mandating more efficient by reducing enforcement costs. The dominant coalition in the union faces higher enforcement costs when delegates can cast individual votes at the Labour Party conference under a system of ODOV.<sup>8</sup> These costs are especially high when its preferences are not mandated. Enforcement costs are lowest when block votes are used to implement a mandate. When block votes are used to implement non-mandated preferences, enforcement costs may be higher if the median delegate needs to be convinced of the policy. This can run parallel with higher measurement costs as delegates try to reach an agreement.

Block voting reduced the costs of exchange between unions on the floor of the party conference by facilitating vote trading. The latter is ubiquitous in voting

bodies but it consumes time and resources that could be more profitably employed in other ways. By concentrating voting resources in a small number of organisations, block voting enabled union delegations and parliamentary leaders to organise deals quickly. Three or four big unions could collude to ensure their preferred resolutions were passed. Vote trading was particularly prevalent during elections to the NEC, where the big unions normally voted for each other's candidates. Moreover, despite secret voting since 1953, it was usually easy to monitor the voting record of the major unions because each controlled such a large proportion of the votes. Deals were thus more likely to stick because if a union reneged on promises to vote for another union's resolution it could face retaliation in later votes. By contrast, vote trading under ODOV would be laborious, consuming precious resources and entailing high opportunity costs (see Milgrom and Roberts, 1990). Hundreds of individual delegates would have to be canvassed yet each would have only a small chance of being pivotal to the result of a vote. Furthermore, even if they did promise their votes it would be impossible to determine how they actually voted in the secret ballot.

Nevertheless, the block voting system could become unstable once the factions were more evenly balanced, as they were from the 1960s onwards. For example, the amalgamation of unions – a steady feature of the post-war years – could impact on conference votes. If a small rightwing union merged with a larger leftwing union, the left would take the combined block vote of the new union, increasing its share of the conference vote without a single delegate's opinion having been changed (Crouch, 1982: 180). Similarly, small shifts within a single delegation could alter the stance of its union and that of the party conference. This happened in 1979 when the conference was balanced between left and right and the AUEW, with 928,000 votes, was the pivotal union. Its delegation was split and on the whim of one floating AUEW delegate, the conference passed mandatory reselection contests for MPs but rejected a wider franchise in leadership elections (McSmith, 1996: 118-21, 139-40).<sup>9</sup>

The thrust of the argument has been that big block votes translate into an ability to bring about outcomes yet an objection is that voting resources and outcome power are not synonymous (Banzhaf, 1965; Shapley and Shubik, 1954). If the conference is factionally divided among unions, each coalition as a whole might have an incentive to buy more votes and gain a majority. However, each union within the coalition could free-ride, letting its allies buy the extra votes from which they would

all benefit. By the same reasoning, some unions might be tempted to reduce their affiliation fees and thereby harm the financial position of the party. We should therefore be wary of viewing unions as *vote-maximisers*. Nevertheless, there are good reasons for supposing that such free-rider problems might not be overly serious. The large and medium sized unions probably comprise a privileged group in the Olsonian sense of a group whose members have incentives to contribute towards the supply of their desired collective good – in this case, a solvent party (Olson, 1971). Moreover, empirical evidence suggests concentrated voting power at the conference was positively correlated with outcome power. A power index analysis of the Labour conference in the mid-1980s showed that the ‘power’ of the TGWU, then the biggest union, was considerably greater than that of medium and small voting bodies. Each 1,000 votes cast by the TGWU was worth 23 percent more on the Shapley-Shubik power index than 1,000 votes cast by a CLP (Leech, 1992: 250).<sup>10</sup>

Unions thus had incentives to maintain their affiliation levels because their voting power was roughly related to their ability to bring about outcomes. Block voting ensured that unions considering cutting their contributions would be reducing their own voting power at the conference, making them less able to ensure that their preferences were prioritised by the party. Block voting thus helped insulate the party from financial threats by its affiliates. Intuition suggests that unions unhappy with party policy would have an incentive to cut their funding. In fact, if the opposing faction’s majority were not too great, it might be rational for a dissatisfied union to *increase* its affiliation level, and thereby increase funds to the party. (The incentive would be weaker if either faction had a large majority.) In the 1970s, NUPE, a leftwing union angered by the public spending cuts of the Labour government, increased its affiliated membership from 100,000 in 1974 to 600,000 by 1980. These votes were instrumental in narrowly passing a leftwing package of reforms to the party constitution. Some rightwing unions considered choking off funds to the leftwing NEC, but pulled back because a reduction in funds would reduce their voting power at the conference, further entrenching the left (Minkin, 1992: 518).<sup>11</sup>

In conclusion, block voting alleviated some of the transaction costs, including commitment, measurement and bargaining costs that might have distorted political exchange between the politicians and the unions. It weakened incentives for unions to free-ride on the contributions of other unions and gave them a considerable degree

of control over the extraparliamentary party. Block voting was thus an important means of institutionalising political exchange in the Labour Party and reflected the specific nature of that exchange. The focus above was mainly on the use of block voting at the party conference though it was also an important feature of NEC elections and the electoral college from 1981 to 1993 (see Chapter 7). Block voting was formally precluded in parliamentary candidate selection by a rule against mandating delegates to selection meetings but in reality union delegates invariably voted as blocks. Since votes at the local level were also allocated on the basis of affiliated membership, and thereby, financial contributions, all the pressures to maximise 'effective votes' examined above came into play (see Chapter 6).

Students of the Labour Party will at this point have noticed that the question of relations between the parliamentary and extraparliamentary parties has been glossed over. Yet this relationship has spawned a long-running debate about the distribution of power in the Labour Party. The unions' commitment to supply funds is dependent on the politicians' commitment to supply policies but we saw in Chapter 3 that office-seeking politicians generally prefer autonomy so that they can offer electorally attractive policies to the voters. As we shall see, enforcement problems have often plagued the supply of policies from the politicians to the unions.

#### **4.3 THE AUTONOMY OF THE PLP AND PARTY-UNION 'PATHOLOGIES'**

Labour's institutions were intended to solve two sets of commitment problems: that among the unions not to free-ride on each other's financial donations, and that of the politicians to supply the unions' preferred policies. Historically, the institutions have been more successful in solving the first of these problems. Of the five Labour governments that held office before 1997, three ended in disaster on the rock of government-union conflicts. Although policy preferences are fundamental in party politics, policymaking bodies within parties are paradoxically often of limited use in securing the preferred policies of the coalition controlling them. This is because the people who must ultimately implement policies are the parliamentarians. MPs *as a group* can rarely be controlled by extraparliamentary policymaking bodies because they do not owe their positions to such bodies. MPs are chosen not as a group but *individually* as candidates by their local parties. Executive bodies have greater or lesser control over the selection process but typically local parties possess

autonomy (see Chapter 6). There is considerable scope for agency loss as politicians are, at best, only weakly bound to the demands of intraparty policymaking bodies. Even with block voting, the Labour conference's lack of direct elective control over MPs deprived it of enforcement powers and was a reason why the unions could not *instruct* MPs to implement policies in parliament. Block voting has not stopped Labour governments from shirking (from the perspective of the unions) in office.

Indeed, an enduring debate about the Labour Party concerns whether it is the party conference or the PLP<sup>12</sup> that has ultimate authority over policy.<sup>13</sup> Labour's constitution situates decision-making sovereignty in the conference: '[t]he work of the Party shall be under the direction and control of the Party Conference...' (Labour Party, 1992a: Clause VII.1). More specifically, 'the Party Conference shall decide from time to time what specific proposals of legislature, financial and administrative reform shall be included in the Party Programme' (Clause V.1). This appears to be unequivocal in proclaiming the primacy of the conference and thus enabling the unions, which controlled 90 percent of the votes, to determine policy. The role of the PLP is not mentioned but these clauses seem to imply that it should implement conference policies. This was spelt out (albeit ambivalently) in a resolution passed at the 1907 annual conference, and which became, as McKenzie writes, 'the standard definition of the relationship between the party organizations inside and outside Parliament' (McKenzie, 1964: 396):

That resolutions instructing the Parliamentary Party as to their action in the House of Commons be taken as the opinions of the Conference, on the understanding that the time and method of giving effect to these instructions be left to the Party in the House, in conjunction with the National Executive (Labour Party, 1907: 49).

The contingencies of politics demand that the PLP must indeed decide the 'time and method' of implementing policies. Yet on the question of what happens if the PLP refuses to implement conference policies, the constitution is silent, with no enforcement mechanisms specified. It may be true, as Rose (1956: 130) has argued, that 'no other organ of the Party claims the authority to override Conference.' Yet nowhere does the constitution state that the PLP is under the control of the conference, let alone give the latter any means with which to enforce such authority.

There are no sanctions available to the conference if the PLP rejects its policies because the PLP *as a body* is not under the direct control of any extraparliamentary body. This has resulted in disagreements over who makes party policy and spawned a long-running debate centred on a famous thesis suggested by Robert McKenzie.

The McKenzie thesis states that the distribution of power in the Conservative and Labour Parties is similar, i.e. the parliamentary party is in the ascendancy. In the Labour Party, the PLP is the principal source of power. McKenzie acknowledged that the PLP often pays lip-service to the conference in order to retain party unity and he noted that problems can arise when the PLP and the NEC find themselves out of step. Indeed, he even claimed that the PLP leaders ‘exercise their authority *only with the consent of their followers*’ (McKenzie, 1964: 506 – italics in original). By this, McKenzie was referring to the union leaders whose block votes dominate the conference, and he wrote, ‘it is this bond of mutual confidence between the parliamentary leaders and a preponderant part of the trade union leadership which is an essential key to the understanding of the functioning of the Labour Party’ (McKenzie, 1964: 505). Typically though, McKenzie assumed union acquiescence would be forthcoming (e.g. 1964: 423-5).

McKenzie claimed that extraparliamentary control of the PLP is impossible because Labour submits to the British constitution (McKenzie, 1964: 456, 635, *passim*). By convention, it is inappropriate for parliamentarians to be accountable to any body outside parliament save the electorate. To make the PLP accountable to the Labour Party conference would violate parliamentary sovereignty; as such, McKenzie disparaged intraparty democracy *per se*, advocating intraparty oligarchy as the only means of upholding the British constitution (McKenzie, 1982: 195-6).<sup>14</sup>

The strength of the McKenzie thesis is that it appears to fit with much of the evidence regarding previous Labour leaderships, particularly Labour governments, which have often ignored conference decisions with impunity. Even in opposition, deprived of the trappings of power, the PLP leadership has rarely come under any real degree of control by the conference though critics suggest it does (Kavanagh, 1985). However, there is a major problem with the thesis. McKenzie acknowledged that Labour’s constitution gives significant power to the unions (McKenzie, 1964: 480) but he assumed this must necessarily be to the benefit of the party leadership. This is because most trade union leaders are loyalists of the leadership, linked by a

‘bond of confidence’ and concerned to minimise conflict between Labour’s political and industrial wings. Ultimately, power resides with the PLP and the unions serve as ballast against the left. The conference is not decisive but it must be ‘managed’. With hindsight the ‘bond of confidence’ between the PLP and the major union leaders was, as Minkin asserts, ‘a contingent and not an endemic feature of the pattern of power within the Party’ (Minkin, 1980: 321). The ‘Praetorian Guard’ of rightwing unions crumbled in the 1960s and 1970s as the TGWU and the AUEW shifted to the left. Moreover, although MPs continued to dominate the NEC they came predominantly from the PLP’s minority left faction whereas the right dominated the cabinet, leading to conflict. In short, McKenzie underestimated the extent to which Labour was run by a dominant *coalition* rather than by a PLP oligarchy attracting automatic union support. The PLP was strong in the 1950s because it was in a coalition with a rightwing cabal of union leaders, tying up conference votes and magnifying its own power. When this coalition broke down, party leaders had to fight harder.

McKenzie wrote his book before the battles of the 1960s and 1970s between Labour governments and trade unions. These conclusively demonstrated that union acquiescence to the PLP is not inevitable but neither could the unions simply impose their own wishes on the government. The political exchange model offers a way of understanding relations between Labour and the unions. Ever since Labour overtook the Liberal Party in the 1920s to become one of the two great parties of state, unions would inevitably face difficulties enforcing certain policies on the PLP. We have seen how parties in two-party systems have incentives to become vote-seekers, accommodating ‘floating’ voters. Since the 1920s, in order to maintain its electoral competitiveness Labour has had to change from being a trade union policy-seeking party into being primarily a vote-seeking union-funded party. If their preferences were dissimilar to those of union leaders, parliamentary leaders would find themselves facing a choice between keeping the unions happy but losing votes or winning elections with policies opposed by the unions and thereby creating a union backlash. Yet if the policies offered by the Conservative Party are anti-union, the unions may have no alternative but to accept centrist policies from Labour. This helps answer a question first posed by Wertheimer (1929) in the 1920s as to why the policies of the TUC and the Labour Party could diverge when the two organisations were bound by common union affiliates and personalities, or, as Lewis Minkin asks:

If so many features of the Labour Party implied and facilitated the initiative of the unions and their leadership, why did they not control Labour Party policymaking on a permanent basis? ... In casting block votes in [the TUC and the Labour Party] why did union leaders not command similar policies and strategies in both? Paying both pipers why did they not call identical tunes? (Minkin, 1992: 7).

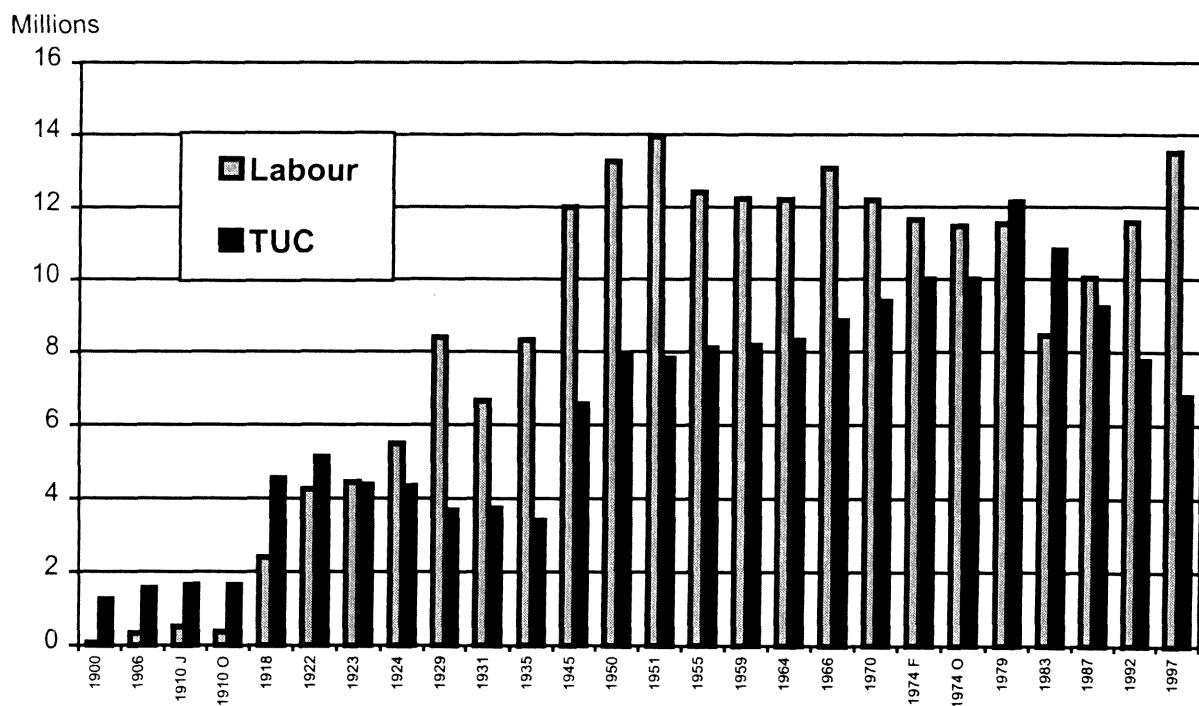
Minkin's explanation is in terms of labour movement norms of 'restraint' and 'freedom', which allow union leaders to wear different hats in the two bodies and permit autonomy to the politicians (see Chapter 9). However, there is a *rational* explanation based on the distinction between parties and interest groups. The two are alike in being voluntary organisations that seek collective goods, but they differ in how they pursue these goods. Parties measure their success by 'market' criteria, i.e. elections, which, in a two-party system compels them to be vote-seekers. By contrast, interest groups are policy-seekers, which lobby governments but do not measure their success in electoral terms (Schlesinger, 1984). Trade unions are interest groups seeking to promote the interests of their members but in Britain, the unions are also the main sponsors of a competitive political party. If the party is to be successful, the unions must allow it to adopt a vote-seeking electoral strategy, which means they may not always get the policies they want. For example, many unions in the early 1980s were committed to British withdrawal from the EEC but they permitted the party leadership to adopt discretely a less hostile stance because withdrawal was seen as electorally unfeasible (Minkin, 1992: 455-6). This explains Wertheimer's puzzle of policy discrepancy between the TUC and the Labour Party. The TUC is an umbrella organisation for policy-seeking unions, willing to bargain with governments of any political complexion. The Labour Party is a vote-seeking organisation trying to win a parliamentary majority. As Brenda Dean, the former leader of the printers' union, SOGAT said in 1985:

I don't necessarily think it's good for the Labour Party to be run by the trades unions. In fact, I think it's counterproductive... I'm a member of the Labour Party, I'll never vote any other way: but the people who put the party in are the five per cent don't knows. If the don't knows see that the party is dominated by any one group that's going to hurt its election chances. Politics is about power, about

being in government – and we've got to make sure we provide the means for the Labour Party to get elected (cited in Taylor, 1987: 293).

This is the dilemma facing the unions. Within the party, this need to go beyond the unions in its electoral appeal has frequently led politicians to proclaim Labour as a 'national' rather than a class party. In the 1920s, the number of people voting for Labour was more than twice the affiliated membership of the TUC (which in turn was twice the size of Labour's affiliated membership). From then on, Labour's vote was always greater than TUC affiliated membership, except in 1979, when TUC numbers were at a peak, and 1983, when Labour suffered a catastrophic election defeat. By the 1990s, the situation of the 1920s was restored (Figure 4.2).

**Figure 4.2 Labour Vote and TUC Membership**



Source: Butler and Butler (2000: 233-9, 387-8).

Even these figures do not tell the whole story because a large minority of trade unionists consistently fails to vote Labour. Labour's electoral support among union members fluctuated around the 50 percent mark in the 1960s but fell in the

1970s. In 1983, only 33 percent of union members voted Labour, though the figure rose thereafter.<sup>15</sup> This far from strong propensity of union members to support Labour has decreased the attractiveness of a purely class-based electoral appeal and to the extent that union leaders could see this too it inhibited them further from seeking to impose such a strategy on the party leadership. Equally, it should be noted that the unions retained some autonomy from the party through the TUC, which has never affiliated to Labour. The TUC had a parliamentary committee and in the post-1945 period was concerned to maintain some ‘distance’ between itself and the Labour Party because with the rise of corporatism, it wanted to be able to negotiate with governments of all political colours.

A purely union-based programme for Labour was thus unfeasible yet there must be some payback for the unions otherwise they are wasting their money. The history of the party-union relationship in Britain is the history of attempts to resolve this tension (see also Taylor, 1987: 288-93; Reid, 2000: 235-6). In practice, the party has often been prepared to compromise on policies that were ‘popular enough’ to be electorally competitive, while still providing some rewards for the unions. In turn, the unions have historically been willing to permit autonomy to the politicians, provided key union interests were protected. The latter included progressive industrial relations legislation and the preservation of free collective bargaining – the system of market-based employer-union bargaining through which British workers had historically secured significant material improvements. Once these interests were safeguarded, the party conference could be the public arena where the unions and the politicians struck policy agreements. Since neither side had an incentive to be embarrassed by public disagreements, they were usually willing to ‘fix’ votes in advance so that both sides could save face (see Chapter 5). The concentration of voting resources in a small number of units facilitated such bargaining. This ‘deal’ at the heart of the Labour Party meant that union leaders often left ‘politics’ and policymaking to the PLP while unions used their block votes for managerial purposes at the conference, such as keeping the left in check. Panebianco (1988: 94) described this system as one of ‘crossed oligarchies’, capturing the interdependence and mutual support of the political and industrial elites.

However, changes in the post-war economy eventually presented problems for the party-union relationship that the party’s institutional structure could not solve.

Labour's landslide victory in 1945 confirmed its arrival as a major electoral force and thereby increased the incentive for politicians to adopt a vote-seeking electoral strategy, and once in government, to implement policies that ensured economic stability. The growth in numbers and importance of the unions ensured that they assumed a greater role in the nation's political economy, a process that began during the war years and which continued through to the 1960s. Full employment created the possibility of spiralling wage costs and inflation unless capital and labour could agree on how to distribute the national income. The result was the growth of tripartite corporatist arrangements between the TUC, the CBI and the government, regardless of whether the latter was Conservative or Labour. All distributional claims by interest groups are dependent on a growing economy, including those of trade unionists. If the economy were growing strongly, this need not present problems but in times of recession, all governments are compelled to take measures that restore economic growth, even if they create short-term hardship for their own supporters. The British economy started to experience a significant slowdown in the 1960s, which would last through to the 1980s (Cairncross, 1992; Baston, 2000). As in other corporatist systems, governments of all political colours looked to the unions for 'wage restraint', with varying degrees of success (Scharpf, 1991). This is never easy for any governing party but for Labour, with its institutional links to the unions, it meant economic crises could have traumatic effects on intraparty politics.

Labour's attempts in the 1960s and 1970s to impose wage restraint violated the longstanding 'agreement' that the party would not intervene in industrial relations without the agreement of the unions (see Ludlam, 2000). Moreover, incomes policies met with limited success in Britain because the unusual extent of decentralisation in British trade unions compared with continental unions reinforced the attractiveness of free collective bargaining. In countries such as Sweden and Norway, corporatist measures and incomes policies were viable because governments could bargain with centralised union movements whose leaders could make deals stick. By contrast, British union leaders had less control over their members since considerable power lay with the shop stewards, whose parochial concern for local wage rises had no discernible *individual* effect on inflation but all such claims in aggregate had a major impact.<sup>16</sup> Shop steward resistance bedevilled British incomes policies.

With rising worker discontent, the left finally achieved a critical mass within the unions in the 1970s, capturing the huge block votes of the TGWU and the AUEW. For the first time in Labour's history, union block votes at the party conference were cast consistently against the preferences of the party leadership. However, rather than bow to the conference's demands, the Wilson and Callaghan governments simply ignored the defeats being handed out to them on the conference floor, pushing through deflationary policies and demanding wage restraint. But the unions did not want to be controlled. They fund the Labour Party in order to secure the election of Labour governments that can help them. The unions are ultimately policy-seeking interest groups so if the party does not 'deliver' when it is in government, there is less of an incentive for the unions to be loyal. If the unions do not defend their members' interests, even under a Labour government, they risk losing those members, or the union leaders may lose control. As Frank Cousins, then the leader of the TGWU, said in 1963: 'If we do not fulfil the purposes for which members join unions, to protect and raise their real standard of living, then the unions will whither and die. We can give leadership, we can persuade but basically we must serve trade union purposes' (cited in Taylor, 1991: 182). When union leaders wear their interest group hats, it is rational for them to take on Labour governments that implement hostile policies. The Callaghan government's incomes policy caused tensions within the Labour Party as the government faced a dire economic crisis. Unofficial strikes proliferated and many union leaders sensed they were losing control of their organisations to rank-and-file militants. The result was a serious rupture in the party-union link culminating in the 'winter of discontent', a wave of strikes that sealed the fate of the government (Coates, 1980; Wickham-Jones, 1996).

However, although electoral considerations diminished for the unions, they did not disappear entirely. Even during the Callaghan administration, the leftwing leaders of the two biggest unions, Jack Jones (TGWU) and Hugh Scanlon (AUEW), were wary of being the hammers of the government. Minkin (1992: 179) argues that, after 1975, 'solidarity with the Government dominated the considerations of Jones and Scanlon', and that they sought dialogue rather than confrontation. However, they could not stop the 'winter of discontent'. Thus, the unions were both willing and able to harm a Labour government in order to defend their members' interests. Union anger with the government was signalled by hostile votes at the party conference, but

the real battle occurred on the picketline. This is the dilemma facing interest group-backed parties. If politicians fail to deliver policies favourable to the unions, conflict spills out of internal party institutions. Institutions are attempts to ease commitment problems but they can never eradicate them. This is the lesson of Labour's history.

The conflict between Labour and the unions in the 1960s and 1970s, and the ultimate explosion of that conflict in 1978-9 reverberated through the party for years. This conflict damaged Labour's reputation among voters and contributed to a widespread (if not universal) perception that voters' fears of future party-union conflicts was a major cause of Labour's wilderness years in the 1980s and 1990s. It would also inform the reforming agenda of party 'modernisers' who identified the union link as an electoral incubus. However, the initial response to the demise of the Callaghan government was a concerted two-year long leftwing assault on the autonomy of the PLP. As noted in Chapter 3, grassroots attempts to redistribute power away from the politicians often occurs after the ejection from office of an unsuccessful party. That was the feeling among Labour's activists and many trade unionists in 1979-81. A number of reforms, inspired by the activist left but backed by many unions, sought to tighten control over the parliamentarians. Henceforth, all Labour MPs would undergo mandatory reselection contests once every parliament in which they would need to mobilise the support of their CLPs if they were to survive. Moreover, the party leader would now be elected by an electoral college representing all sections of the party and not just the MPs (see chapters 6 and 7).<sup>17</sup>

These reforms were a reflection of and response to the enforcement and commitment problems that characterised the party in government. Yet their effect was to empower the left and shift Labour's policies significantly to the left. An even more catastrophic election defeat in 1983 was enough to begin the reversal of the process, marking the start of a new period of autonomy for the PLP. This is the start of the period reviewed in this thesis. The traumas of the 1970s created a negative public image for the unions in the 1980s and 1990s, and the Labour leadership subsequently sought to distance itself from them. Neil Kinnock's leadership of the party from 1983 to 1992 saw an attempt to transform Labour's policies and organisational structure. The process was given impetus after the defeat of the year-long miners' strike in 1985 and the pace of reform picked up considerably after Labour's third consecutive election defeat in 1987, which emphasised the urgency in

making the party more electable. This was facilitated by the forging of a factional coalition on the NEC between the centre-left and the right, which dominated the PLP. They were agreed on the need to make Labour more electable. The early targets of the reformers were the far-left activists in the CLPs. However, after the historic fourth consecutive general election defeat in 1992, the reformers' focus shifted to the unions. Qualitative research by Philip Gould, a key Labour election strategist, suggested that voters distrusted Labour and believed it to be a Trojan horse for the unions (Gould, 1999). The party reformed union participation in the selection of parliamentary candidates and reduced their voting strength at the party conference. Furthermore, block voting was abolished in leadership elections, allowing instead individual union levypayers to vote by postal ballot (Alderman and Carter, 1994). The period saw an increasing emphasis on individual levypayers and stemmed in part from a change in the law, which stipulated that union members must vote every ten years to decide whether their organisations should have political funds, which finance the Labour Party. All the ballots held in the 1985-6 period produced comfortable 'yes' votes, though this was partly because the unions' links with Labour were downplayed (see Minkin, 1992: 562-82; Taylor, 1987: 205-34; Webb, 1992a: 24-30). This increased levypayer involvement had the effect of diluting Labour's federal structure.

The pace of reform picked up after each consecutive election defeat, conforming to the arguments set out in Chapter 3 that uncompetitive parties often undertake organisational reform. Indeed, after the election of Tony Blair as leader in 1994, Labour seemed to be undergoing more than simply 'reform' but a rebirth. Not only were policies ruthlessly changed and opposition over-ridden, a new ethos and even a new historical narrative for the party were developed. The newly modernised party was christened 'new Labour', a 'brand name' that was deployed in speeches and in party literature, though Labour's official name in its constitution was not changed.<sup>18</sup> The label was intended to provide a favourable contrast with 'old Labour' from the party's discredited past. The reality was more complex (see Smith, 2000; Fielding, 2000) and the current Labour government has come up against some 'old' Labour-style opposition from the unions over its plan to reform public services.

This then sets the scene for the present thesis. It was the problems that emerged between the party and the unions when Labour was in government that

provide the background to understanding Labour's organisational transformation since 1983. Such conflicts robbed the party of credibility and severely damaged its hopes of winning the trust of voters. Party leaders won the upper hand and decided that the best way to restore credibility was to undertake root-and-branch reform of the party's structure. This may not have been the only path available but it was the one that was chosen and presents itself for analysis. That *positive* (rather than normative) analysis forms the remit of this thesis.

#### **4.4 COALITIONS FOR CHANGE**

One final task before examining Labour's reforms is to establish the composition of the coalitions for change that assembled in the 1980s and 1990s. Not everyone supported change and many of those who did previously had not. It is worth examining the forces that supported organisational change, since reference is made to them throughout this thesis. However, as is argued in the following chapters, the reforms took place in two distinct stages with two different aims. The first, in the mid-1980s was to undermine the power of the far-left, which was achieved through a 'realignment of the left'. The second aim, in the late-1980s and 1990s was to reduce the power of the unions in the party and created a new cleavage between 'modernisers' and 'traditionalists'. These two stages are examined consecutively.

##### **The Realignment of the Left**

The start of the 1980s was a period of leftwing ascendancy. The parliamentary right had been discredited by the failures of the Callaghan government and the subsequent election defeat in 1979 while the left was strengthened. The new leftist coalition included not only activist groups in the CLPs but also a strong bank of support within many left-leaning unions, such as the TGWU and NUPE. It was this coalition that managed to pass the reforms to Labour's constitution during 1979-81. However, by 1981 there was evidence that the left's power had reached its peak after Tony Benn narrowly failed to win the deputy leadership of the party from Denis Healey. Labour's poor showing in the polls after the formation of the SDP encouraged union leaders to agree an end to the left's constitutional reforms in the so-called 'peace of Bishop's Stortford' (Taylor, 1987: 142-5). Left unity was dealt a

devastating blow by the landslide election defeat of 1983. Labour went into that election with a leftwing manifesto that was described by Gerald Kaufman as ‘the longest suicide note in history’. Labour’s worst result since 1935 exploded the left’s credibility and widened the split that had emerged since 1981. A group of leftist MPs led by Kinnock refused to vote for Benn and deprived him of victory.

The period between 1983 and 1985 witnessed a decisive fracturing of the leftist factions. The balance between left and right in the party was very delicate, as evidenced by the NEC, which remained evenly split despite the right’s rollback of leftwingers in 1981 and 1982. The leadership and deputy leadership elections of 1983 resulted in landslide victories for the centre-left candidate Kinnock and the centre-right candidate, Roy Hattersley. The far-left performed poorly in the contest as the fissure widened between the moderate ‘soft left’ (centre-left) and the more radical ‘hard’ left. It also demonstrated a desire for unity among left and right. Table 4.2 offers a simple depiction of the strategic choices of the left and the right.

The soft left has the option of allying with either the hard left or the right, while the right must decide whether or not to seek compromise with the soft left. Combinations of these choices produce leftist domination of the party, rightist domination, a centrist compromise or outright factional conflict. In 1980 at the height of the left’s assault on Labour’s constitution, the soft left preferred an alliance with the hard left. At this time, the Labour right was in disarray, discredited by the failures of the Callaghan government and with rumours of defections in the air (ultimately arriving in the form of the SDP). The left as a whole gained strength throughout the 1970s, both at the annual conference and on the NEC. With continued anger at the ‘betrayals’ of the Labour government, the left unified around the issue of constitutional reform designed to reduce the autonomy of the PLP. Some centrist unions such as the GMWU sought compromise to save the party from a civil war, and large leftist unions such as the TGWU showed some interest, e.g. during the union’s commission of inquiry into the party’s organisational structure in 1980. However, the right fought against all the reforms and the left preferred a fight rather than continued rightwing control. Thus, the soft left’s preference ordering at the time was  $T_L > R_L > P_L > S_L$ . The right wanted nothing to change but would have preferred compromise with the soft left while excluding the hard left. Hence, its preference ordering was also  $T_R > R_R > P_R > S_R$ . Together, these preference-rankings created a prisoner’s

dilemma between the soft left and the right: the soft left would have preferred compromise with the right than civil war ( $R_L > P_L$ ) but felt it could hold in check the hard left and did not trust the right. With both sides having non-cooperative dominant strategies, the result was the civil war that engulfed Labour during 1980-2.

**Table 4.2** Strategic Options for Labour Factions (mid-1980s)

		RIGHT	
		Compromise with Soft Left	Don't compromise with Soft Left
SOFT LEFT	Ally with Right	Centrist compromise $R_L, R_R$	Rightist domination $S_L, T_R$
	Ally with Hard Left	Leftist domination $T_L, S_R$	Overt factional conflict $P_L, P_R$

$(i_L, j_R)$  payoffs to soft left and right.

However, this game was 'nested' (Tsebelis, 1990) in the wider game of electoral competition. Fluctuations in the latter modify the payoffs from intraparty outcomes. This was particularly apparent for the soft left during the period 1983-6. Not only had the constitutional reforms and the resulting civil war contributed to Labour's catastrophic defeat of 1983; the miners' strike in 1984-5 and the fiasco surrounding the activities of the Militant Tendency in Liverpool had severely eroded the credibility of the hard left in particular and a leftist stance in general. In terms of the game matrix, the value of  $T_L$  fell considerably such that  $R_L > T_L$ . The 1983 defeat strengthened the right while the election of Kinnock as leader probably increased the value of compromise with the soft left, providing that the hard left was shunned. Yet even if the right's preference ranking remained  $T_R > R_R > P_R > S_R$ , compromise with the soft left was still likely. Such combinations of preference-rankings would again result in non-cooperation ( $P_L, P_R$ ) but crucially there would be much greater scope for a cooperative move to mutual compromise between the right and the soft left since the latter had turned decisively against the hard left and would have no incentive to renege on a deal. Thus was born the 'realignment of the left' in 1985, by

which soft leftists reasoned they could secure more by supporting Kinnock and restricting any rightward drift than by joining the hard left on the road to electoral oblivion. This manifested itself in a solid soft left-right coalition on the NEC (resulting in regular 25-2 victories for Kinnock in crucial votes) and a steady base of support among the big unions at the annual conference. The principal price that the soft left extracted was a commitment to retain Labour's non-nuclear defence policy, the abandonment of which might have re-ignited the party's civil war.

Leftist critics of the soft left would later complain that far from constraining Labour's shift to the right, they facilitated and supported it (Heffernan and Marqusee, 1992: 62-70). There was a degree of inevitability about this because once the hard left had been reduced to a rump, the soft left no longer held a such a pivotal position in the party (see also Shaw, 2000a: 132-3). The hard left attempted to reassemble the left coalition in 1988 when Benn challenged Kinnock for the party leadership but his 11 percent poll demonstrated that the hard left was a broken reed. The election defeat of 1987 created a consensus about the need to make Labour more electable, bearing expression in the policy review of 1987-9. From then on for the remainder of the period under review, the Labour leadership would never face a challenge from a strong left, and the increased desire for electability in the 1990s encouraged a greater but easier shift to the centreground of British politics.

### **Modernisers and Traditionalists**

The final vanquishing of the hard left coincided with the emergence of a new fissure in the Labour Party in the late-1980s. Attention among Kinnock's allies had already started to turn towards the party's relationship with the trade unions, in terms of their constitutional standing and Labour's industrial policies. Immediately, many union leaders became defensive about their role in the party but the election defeat of 1992 put their power under the spotlight as never before. In place of 'left versus right' came 'modernisers versus traditionalists', the former wanting to reduce union influence or even abandon the union link altogether, the latter seeking to defend it. The modernisers wanted to push Labour in the direction of a 'direct' unitary membership structure while the traditionalists, who included much of the union movement, wished to retain the existing federal structure. Not everyone slotted easily into these two polar opposites, many occupying an intermediate position seeking

compromise, including the new leader, John Smith and perhaps John Prescott, who both made the case for the party-union link while also backing OMOV.

The modernisers emerged in the late-1980s as key Labour figures sensed that the party-union link might be damaging the party's electoral prospects.<sup>19</sup> Each year during Labour's annual conference, Conservative ministers and the rightwing press drew attention to and exploited the sight of union leaders casting enormous block votes. It became a common refrain among ministers that 'Ron Todd (the leader of the TGWU) is the leader of the Labour Party', particularly when the votes of the TGWU prevented key policy changes such as the vote to retain unilateralism in 1988. According to Shaw (2000a: 125-7), the shadow communications agency (SCA) played a key role in propagating the view that the union link was harming Labour. The SCA conducted research into Labour's image among voters, with agency members controlling access to research and monopolising interpretation of the data collected (see Chapter 8). Leading SCA figures were modernisers who struck alliances with younger, ambitious MPs such as Tony Blair and Gordon Brown, who later became the leading lights of the modernisers.

The modernisers were largely a group concentrated near the top of the Labour Party, politicians who believed Labour would never win office unless it changed. Each successive election defeat strengthened their case and enlarged the size of the coalition for reform of the union link, even if the new converts did not go as far as the arch-modernisers. Support for reform was growing in the CLPs by the late-1980s, bodies that might benefit from any redistribution of power. Seyd and Whiteley (1992) collected data on party members' attitudes to the modernisation strategy, the two main indicators of which were a willingness to let the leader initiate change and the conflict between principles and electoral pragmatism. We saw in Chapter 1 that many Labour members accept the necessity of capturing the political centreground. Seyd and Whiteley also found members were willing to permit autonomy to the leadership and sensed problems with the party-union link (Table 4.3).

This data was collected in the early 1990s and indicated a desire to cede autonomy to the leader to make Labour more electable (the first and second indicators). There was widespread agreement with the view that union block votes brought the party into disrepute and intriguingly, a slim plurality of members believed that the unions wielded too much power in the party. Four-fifths believed

the party leader should be elected under OMOV (though it is debatable what they understood by this, e.g. should union levypayers be entitled to vote?). Thus, there was a constituency of support for reform among Labour members, though this was particularly pronounced among centrist, rightwing and inactive members, with little support among hard left activists (Table 4.4).

**Table 4.3 Labour Party Members' Attitudes to Modernisation (percentages)**

Indicator	Agree	Disagree
'A problem with the Labour Party today is that the leader is too powerful'	15	71
'The party leadership doesn't pay a lot of attention to the views of ordinary party members'	39	44
'The Labour Party leader should be elected by a system of one party-member, one-vote'	80	12
'The Trade Union block vote at conference brings the party into disrepute'	72	17
'The Trade Union movement has too much power over the Labour Party'	43	42

Source: Seyd and Whiteley (1992: 239-40, 243). The figures above are compound figures from the original source, aggregating 'strongly agree' and 'agree', and 'strongly disagree' and 'disagree'. Figures for 'neither' have not been included.

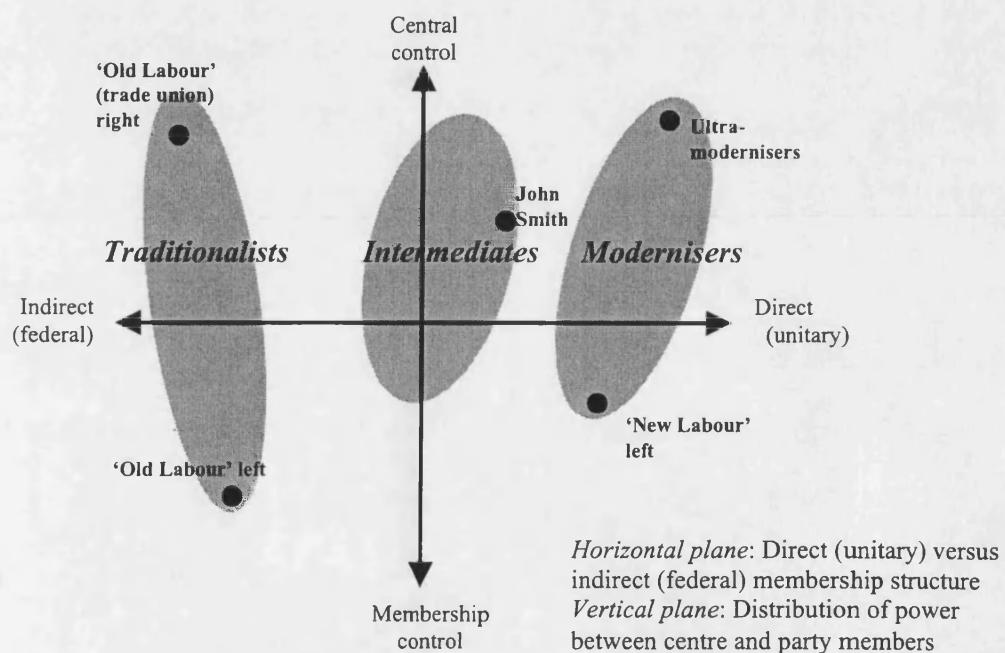
**Table 4.4 Attitudes to Modernisation by Activism and Ideology (percentages)**

	Traditionalists	Intermediates	Modernisers
All respondents	18	43	38
<i>Ideology in party</i>			
Hard left	51	36	13
Soft left	18	49	34
Centre	5	44	51
Soft right	3	35	62
Hard right	8	43	49
<i>Activism</i>			
Inactive	15	44	41
Occasionally active	15	47	38
Fairly active	18	43	39
Very active	24	39	36

Source: Seyd and Whiteley (1992: 164, Tab. 7.11).

Given these distributions of opinion, the modernisers could expect some support from members in OMOV ballots (e.g. in NEC elections) but it was unlikely they could rely on much *active* support. A wider base of members, including conference delegates, might be expected to support a redistribution of conference voting power from unions to CLPs. Divisions between modernisers, traditionalists and intermediates cut across left-right divisions, though the left in general preferred more control ‘from below’ while the right in general wanted greater central direction. Figure 4.3 provides a schematic map of the groupings.

**Figure 4.3** *Institutional Preferences of Labour Factions*



Thus, there was the potential for a coalition in support of ‘new deal’ institutional reform encompassing key NEC and parliamentary figures together with an important section of the individual membership. However, control of Labour’s constitution resides in the annual conference and that continued to be dominated by union block votes. Therefore, any attempt to reduce union power in the party would require the support of the unions themselves, or at least from enough of them to achieve a majority. The desperation of the unions to remove the incumbent Conservative government provided the modernisers with some leverage but it would

be a slow process. As we shall see, Kinnock's attempts to erode the unions' power achieved very limited success. It took the shock of the election defeat of 1992 to change the balance of opinion on reform of the union link. The NEC set up a review group to examine ways of reforming the party-union link but the group was dominated by traditionalists from the big unions and its initial ideas for change were extremely limited (see Chapter 7). The new leader, John Smith had just been elected by union block votes. Smith was in the intermediate camp, accepting that some reform would be necessary but wanting above all else intraparty unity. Smith compromised with the unions over certain reforms in order to achieve their support for other changes though it took a knife-edge vote at the 1993 annual conference to secure the passage of OMOV. A substantial union 'no' was narrowly defeated by a minority union 'yes' together with a considerable 'yes' vote from the CLPs. The agreed reforms fell short of what the modernisers wanted but they would have their chance after Smith's death a year later in 1994. Blair's accession to the leadership gave an enormous boost to the modernisers and his period in charge has seen considerable change though most of the 1993 settlement remains. For a period before the 1997 election modernisers encouraged talk of a party-union divorce in order to emphasise that Labour was not run by union barons though these calls have since fallen quiet. Indeed, as we shall see in Chapter 9, calls for divorce nowadays tend to come from disgruntled union officials, angered by what they perceive to be the poor return on their 'investment' in the Labour government.

#### 4.5 CONCLUSION

Labour's historic problem since the 1920s has been its frequent inability to overcome the commitment problems inherent in a trade union-funded vote-seeking party. Moreover, before the election victory of 1997, it has been the party's misfortune normally to find itself in office in times of economic crisis, when these problems are at their worst. No internal party institution can solve such difficulties. Yet given these unpropitious circumstances, we can acknowledge that Labour's internal institutions did alleviate other problems. The block vote was an *efficient* institution that kept the unions in the party and preserved the supply of union finance for a century. It reduced but never eradicated commitment problems.

The political significance of the block vote altered once the unions shifted to the left in the 1970s, eventually ending in the organisational reforms of the 1980s and 1990s. The next three chapters examine crucial reforms in the areas of policymaking, candidate selection and electing the party leader, followed by an examination of what resources Labour has and what it needs in order to campaign. The political exchange approach is deployed throughout in the study of institutional reforms and it is shown that Labour's membership structure has increasingly shifted from an 'indirect' federal structure to a 'direct' unitary one, if not completely then significantly. The block vote-based institutionalisation of political exchange examined above was dismantled and a party geared towards individual membership and donations emerged in its place. However, it is shown that this process was never completed and that serious, perhaps insuperable barriers remain to making Labour a purely unitary party. It is to the first of these areas of reform, party policymaking that I now turn.

# 5 Policymaking

## 5.1 INTRODUCTION

A fundamental way in which parties institutionalise political exchange is by allowing party members a role in policymaking. This process includes the research that is conducted to assess the impact of policies, the forums in which decisions are made over which policies to adopt, and the interpretation of those policies. These stages require different institutions and control of them constitute resources in intraparty politics. Policymaking institutions have distributional consequences, giving party members greater or lesser control over politicians. In this chapter, I explore the nature of Labour's policymaking structure and the changes to it since 1983. According to the party's constitution, the annual conference was, and remains, the sovereign policymaking body. This body was long dominated by the block votes of the trade unions but recent changes have increased the voting power of the CLPs. Moreover, the conference has been increasingly sidelined, with the formation of a National Policy Forum and the use of membership referendums. The main effects of changes to the policymaking process have been to increase the autonomy of the parliamentary leadership and to reduce the role of the unions.

The chapter is set out as follows. Section 5.2 considers Labour's policy-making structure before 1983, describing the key institutions. Section 5.3 assesses the traditional relationship between the PLP and the annual conference, and later changes in this relationship are discussed in 5.4. Section 5.5 discusses the reduced role of the unions in policymaking, with the downgrading of the conference while power was further centralised with the establishment of the national policy forum in the 1990s (section 5.6). Finally, section 5.7 concludes.

## 5.2 POLICYMAKING IN THE LABOUR PARTY BEFORE 1983

The first thing we need is a simple way of modelling the policymaking process as it existed up to 1983. The aim is not to provide a detailed description of all features of the policy process<sup>1</sup> but an outline of the basic elements. The unions' block votes gave them collective control of all the major policymaking organs of the extraparliamentary party, including the annual conference, the NEC and the Conference Arrangements Committee (CAC). The positions of the unions and the CLPs at the conference were addressed in Chapter 4. The pattern of union domination of the conference was replicated on the other two bodies.

The NEC is the party's governing body between conferences and was previously the major site of policy formulation. The NEC's members are largely elected by different sections of the party, though the precise format has changed over the years (see Appendix 2 to Chapter 7). After the annual conference, the NEC was the most powerful body in the extraparliamentary party. According to Labour's constitution, the NEC is formally subject to control by the conference (Labour Party, 1992a: Clause IX.1), its major decisions requiring conference approval. Furthermore, the NEC is responsible for implementing conference decisions. Yet the relationship between the NEC and the conference is far from one of NEC subservience. Indeed, the NEC has normally been able to direct the conference. Many of the policies that the conference votes on have been drawn up by the NEC, which has the constitutional right 'to submit to the annual party conference ... such resolutions and declarations affecting the programme, principles and policy of the party as in its view may be necessitated by political circumstances' (Clause IX.2 (1)). Its policy documents, statements and emergency resolutions did not face the same hurdles that confronted ordinary resolutions sent into the conference by CLPs and affiliated organisations (see below). Moreover, the NEC enjoyed an array of resources that facilitated detailed policymaking, including control of the party's research department and a range of policy study groups and subcommittees. Through its policy committees and committee-mode of operation, the NEC was the major policy-initiating body in the extraparliamentary party and in the party as a whole when Labour was in opposition.

The CAC's role in the party was to organise the conference agenda. Together with the NEC, it comprised 'the platform' at the party conference, seated at the front of the conference hall facing the delegates ('the floor'). The CAC had five members

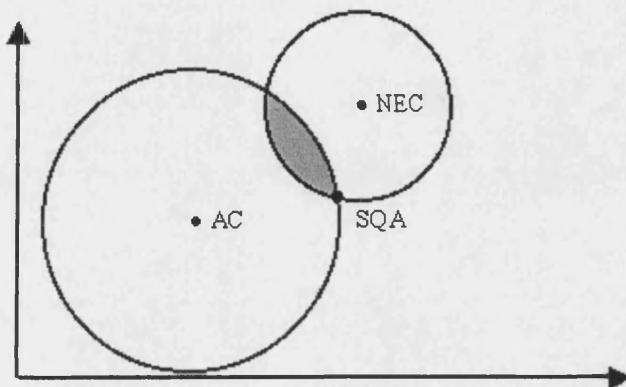
and was elected by the entire conference. This ensured that the major unions determined the result, with most voting for the same candidates – mainly union placemen. Like NEC seats in the trade union section, CAC seats were virtually sitting tenancies, with little competition for places and inter-union deals determining the result in advance. CAC members have tended to be senior officials (but not leaders) of the big unions and predominantly rightwing (Minkin, 1980: 70).

The procedural advantages enjoyed by the ‘platform’ over the ‘floor’ of the conference enabled it to shape the course of policymaking. The constitutional duties of the CAC were ‘to arrange the order of the Party Conference Agenda’ and ‘to act as the Standing Order Committee’ (Clause XI (1)). The CAC could not determine the content of the resolutions submitted to it but it could direct the agenda through its gate-keeping powers, the most notable of which was the process of ‘compositing’.<sup>2</sup> There were strict controls over the supply of policy resolutions to the party conference. Each voting body (unions, CLPs and socialist societies) could send only one resolution and one amendment to the conference, all of which had to be submitted in advance of the conference and filtered through the CAC (conference delegates could not submit resolutions from the ‘floor’). Each year, hundreds of policy proposals were submitted over a range of issues but not all could be discussed in the course of a five-day conference. It was the task of the CAC to reduce the number of resolutions to manageable proportions by combining some resolutions in ‘composite’ resolutions, which could cover a number of different yet connected issues.<sup>3</sup> For each policy area, two or three resolutions or composites might go forward for debate at the conference, providing delegates with clear choices. The CAC was constrained in that any composite resolutions it produced had to retain the wording of the original resolutions, often resulting in bloated and incoherent composites. However, it could use this to its advantage when dealing with resolutions hostile to the ‘platform’. Similarly, it could ‘tidy up’ resolutions that the NEC broadly supported (see Minkin, 1980: 138-46).

Figure 5.1 depicts a two-dimensional policy space along with the bliss points of the NEC and the annual conference (AC), though in each case, the points are more accurately seen as the bliss positions of a stable dominant coalition on each body. The point SQA represents the *status quo ante* and the intersecting circles are the indifference curves of the NEC and the conference (the circular indifference curves

represent lower levels of utility the further away they are from the bliss point). For simplicity, I assume the CAC's preferences are identical to those of the NEC so the latter's indifference curves represent the dominant coalition of the entire 'platform'.

**Figure 5.1** *Policy Determination at the Labour Party Conference*



The conference prefers any position inside the large circle to SQA because the latter is on the circle boundary. Likewise, the NEC prefers any position inside the small circle to SQA. But since the conference is sovereign over policy, it would seem that it could vote for its bliss point, AC. However, this ignores the agenda-control powers of the CAC. The compositing process may produce clumsy and unwieldy resolutions and the CAC may act strategically to ensure resolutions close to the point AC are joined in a composite resolution by more extreme resolutions, in particular, those lying outside the conference winset of SQA, i.e. outside the large circle. As an illustrative example of what is probably a widespread activity, Minkin (1980: 142) mentions the debate over German rearmament in 1954, when the NEC presented a carefully-worded resolution characterised by 'masterly ambiguity' while the senior party manager, Herbert Morrison, ensured that so as to provide the conference with a 'clear choice' the NEC resolution faced, in Michael Foot's words, 'a resolution of the most extreme character'. Furthermore, the NEC member given the task of winding up the debate could draw out the most extreme elements of the resolution and urge that it be voted down (Minkin, 1980: 227). To be sure of securing the support of the dominant coalition at the conference, the CAC would choose a resolution representing a position that both it and the conference prefer to SQA, i.e. any point within the shaded area of intersection of the indifference curves of the conference

and the NEC. Sometimes, this elicited a response from delegates: a widely employed tactic of the Campaign for Labour Party Democracy in the late-1970s and early-1980s was to circulate ‘model resolutions’ among CLPs and encourage their mass submission to the CAC. When seventy CLPs submitted an identically worded resolution – as happened during the constitutional upheaval of the late-1970s (Seyd, 1987: 110) – it was harder for the CAC to justify unwieldy (and extreme) composites.

Nevertheless, platform manipulation was a common feature of Labour conferences and could often be planned because the big unions came to the conference with mandates covering the most important issues. Composites could be tailored to fit with union mandates or, if a union leader sympathetic to the ‘platform’ were saddled with an ‘extreme’ mandate, resolutions could be chosen that gave him greater discretion in interpreting the mandate. Minkin observes that ‘the result of the voting in the hall could virtually be decided in the compositing meeting’ (1980: 142).

While resolutions submitted by voting bodies faced an uncertain passage, the NEC’s proposals stood a much greater chance of adoption. Unlike conference delegates, the NEC could put its own resolutions to the conference and in contrast to the clumsy composites on the agenda, the NEC could devise concise resolutions, which were not subject to compositing. These could be tailored to be sure of winning majority support at the conference, i.e. they could be precisely worded (or alternatively, shrouded in the necessary degree of ambiguity) so as to fall within the shaded winset in Figure 5.1. This is what Minkin (1980: 46-7, 53; see also 142-3) calls ‘the “anticipated reactions” effect’ whereby the NEC would take soundings from the major unions, often via the union members of the NEC itself, to assess the sort of policies for which it could secure support at the conference. This being so, we might expect defeats for NEC resolutions to be infrequent because defeat could ensue only if the NEC miscalculated the balance of forces at the conference or was careless in drafting its statements. Despite the administrative advantages enjoyed by the NEC, the conference possesses veto power – a power undiminished by its infrequent use.

Clearly, the best situation for the NEC is when its own factional composition is similar to that of the conference. In the 1950s, both the NEC and the conference had rightwing majorities so the NEC could be certain of receiving backing for its initiatives. The process would not have been one-way: informal soundings would have been taken from the major union leaders beforehand in order to agree on a

policy position within the mutual conference-NEC status quo winset. The NEC would initiate policies and work out the details. It could be reasonably confident that it would not be upstaged and that the conference would be willing to act as a rubber-stamping body. This is the situation that McKenzie portrays in *British Political Parties* (1964). A similar relationship held in the late-1970s except that both the NEC and the conference had leftwing majorities, with the NEC making the running for leftwing policies, such as unilateralism. The problem for the left in 1980 was that it did not have the support of the PLP so the result was an internal civil war. I discuss the relationship of the PLP to the extraparliamentary party later. The NEC left could also be thwarted by the CAC, which, for example frustrated attempts to pass mandatory reselection in 1977 by offering the conference a vote on only an extreme composite, which was predictably remitted (see Shaw, 1988: 196-7).

### **The ‘Two-thirds Majority’ Rule**

The assumption of the discussion so far has been that decisions required a simple majority to be passed at the conference. For the most part, this is indeed the case yet Labour’s constitution appears to contradict it. Clause V.1 states that ‘[n]o proposal shall be included in the *party programme* unless it has been adopted by the Party Conference by a majority of not less than two-thirds of the votes recorded on a card vote’ (emphasis added). Clause V.1 also states that the conference decides ‘what specific proposals of legislative, financial or administrative reform shall be included in the *party programme*’. If the term ‘*party programme*’ were interpreted to mean the party’s raft of policies, then it would appear that the ‘two-thirds majority’ rule is an integral feature of the decision-making process. However, the term ‘*party programme*’ has always been rather vague and aside from those passages of Clause V.1 already cited, no further definition was provided in the constitution.<sup>4</sup> The constitution does not say whether *all* resolutions attaining a super-majority are included in the *party programme* or only some, and if the latter, it does not say who decides. The *party programme* is not synonymous with the election manifesto because Clause V.2 states that the latter is drawn from the *party programme*. Passages referring to constitutional amendments (Clause XVI) fail to specify whether a simple or super majority is required, though leadership elections require a simple majority. As with the ‘uncodified’ British constitution, the Labour Party’s

constitution relies heavily on unwritten conventions, and simple majorities is one of them (another is block voting, mentioned nowhere in the constitution).

The ‘two-thirds majority’ rule appears hugely significant yet it has assumed secondary importance. In theory, the rule should facilitate intraparty consensus or provide the PLP and the NEC with an excuse to disregard hostile conference resolutions that secured slim majorities. Moreover, given that union block votes were historically normally in support of the platform, this hurdle would not necessarily prove insurmountable for the leadership. It would be more of an obstacle to the left, which for the first half of Labour’s history was a weak force. However, when political forces in the party became more balanced from the late-1950s onwards, the significance of the ‘two-thirds majority’ rule could change so that, paradoxically, it might *reduce* the costs of intraparty conflict and make on-going disputes more frequent. If the PLP, NEC and conference delegates were worried about the impact on the party’s image of disagreements over policy, they might search for compromises. However, one effect of requiring a two-thirds majority is that it may postpone full-blooded conflict since actors know anything less than a super-majority is ineffective. It would then be easier for the PLP and the NEC to ignore hostile votes without a super-majority and the conference delegates, anticipating this may be less fearful of inflicting defeats. They might consider that any rows resulting from qualified defeats would be muted because the rules would effectively give the platform the right to ignore them. If this happened, low-level conflict and defeats for the platform could become common.<sup>5</sup> However, it would not do the leadership’s public image much good if it were seen to be frequently defeated. Thus, party leaders have not always sought to use the ‘two-thirds majority’ rule to extricate themselves from defeats. After the most famous conference defeat suffered by a Labour leader – the 1960 vote on unilateralism, which did not secure two-thirds majority backing – Gaitskell did not brush off the defeat by referring to the two-thirds majority rule but instead challenged the authority of the conference (Minkin, 1980: 280).

### 5.3 PARTY POLICY AND THE PLP

The relationship between the conference and the PLP was raised in Chapter 4, where it was shown that despite Labour’s constitution situating sovereignty in the

conference, there are no direct means with which the latter can impose its demands on a reluctant PLP. This chimes with the McKenzie thesis of PLP domination though it was pointed out that union acquiescence to the PLP leadership was not always as forthcoming as McKenzie believed, as became evident in the 1970s. The PLP was not completely free of the extraparliamentary party but neither was the conference fully sovereign. The ties that ultimately bind politicians to activists and unions are the resources that the latter supply, and which they can withdraw if the politicians do not honour their promises. In fact, the system of conference policymaking is best seen as a public forum in which the politicians and union leaders formalised deals over policy, endowing them with legitimacy in the light of a positive vote. This worked well when the politicians and union leaders shared broadly similar preferences, as in the 1950s, but the problems arose when there was a disjunction in their preferences, as in the 1970s. Although there are no iron laws about what happens in such situations, we can discern some tendencies. The main components of this outline include preferences, costs and access to resources, and these form the basis of any exchange model. If the preferences of the conference and the PLP are similar, no problem arises. However, when they differ, e.g. when the conference is leftwing while the PLP is rightwing, the PLP can choose to ignore adverse votes at the conference but in doing so faces certain costs. Party leaders know that shirking on promises can cause damaging intraparty strife. Thus, one of the greatest sources of power of the extraparliamentary party's is its ability to impose voice costs on the PLP. Sometimes, the PLP may not be concerned about internal strife (e.g. Harold Wilson's governments) and will tolerate these costs. The closer the preferences of the PLP and the conference, the lower the costs are of obeying the conference. The PLP can try to fix votes with the union leaders so that both sides save face. Block voting enabled the PLP and union leaders to bargain with each other directly and thus facilitated attempts to determine outcomes in advance.

Resources are also a crucial aspect of this bargaining game. It is often noted that the PLP in government has more autonomy from the extraparliamentary party than when it is in opposition (e.g. Brand, 1989; Kavanagh, 1985). The reason is that as a government, the PLP has the resources of the state at its disposal, with the civil service to implement government policies. When the PLP is in government it is less dependent on access to Labour's own internal policymaking resources. If it disagrees

with conference decisions, it can simply implement its own policies, and if the latter are successful, it can claim the credit. By contrast, in opposition the PLP does depend on access to Labour's own policymaking resources. Therefore, we should expect the cost to the PLP of ignoring the conference to be much lower when it is in government than in opposition, *ceteris paribus*. In opposition if it ignores the conference, it may lose control of policymaking committees on the NEC (pre-1990s). Brazenly ignoring the conference would also stoke internal conflict and perhaps undermine the position of the leader. This does not mean it is *impossible* for the PLP in opposition to reject conference decisions, as Gaitskell's rejection of the vote on unilateralism in 1960 demonstrated, but it is *costly* (see Minkin, 1980: 288; Epstein, 1962: 180; see also Hindell and Williams, 1962). In general, policy bargains in opposition are likely to be more favourable to the conference otherwise the PLP may have to accept defeat.

The relations between the conference and the PLP depend on the interaction of these resource constraints with preferences. Assuming that the PLP is centre-right (i.e. close to the median voter), it is easier to bargain with the conference when the latter is similarly centre-right. This also makes it easier for the conference to accept a Labour government's policies; alternatively, it is easier for a Labour opposition to strike an acceptable deal ('fixing' the vote) with the dominant coalition at the conference. Problems arise when the conference is leftwing because its preferences will be a considerable distance from those of the median voter. When the PLP is in opposition, ignoring or disowning decisions could carry very high costs in terms of party disunity. It may have to accept centre-left compromises but given that the unions will generally not want to encumber the party with unpopular policies, these compromises may be close to the minimally competitive level in the electoral arena.

However, the situation is different when it is a Labour government that faces a leftwing conference. A government that bowed to a leftwing conference would receive a lot of adverse comment from the press and the opposition, as well as from its own MPs. The charge against the government would be that it is weak, which would incur further electoral costs, perhaps greater than the costs arising from the disunity that would ensue from an outright rejection of the conference's decision. Hence, a Labour government is likely to ignore a leftwing conference if the latter rejects the PLP's overtures to agree on a moderate compromise. In fact, this could become the norm because the incentives for the conference (and hence, for the

unions) to compromise would be reduced. Once the party is in government, the unions want it to ‘deliver’ and might try to push it to a more radical position. The unions would reason that the potential electoral costs of such a policy position could be reduced if the government undertook a preference-shaping strategy. If the government fails to do this, the outcome may be open conflict because the party’s institutions would no longer be adequate for achieving an agreement. The government has less incentive to compromise because it is less dependent on the party’s resources. We generally find that the *arena* of bargaining shifts from intraparty bodies in opposition to national institutions, such as tripartite bodies, in government. These factors indicate why relations between party leaders and unions are most strained under Labour governments.

This illustrates a neat paradox about relations between the parliamentary and extraparliamentary parties. When Labour is in opposition, the PLP is more closely controlled by the conference but the latter is constrained from imposing policies that are too extreme lest it scupper’s the party’s election hopes. When Labour forms a government, the unions and the conference want the PLP to use the opportunity to implement their favoured policies but the PLP is more independent. If it disputes the feasibility of conference policies, it can ignore them. The McKenzie thesis is correct for Labour governments and has often appeared correct for Labour in opposition. However, the latter appearance of independence stems from the constraining chain (on the unions) of electoral viability. Table 5.1 summarises these conjunctures.

**Table 5.1 PLP-Conference Conjunctures**

	Rightwing Conference	Leftwing Conference
PLP in Government	PLP fixes votes (if moderate) or ignores them (if extreme)	PLP ignores leftwing votes (disunity costs < electoral costs)
PLP in Opposition	PLP fixes or accepts votes	PLP fixes or accepts votes (very high disunity costs)

Naturally, this taxonomy is highly schematic. Numerous other factors enter into the bargaining game, including the proximity of an election (the closer it is, the greater the autonomy of the PLP leadership) and the length of time spent in

opposition. The longer the party is out of government, the hungrier it becomes for office and the greater the freedom of the PLP leaders, something that helps explain the dominance of Kinnock and Blair (see Koelble, 1996). The most notable example of this was the unions' gradual acceptance during the 1980s that a future Labour government would not repeal the Conservatives' trade union legislation, because the latter was popular with voters. A complete model would also need to incorporate the NEC and the CAC.

Instances aplenty can be quoted for each of these four conjunctures. Labour governments have tried to fix votes if the circumstances were favourable (mainly when the conference was rightwing) and ignored them when the conference was leftwing. Blair worked hard to achieve a face-saving fix on university tuition fees in 1997. The government had previously announced the policy and it is inconceivable that a conference defeat would have seen it scrapped.<sup>6</sup> The government felt it would benefit from the intraparty *legitimacy* of an affirmative conference vote and the avoidance of internal disunity. When Harold Wilson's governments faced wish-lists or critical resolutions from leftwing conferences in the 1960s and 1970s, they ignored them. In these circumstances, the conference was doing little more than demonstrating its own impotence.

It was a different matter whenever Labour was in opposition. When the conference was rightwing, the PLP had little to fear because it could fix votes with union leaders. This happened most blatantly during the 1950s when a triumvirate of rightwing unions (the miners, general workers, and transport workers) coalesced to deliver the results Gaitskell wanted. McKenzie (1964) described these unions as a 'Praetorian Guard': at twelve annual conferences, between 1948 and 1959, 'the platform' suffered only one defeat (Minkin, 1992: 311). The problem for the PLP came when it was in opposition and faced a leftwing conference, as it did for much of the 1980s. Its disinclination towards leftwing policies means that it is likely to risk more defeats but will usually end up having to accept them. Thus, in 1980 Labour adopted a policy of unilateral nuclear disarmament and committed itself to withdraw Britain from the EEC. Both policies went into Labour's election manifesto of 1983 and both were deeply resented by most Labour MPs. However, the most important voice – that of the leader, Michael Foot – was *in favour* of both policies. It is doubtful whether either policy would have remained in such a strong form had the

leader been a rightwinger, such as Callaghan or Healey. The leader after 1983, Neil Kinnock, began as a unilateralist but claims that by 1985 he wanted to change the policy because it was a vote loser (Kinnock, 1994: 547). However, he had to wait till 1989 before he could secure a change, too late to prevent Labour suffering an electoral drubbing in 1987, a campaign in which defence policy figured prominently (see Heffernan and Marqusee, 1992: 233-60; Hughes and Wintour, 1990: 104-27). Nevertheless, compromise is still possible, particularly during the run-up to a general election. For example, as opposition leader, Wilson faced demands to pledge a Labour government to nationalise the top 25 companies but he avoided making such a pledge in the 1974 manifesto while accepting a significant role for public ownership (Jones, 1996: 92-3; Wickham-Jones, 1996: 126-9).

If information about preferences and resources is complete, we should not expect to see many defeats for the PLP at the conference because in opposition the PLP knows it has less bargaining power and must make concessions whereas in government the unions know the PLP has greater bargaining power so they might compromise more to retain a semblance of unity. In which case, why do we *ever* see defeats for the PLP if everything can be fixed in advance? The Labour government in the 1970s was repeatedly defeated but just ignored the votes. Between 1983 and 1990, Neil Kinnock suffered 49 defeats at the conference and suffered jibes about union 'barons' running the party (Minkin, 1992: 311-313). The explanation is that actors inflict (conference) or risk (PLP) defeats in order to signal publicly that they wish to move to a new policy position. This incurs costs because the party is publicly divided but these can be tolerated for a while if there is a sufficiently high chance of securing a policy change in the medium term. Thus, Kinnock endured narrow defeats over the sequestration of the NUM's funds in 1985 and over unilateralism in 1988 because he was letting the public know that on these important issues, he wished to shift the party. He did not try to change defence policy in 1987 because he knew he would be heavily defeated. The unions were prepared to defeat Labour governments in the 1960s and 1970s because they perceived those governments to be enacting policies hostile to union interests. In such circumstances, the policy-seeking unions have few incentives to restrain their displeasure because their entire reason for funding the party is to obtain favourable policies when it gets into government. Defeats for the government at the annual conference become an expression of union

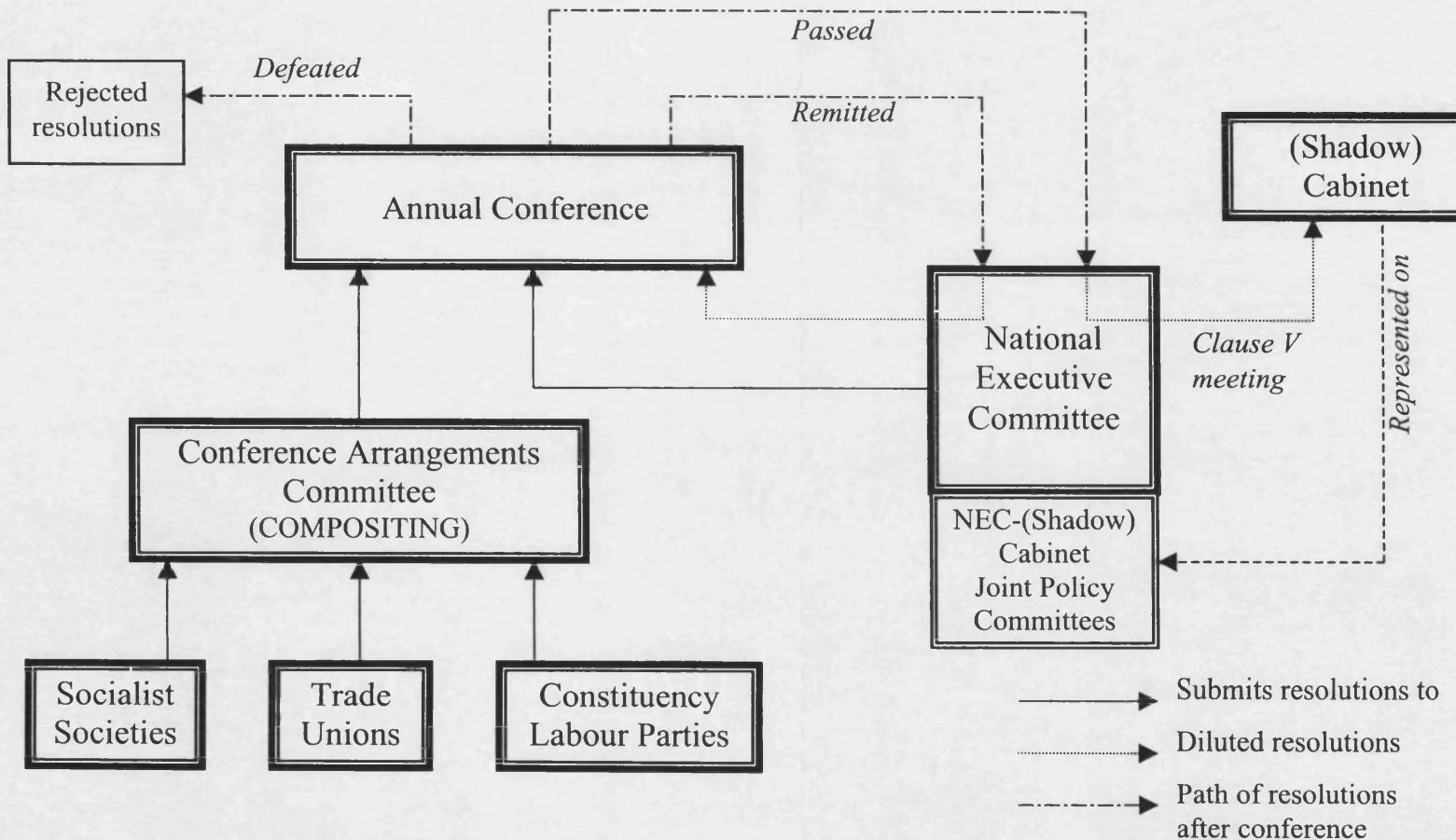
anger at government policy. However, this simply demonstrated the impotence of the conference. Various attempts were made to overcome the inadequacies in Labour's existing organisational structure. One was the formation of the TUC – Labour Party liaison committee in 1972, which sought to coordinate policy between the government and the unions though it was unable to prevent the strife of the 1970s. A more dramatic attempt to shore up the extraparliamentary party came during 1979–81 when the left introduced mandatory reselection of MPs and the electoral college. The intention was to pressurise the PLP into accepting conference resolutions. However, as the remainder of this chapter shows, the PLP gained even more latitude over policy in the 1980s owing to organisational reforms and greater autonomy afforded by Labour's dire electoral standing.

#### **5.4 THE PLP AND POLICYMAKING AFTER 1983**

The autonomy of the PLP enabled party leaders to evade direct control by activists and unions. However, its disadvantage was that party leaders could do little to stop the conference and the NEC sniping from the sidelines when Labour was in government and controlling valuable decision-making bodies when in opposition. Leftwing control of the conference and the NEC posed considerable problems for the rightwing PLP during the Callaghan and Foot years. The institutional and factional separation of the NEC and the PLP created a weak centre in the Labour Party (Kitschelt, 1994: 251). The PLP has always been at its strongest when (shadow) ministers sat on the NEC and dominated its policy initiatives. With the CLPs still electing leftwing MPs to the NEC in the early 1980s, there was little prospect of a quick return to rightwing domination of the executive so the new leader in 1983, Kinnock immediately wound up the NEC's subcommittees and established a set of joint policy committees (JPCs) consisting of NEC and shadow cabinet members. (Figure 5.2 depicts Labour's overall policymaking structure in the mid-1980s.) This did not put the shadow cabinet under the control of the extraparliamentary party because the new JPCs were never formalised in Labour's constitution – attempting this would have been difficult, with likely resistance from leftists suspicious of the new structure. The establishment of these JPCs was a step towards strengthening the hold of party leaders over policymaking by increasing their initiating power.

**Figure 5.2 Labour Party Policymaking Structure (mid-1980s)**

132



An important aspect of Labour's policymaking structure after 1983 was the shadow cabinet's big increase in resources compared to previous spells in opposition. The NEC was constitutionally in charge of Labour's research department, which possessed administrative and research facilities essential to policymakers. However, Labour was now, for the first time, eligible for 'Short money', an annual grant paid by the state to opposition *parliamentary* parties amounting to £440,000 in 1983 (see Chapter 8).<sup>7</sup> This meant that 'there were now, for the first time in Party history, resources for a sizeable alternative policy advisory staff available to the PLP leadership' (Minkin, 1992: 400). Kinnock was able to fund an extensive office consisting of advisors and strategists, who, for example, plotted a new 'moderate' economic policy and who were answerable solely to the leader.<sup>8</sup> In addition to significant increases in secretarial and research allowances to MPs during the 1980s, the PLP had more resources beyond the control of the extraparliamentary party, strengthening its independence.

This trend towards greater PLP autonomy was evident during the major policy review of 1987-9 after Labour's third consecutive election defeat. The abandonment of leftwing policies, such as unilateralism and the party's earlier withdrawal of its opposition to Conservative trade union legislation showed that the unions realised new policies were required if Labour were to win. But the process of the policy review was itself noteworthy for the extent to which the PLP leadership had almost completely taken over policymaking. Already in the first four years of Kinnock's leadership, the unions had taken a less visible and non-interventionist role in policymaking though *informal* links between PLP and union leaders increased significantly.<sup>9</sup> Rather than the PLP setting policy in line with union preferences, the unions themselves smoothed the way for the PLP to seek vote-winning policies. For the unions, as Minkin writes, 'all eggs were now in the basket of a future Labour Government' to deliver them from mass unemployment and Conservative policies:

Publicly, the TUC would do nothing to embarrass the Parliamentary leadership or to imply its subordination in any way. Privately, the TUC would be as helpful as possible in assisting Kinnock to achieve a viable political programme. The unstated quid pro quo was an understanding that the future Labour Government would do its best for organised labour, for working people and for the

priority social causes of the Party and the unions (Minkin, 1992: 408-9).

The PLP's autonomy derived from the unions' desperation for a Labour government. Since the unions were widely seen an electoral liability, they stayed out of sight, with the PLP taking the initiative. It is worth examining the policy review process to observe these trends.

### **Policymaking and the Policy Review**

The commencement of the policy review coincided with the formation of a new set of policymaking institutions. This was partly explained by the inadequacy of Labour's existing institutions but it also marked a new stage in the centralisation of power. At this point, the unions were very much part of the new system but as the review proceeded, the shadow cabinet played the major role though generally with the consent of union leaders. The PLP leadership has historically been less autonomous of the extraparliamentary party whenever Labour was in opposition but that started to change during the late-1980s. Defending the McKenzie thesis, Brand (1989: 115) suggests the distinction between Labour in opposition and in government is less important if the PLP obeys the conference in opposition but then goes back on agreements when it moves into government. However, if the conference encumbers the PLP with vote-losing policies in opposition, it might not get the chance to shift policy because it could find itself permanently out of office. This was Labour's predicament in the 1980s and it was the realisation that policies – and by implication, institutions – do matter in opposition that led Kinnock to seek organisational reform.

The policy review continued the recent practice of integrating the NEC and the shadow cabinet in policymaking. With soft left MPs from the NEC prominent, MPs dominated the seven new policy review groups (PRGs). Each PRG consisted of about nine members drawn mainly from the NEC and the shadow cabinet, as well as union leaders. The PRGs were charged with looking at ways to update party policy. In only two PRGs were MPs in a minority and trade unionists in a majority, one of which, the People at Work group dealt with issues in which the unions had a direct interest. The inclusion of union leaders was the first time they had been assigned a direct role in Labour policymaking (union leaders have never been permitted to sit on

the NEC). The CLPs were excluded from direct representation on the PRGs though MPs from the NEC's constituency section were present. The PRGs were thus dominated by the party and union hierarchies (Taylor, 1997: 47-9). Moreover, they supplanted the NEC's Home Policy and International Committees (Minkin, 1992: 466). Indeed, the NEC saw its policymaking role contract as the shadow cabinet assumed a greater presence. Even on the issue of the election manifesto, Kinnock ensured that his own allies wrote the document, which was then rubberstamped by the NEC and the shadow cabinet (Heffernan and Marqusee, 1992: 81).

This is not the place to analyse the transformation that Labour's policy programme underwent during the policy review (see Shaw, 1994: 81-107; Wickham-Jones, 1995a). The important point here is that party leaders saw the review as a chance to abandon unpopular policies in the wake of Labour's 1987 election defeat and adopt policies that were electorally competitive. That is not to say they achieved everything they wanted because they faced resistance on some issues. However, on most important economic issues, a broad coalition agreed on the need for change, and on issues such as keeping the Conservatives' trade union legislation, the unions were sympathetic to the party's needs. The PRGs were expected to take account of public opinion when framing policies, supplied with information from the SCA and they were also free to establish working parties and co-opt specialists (Shaw, 1989: 10, 5). On occasions, aides from the leader's office were on hand to steer the groups in the desired direction, though in only one case (the People At Work group) was intervention necessary (Hughes and Wintour, 1990: 143-52). On the whole, there was a consensus on the PRGs as to the sort of policies required (Taylor, 1997: 57).

An important feature of the policy review, at least initially, was the launch of the 'Labour Listens' project, an external consultation exercise. Public meetings were organised at which Labour MPs listened to the views of members of the public and targeted social groups (Shaw, 1989: 13). The aim was to show that Labour was listening to the voters and then channel information gathered into the policy review. However, the exercise was a disappointment, attracting cranks to the meetings and not producing much material for the review (Hughes and Wintour, 1990: 100).

A significant feature of the policy review was the greatly contracted role of the conference. The PRGs' final reports were presented to the conference in 1989 as *fait accompli*, which could be accepted or rejected but not amended. In practice, the

conference had little alternative but to accept the reports: as Taylor (1997: 62) observes, '[w]holesale rejection would have left two years of Party strategy in ruins, Party policy in tatters, and the Party itself deeply divided and needing to pick up the pieces with a possible General Election looming in 1991.' The unions still dominated the conference and would not vote against reports agreed by the major unions leaders on the PRGs. Electoral considerations meant they were largely content to allow the PLP to establish the parameters of party policy:

The political project of securing a Labour Government had in the past evoked solidaristic inhibitions about pushing trade union claims, but the constraints on trade union behaviour were now greater than at any time since the Party's foundations as all attention was focused on electoral victory (Minkin, 1992: 479).

## **5.5 TRADE UNIONS AND THE PARTY CONFERENCE IN THE 1990s**

Some of Labour's most symbolic reforms in this period concerned the trade unions' role at the party conference. Although there were some voices in the late-1980s in favour of reform (including that of the GMB's leader, John Edmonds at the 1989 conference), nothing happened until after Labour's election defeat of 1992. The modernisers' call for reform of the party-union link gathered momentum as they claimed the link contributed to voters' distrust of Labour, and the feeling that it was a Trojan horse for the unions (Gould, 1999; Rentoul, 1995: 308-49). Even traditionalist figures realised some changes were needed. The remit of the NEC's new union links review group (dominated by traditionalists) included looking at ways of changing the share of votes and the use of block voting at the party conference. Unlike other reforms (see Chapter 7), there was broad support for reform of the conference.

The main problem with the conference was that it vividly illustrated the unions' predominance in the party. The problem worsened over the years due to the increasing concentration of votes in a few large unions – by 1990, the four biggest unions collectively controlled over half the conference votes. A number of solutions were available, some far-reaching and some largely cosmetic. Lewis Minkin (1992: 366-8), who later became a member of the NEC's union links review group, listed nine broad categories of 'solutions'.

1. **Recomposition:** Allowing more bodies to vote at the conference, including regional bodies and the PLP. This would dilute the power of the nationally affiliated unions.
2. **Equalisation:** This could involve either one vote per organisation (undermining the power of the unions and giving power to the CLPs) or ODOV (in the sense discussed in Chapter 4), which would significantly increase the number of delegates at the conference.
3. **Synchronisation:** A requirement of concurrent majorities among unions and CLPs but could create gridlock if the political balance among unions and CLPs differed.
4. **Consolidation:** CLPs would hold a prior conference and adopt a common line, so that at the party conference there would be a sizeable CLP block vote. However, throughout the 1980s, the combined voting power of the CLPs was half that of the TGWU alone.
5. **Redistribution:** This subsumes a number of proposals. It could involve limiting block votes to 100,000, reducing the number of votes unions receive per thousand levypayers, or giving CLPs votes commensurate with their *affiliated* rather than individual local memberships. An alternative, which was eventually adopted, was to give the CLPs a set percentage of the total votes, creating an electoral college at the conference (see below).
6. **Actualisation:** Unions' votes would include only those levypayers who are also individual party members, but it would push out the vast majority of levypayers.
7. **Localisation:** Replacing national with local affiliation (like Scandinavian labour parties), but it would exclude many levypayers affiliated nationally.
8. **Democratisation:** This refers to democratisation *within* the unions, with the retention of block votes and overall union preponderance at the party conference. It would involve greater participation and democracy inside unions.
9. **Individualisation:** The abolition of union affiliation and the creation of an individual membership party, like the German SPD. It was mooted by some modernisers in the 1990s, though it might require state funding for parties.

Some of these proposals would involve little change while others would involve an upheaval. Given the balance of forces in the party under John Smith's leadership, there was little chance of massive change but there was a realisation that the status quo was not an option. The focus centred on proposals to redistribute votes. The 1990 conference agreed to reduce the affiliated organisations' share of conference votes from about 90 percent to 70 percent, with the CLPs controlling 30 percent (the change took effect in 1993). The review group observed that the new distribution of votes 'reflects the relative financial contributions of the trade unions and maintains the stability of Conference' (cited in Alderman and Carter, 1994: 329). This was a further illustration of the entwining of votes and finance (see Chapter 4) but it also obliquely referred to the potentially destabilising effect of giving too many votes to the CLPs, especially if they were to come under leftwing control.

The modernisers, however, were not satisfied. They wanted parity between the CLPs and affiliated organisations but the NEC recommended that such a move be contingent upon a rise in individual membership to 300,000, which it saw as possible if a scheme such as 'levy-plus' (see Chapter 7) were to be adopted. As well as ensuring that the CLPs shouldered a heavier financial burden, it was also hoped that a rise in membership would involve an influx of 'moderate' members to outweigh the influence of the hard left. This was necessary because CLP delegates would have greater voting power so the unions would find it harder to play their traditionally protective role of the PLP leadership. In 1996, parity was achieved, with the CLPs and the affiliated organisations each controlling 50 percent of the votes. Since the affiliated organisations included the small socialist societies, this meant that the unions actually controlled marginally fewer than 50 percent of the votes. The policy forum was also operating (see below) so the CLPs' greater voting power at the party conference arrived at the point when that body was increasingly sidelined.

### **The 'Abolition' of the Block Vote**

In an apparently major change to Labour's structure, the review group recommended, and the 1993 conference agreed that unions no longer cast their votes as single blocks but should instead divide their votes among their individual delegates, with a maximum of one delegate per 5,000 levypayers. This is not exactly

the same kind of ‘one delegate, one vote’ (ODOV) discussed in Chapter 4. In that hypothetical example, all delegates wielded votes of equal weight but in the Labour Party after 1993, there was a subtle difference. Unions would possess their entire block of votes, which would be divided equally among however many delegates they brought to the conference. Thus, a union with a million affiliated levypayers would be entitled to a maximum of two hundred delegates but if it brought 40 delegates, each would have 25,000 votes. Given this, and given that not all unions have the same number of levypayers, some conference delegates would possess a higher block of votes than others, so it would be misleading to describe this as ‘one delegate, one vote’: a more accurate description would be ‘one delegate, one mini block vote’ – with the size of these mini-blocks varying among delegates from different unions.

Nevertheless, any system of ODOV would reduce individual unions’ ‘effective votes’, i.e. the net votes of a union’s delegates. I suggested earlier that this could significantly dilute the voices of unions *qua* organisations and weaken the link between financial donations and voting power, possibly leaving the party vulnerable to financial free-riding by the unions. Given the greatly reduced authority and importance of the party conference, this might be expected to be less of a threat nowadays. Yet there remained concerns within the unions about the impact of ODOV and the PLP leaders understood them. In his speech to the 1993 conference, John Smith emphasised that unions would be free to continue mandating their delegates (Labour Party, 1994: 132). Individual delegates would still be regarded primarily as *delegates of an organisation*, even though each would be individually responsible for casting a proportion of that organisation’s votes. They would not be seen as representatives of strands of opinion within individual unions, still less as free agents. Indeed, the party’s then General Secretary, Larry Whitty, assured the NEC that the change was ‘largely presentational’, designed to avoid television pictures of union leaders casting enormous block votes. He added that ‘we will then say we don’t have the block vote’ (Rentoul, 1995: 323). The very fact of mandating assumes that organisational interests are above individual delegates’ preferences. We have seen that mandates entail measurement costs, particularly in the case of composites, though delegation meetings could be used to iron out such problems. Indeed, since the change came into effect in 1994, that is precisely the pattern we have seen, with unions continuing to cast their votes to all intents and purposes as single blocks. This

illustrates the continued 'efficiency' of block voting, and not only for the unions. A noteworthy feature of conferences since Blair became leader is that 'the platform' has continued to lobby union leaders for support in vital votes, knowing that individual union delegates are unlikely to break ranks from any agreed position.

Indeed, this illustrates a feature of conferences of old that the present party leadership has sought to resurrect: the managerial role of the block vote. Even with an influx of new 'moderate' individual members, CLP delegates have not always been pliable. Even with 50 percent of the conference votes, the unions remain extremely important (their dominance of the electoral college was built on only 40 percent of the votes). Three large unions – the TGWU, the GMB and Unison – now control 60 percent of all the unions' votes (30 percent of the total votes) so if their support can be guaranteed, victory, while not certain, becomes much more probable. It is their votes that party leaders invariably try to win first because if they do succeed is likely. The major conference votes of the present government have been preceded by intensive negotiations between ministers and leaders of the big three unions. This way, the government was able to avoid defeat over university tuition fees (1997), the post office's monopoly on letters and the privatisation of air traffic control (1999).

However, as the 1970s demonstrated, when Labour is in government the managerial effectiveness of the block vote can diminish if the unions are antagonised. Thus far, Blair's government has enjoyed a relatively quiet relationship with the unions but there have been setbacks. Most notably, the government was defeated at the 2000 conference on a contemporary issue motion (a composite of union resolutions) on whether pensions should be index-linked to wages rather than prices. The government thought not and its case for targeting pensions increases on the poorest pensioners rather than across-the-board increases for rich and poor pensioners alike found support among CLP delegates, who voted by 63.74 percent to 36.26 percent in favour of the government. However, despite intensive negotiations between unions and ministers keen to avoid a defeat, the unions voted against the government by 84.17 percent to 15.83 percent, ensuring that the conference as a whole defeated the government by 60.21 percent to 39.79 percent. The government vowed to ignore the defeat and press on with its plans, drawing comfort from the fact that CLP delegates had backed its line and questioning the legitimacy of a defeat by union barons. The Chancellor of the Exchequer, Gordon Brown exclaimed, 'I'm not

going to give in to the proposals that came from the union leaders today... It is for the country to judge, it is not for a few composite motions to decide the policy of this government and this country. It is for the whole community, and I'm listening to the whole community' (White, 2000). Reminiscent of Harold Wilson's declaration that 'the government must govern', Brown represents the 'maximalist' parliamentary position, that the government should be more concerned with how policies play with the voters. It has been a commonly held belief among Labour MPs over the years – and it is one that has been at the root of much intraparty discord.

## **5.6 POLICYMAKING IN THE 1990s: THE NATIONAL POLICY FORUM**

From the earliest days of his leadership, Kinnock wanted to reform Labour's policymaking structures. He wanted the party to speak with a single voice and to this end, the JPCs and then PRGs were attempts to synchronise the shadow cabinet and the NEC. However, he believed the format of the party conference, with its set-piece debates and public displays of discord damaged Labour. From 1986, the conference underwent an image makeover, adopting a more professional and corporate look. Conference debates were subject to greater platform management and shadow cabinet ministers acquired a prominent role. However, the potential remained for embarrassing showdowns, which would be a problem if Labour were to win office. Few images are more redolent of the traumas of the Callaghan government than that of the Chancellor, Denis Healey, being given five minutes at the 1976 conference to defend the government's economic policy amid a crescendo of jeers from delegates.

To avoid recurrences of such incidents, thought was given to overhauling party policymaking on a permanent and constitutional basis. The PLP leadership faced a dilemma in regard to the reform of policymaking. It wanted to modernise the policymaking process because it was unwieldy, inefficient and block votes brought Labour into disrepute. One way of establishing greater control would be to integrate the PLP into the extraparliamentary party's policymaking structures in the expectation that it would play the leading role in policy development. This had already begun with the establishment of the JPCs and the PRGs, both of which institutionalised NEC-shadow cabinet cooperation. There was some talk about establishing an electoral college at the conference similar to that for leadership

elections, with the PLP having a 30 percent stake, a proposal mooted by the NEC (Labour Party, 1990: 8). In theory, the conference made policy while the PLP worked within parliamentary and electoral constraints to implement it. In reality, the conference-PLP relationship was never as simple as this and the PLP had always been closely involved in policy development – the new proposals would formalise that. Yet the integration of the PLP would also ensure, as Minkin (1992: 377) remarks, that ‘the stakes of Party democracy would be raised considerably’ and this prompted hesitation. There would be no new institutional constraints on the PLP because there would still be no direct enforcement mechanisms through which the conference could punish a shirking PLP. Instead, it would be an issue of the *legitimacy* of the conference. Perhaps for this reason, the proposals for integrating the PLP into the conference never got off the ground. Instead, the decision was taken to marginalise the conference by creating a new body, in which the PLP and the (shadow) cabinet were not merely represented but played a leading role.

The NEC presented a statement to the 1990 party conference proposing to establish a national policy forum (NPF) to work alongside the existing institutions (Labour Party, 1990). The ostensible aim of this new body was to improve the efficiency of the policymaking process. The statement pointed out the many weaknesses of the existing system of conference policymaking. Most resolutions submitted to the conference were not debated, most resolutions that were debated were clumsy, often contradictory composites that made mandates difficult to follow, most delegates did not participate in debates, etc. To ensure greater participation and properly researched and discussed policies, the proposed NPF, consisting of delegates elected by all components of the party, would develop policies on a two-year rolling basis. Once agreed, these policies would then pass to the party conference, which would be required to back them before they officially became party policy.

The NPF was eventually set up in 1993 and met on eight occasions up to 1997 but its formal status was unclear and its impact limited (Seyd, 1999: 390). Labour’s return to power in 1997 signalled a new emphasis on the NPF, as Blair demanded his government should not experience the same conflicts with the extraparliamentary party as previous administrations. A consultation exercise ended with the NEC presenting its proposals to the 1997 conference, which were duly passed (Labour Party, 1997). In its constitutionally enshrined guise, the NPF has now been in

operation for five years so some impressions can be sketched. The remainder of this section looks at the NPF's composition, and its consequences for policymaking.

**Table 5.2 National Policy Forum Membership**

Section	Number of Representatives	Method of Election
<i>Constituency Labour Parties</i>	<b>54</b> 5 ordinary and 1 youth for each of 9 regions	Regional groups of CLP delegates at party conference
<i>Regional Labour Parties</i>	<b>18</b> 2 for each of 9 regions	Regional conference or policy forum
<i>Trade Unions</i>	<b>30</b>	Agreed formula
<i>Socialist Societies</i>	<b>9</b> 3 <i>Socialist societies</i> 2 <i>Co-operative party</i> 4 <i>Black socialists' society conference</i>	Socialist societies' delegates at party conference Co-operative party NEC Black socialists' society
<i>Elected Labour Representatives</i>	<b>24</b> 9 <i>PLP</i> 6 <i>European PLP</i> 4 <i>Local Govt Assoc.</i> 1 <i>COSLA</i> 4 <i>Assoc. Labour Councillors</i>	MPs MEPs Labour group on LGA Labour group on COSLA ALC members
<i>Government</i>	<b>8</b>	
<i>National Executive Committee</i>	<b>32</b>	Ex officio
<b>Total</b>	<b>175</b>	

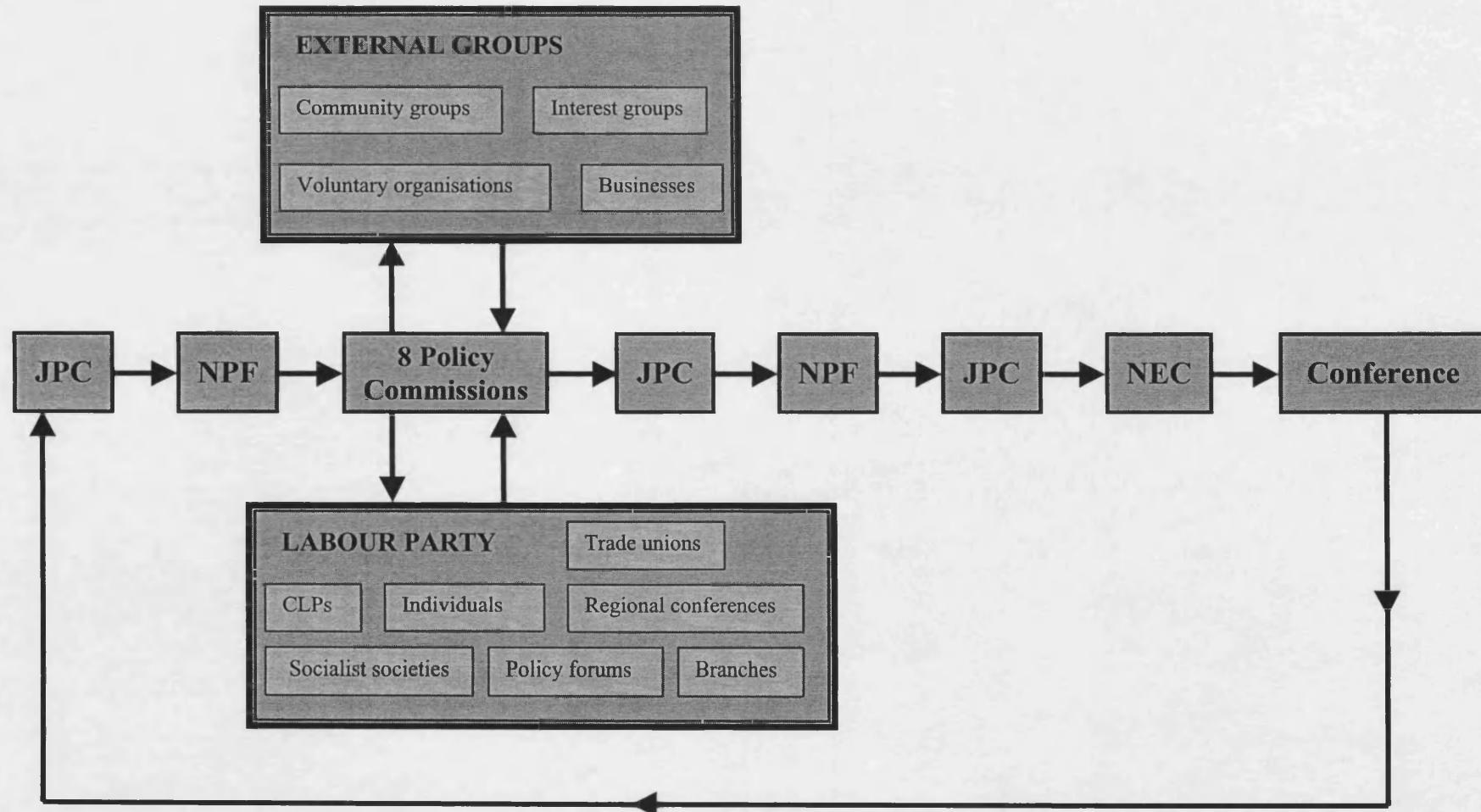
Source: Labour Party (1997: 12).

The NPF consists of 175 delegates representing all sections of the party, including the government and the PLP (Table 5.2). It meets twice a year to develop a two-year rolling policy programme from which the election manifesto is drawn. The first year sees consultation inside and outside the party while the second year sees the writing of draft proposals before the final documents are sent to the party conference. Minority reports can also be submitted if enough NPF delegates back them.

**Figure 5.3 NPF and the Two-year Rolling Policymaking Structure**

(Based on Webb, 2000: 204, Fig. 7.1)

144



The NPF is the apex of a multi-level policymaking structure (Figure 5.3). Acting as a steering group for the forum is a joint policy committee (JPC), which is charged with ‘strategic oversight of policy development in the party and the rolling programme’, shaping the agenda for the whole policy process. The JPC is chaired by the Prime Minister and consists of equal numbers of government ministers and non-government members of the NEC (Labour Party, 1997: 8). It is, as Webb (2000: 204) suggests, ‘[t]he main institutional vehicle for the leadership in the policy-making process’. Each body in the new structure receives policy documents from the JPC and after making its own modifications, sends them back to the JPC. At each stage, the JPC can add its own comments and proposals, underpinned by the resources and information available to the PLP frontbench. Through these policy-shaping powers, the PLP leadership retains a firm grip on the entire policymaking process.

The detailed work on policy formulation is carried out by eight policy commissions, each consisting of nine members (three each from the government, the NEC and the NPF). These policy commissions have usurped the policymaking power of the NEC, which is now restricted to managerial functions. During the first year of the policy cycle, the policy commissions consult within the party with CLPs, unions, etc., often through local all-member policy forums. They also consult external organisations, such as businesses and interest groups. Having done this, the commissions then present reports to the NPF and the JPC (which is free to add its own proposals), before being submitted to the NEC and the party conference for discussion at the end of year one. In the second year, each policy commission reflects on the conference discussion and presents a draft policy document to the NPF. Once agreed, it is circulated throughout the party enabling branches, CLPs and affiliated organisations to consider it and submit proposed amendments, before it returns to the policy commission for final drafting. The reports then go back to the NPF and the JPC before returning to the party conference. If a sizeable minority of NPF delegates (at least 35 out of 175) want to submit a minority report as well, they can do so (Labour Party, 1997: 14-15). As part of the changes, the constitutionally enshrined ‘party programme’, which hitherto had an ambiguous status, was now officially defined as ‘the rolling programme presented to the party conference by the National Policy Forum, as approved by the party conference’ (Labour Party, 1997: rules change appendix, Clause V.1).<sup>10</sup>

Although the sovereignty of the party conference is ultimately reaffirmed, in reality the new structure significantly curtails the policymaking role of conference delegates and represents a further centralisation of power. The change was justified by the efficiency improvements it would herald, and there is certainly something to be said for this. The old system concentrated policymaking power in the NEC, with the conference often being little more than an occasion for set-piece debates even though most of the votes had already been decided in advance. The new system is more structured and ensures a greater integration of the parliamentary and extra-parliamentary parties. This was long a demand of the left (as evident in the constitutional reforms of 1979-81) though it wanted to put the PLP under the control of the extraparliamentary party – the current reforms achieve the opposite. This reminds us that institutions have distributive consequences and Labour's new policymaking structure is no different since it has increased the mobilisation costs of government critics by assigning a leading role to ministers and filtering out dissent. Moreover, proposals will be less vulnerable to leftwing shifts among the unions because the latter have only 30 delegates on the 175 member NPF though they retain half of the conference votes. It is worth looking in more detail at the system.<sup>11</sup>

A significant feature of the old system was the conference's function as a forum for intraparty 'voice'. We saw that in some circumstances, the 'platform' would compromise on issues in order to avoid incurring high voice costs at the conference. Furthermore, set-piece debates every year afforded delegates the chance to discuss party policy, once again presenting the 'platform' with the likelihood of voice costs. By contrast, NPF meetings take place in private, away from the glare of the television cameras and newspaper reporters. There are no set-piece debates that can be replayed on television to the leadership's embarrassment. Instead discussion takes place without the risk of voice costs damaging the party's opinion poll rating. This leaves the party conference, where NPF reports must be ratified but conference delegates are greatly constrained in the subjects they can discuss. Policy areas under consideration by any of the policy commissions can no longer be debated at the conference and resolutions on such subjects submitted by CLPs and affiliates are forwarded by the CAC to the relevant policy commission.

Much of the conference agenda is predetermined, with debates scheduled for policy forum reports and drafts. However, resolutions can be submitted 'on a topic

not substantially addressed in the ongoing policy work of the NPF...' (Labour Party, 1997: 16). The CAC judges whether resolutions submitted fall outside these areas and those that do may qualify as a 'contemporary issue motion' (CIMs). Those that qualify go through to a ballot of conference delegates to decide which five resolutions shall be added to the agenda. Thus, the chances of a resolution being debated are fairly small unless it is on a burning issue. Even then, there is no guarantee it will navigate past the CAC because as Shaw observes, '[t]he ambiguity of the phrase "substantially addressed" affords the CAC considerable discretion to weed out "awkward" resolutions.' He gives the example of the 30 resolutions hostile to the government's contentious policy of privatising air traffic control, which were disallowed by the CAC at the 1999 conference much to the government's relief. Of the CIMs that were debated, two were the result of deals between unions and the government and the other three were on uncontroversial issues (Shaw, 2000b: 16-17).

The actual making of policy at the NPF has been characterised by government dominance. NPF delegates divide up into separate workshops to discuss policies but a facilitator (usually a senior party official) guides the discussion and takes notes of the proceedings. The facilitator has some discretion to interpret the direction and content of the discussion and produces a summary report, which forms the basis of the policy statement (Seyd, 1999: 394). Furthermore, Seyd has observed:

[I]n the preliminary discussions of policy documents at the national policy forum, the imbalance of power between the well-resourced ministerial team and the others is very apparent. Initial drafts, in which the parameters of policies are being determined, are coming from ministers (Seyd, 1999: 393-4).

Given the increases in 'Short money' and the consequent range of independent research resources it enables, the advantages mentioned by Seyd are likely to remain when Labour is in opposition. Constituency delegates to the NPF are unlikely to overcome such high information costs, though unions may be in a better position to do so. Accordingly, thus far, 'the reports which emerged were primarily extrapolations of existing Government policy' (Shaw, 2000b: 13).

The process does make provision for amendments to be made at the NPF to reports but there is little scope for genuine change. Amendments must be supported

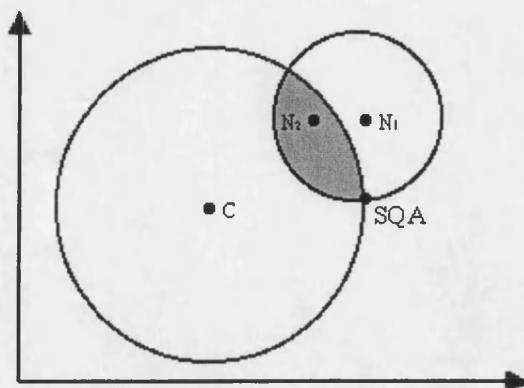
by at least eight delegates in order to be tabled; they must reflect a 'significant strand' of party opinion or points raised during the consultation; delegates proposing 'non-endorsed amendments' are encouraged to meet ministers to reformulate the amendments; amendments can be ruled out if they are deemed to be more appropriately discussed in the context of a different report from that being considered; and they can be ruled out if they are inconsistent with the government's present or future legislation (Shaw, 2000b: 13).

NPF delegates who do not support given reports may issue minority reports, which also go to the party conference for discussion. Before they can do this, they must gather the support of a quarter of NPF delegates or 35 members (whichever is the greater) plus the backing of at least three of the seven constituencies represented on the NPF (see Table 5.2). Shaw observes that at a meeting of the forum held prior to the 1999 annual conference, barely half the forum members attended, and no minority was able to win over 35 of the 90 members present (Shaw, 2000b: 12-13). This rule poses a significant mobilisation barrier for minority factions though it could be overcome if the factional balance within the party changed in response to disillusionment with the Labour government. Moreover, the *Partnership in Power* document, which set out the format of the new system, appeared to indicate that conference delegates would be able to vote on separate aspects of policies:

In the past, policy statements have been presented to Conference on an-all-or-nothing basis. Under the rolling programme Conference would for the first time be able to have separate votes on key sections and proposals in the policy statement. The final statement as agreed by Conference would then become part of the party's rolling policy programme (Labour Party, 1997: 15).

However, at the 1999 annual conference the CAC interpreted this as meaning that the conference could refer back individual reports, not sections within them because, it argued, the term, 'final statement' referred to the entire policy programme of the NPF (Shaw, 2000b: 17). The effect of this ruling is to give the conference veto power over whole reports but not over elements within reports. This significantly dilutes its pre-emptive ability to shape the content of the reports. Thus, consider Figure 5.4:

**Figure 5.4 Preference Alignment between the Party Conference and the NPF**



In this policy space, SQA represents the *status quo ante* while points C and N<sub>1</sub> are the bliss points of the dominant coalitions at the conference and the NPF respectively.<sup>12</sup> The shaded area enclosed in the intersection of the two indifference curves contains the set of policies that are preferred by the conference and the NPF to SQA. The NPF can formulate a policy report that is closer to its own bliss point than is SQA but it cannot choose its bliss point because the conference prefers SQA to N<sub>1</sub> and so would be prepared to refer back the entire report. Instead, the NPF chooses a position within the winset of SQA, for example point N<sub>2</sub>. The NPF prefers N<sub>2</sub> to SQA while the conference only marginally prefers it but will nevertheless vote for it rather than refer back the entire report. The conference cannot cherry-pick the best parts of the report and refer back or amend those parts it dislikes. If it possessed such a line-by-line veto, incremental amendments would continue until the content of the original report had unravelled, leaving an amended report at point C. The NPF would short-circuit this process of unravelling and present a report at point C from the start.

However, the outcome could be different if a faction at the NPF were able to mobilise sufficient support to present a minority report to the conference. This is difficult but not impossible. Given that half of the delegates at the party conference are now sent by CLPs, it might be expected to be easier nowadays for the conference to shift to the left. Thus, if there were propitious circumstances for a growth in support and recruits for the activist left, such as disillusionment with a Labour government, the mobilisation costs for the left at both the NPF and the conference could be lowered. A majority at the NPF would not be needed. Instead, if the left

could mobilise 25 percent or 35 delegates at the NPF (whichever is the greater), it could secure a victory for a minority report. This could become more likely if the union members of the NPF mobilised against ministers. Shaw (2000b: 19) suggests that union members have already been acting as a caucus on the forum and have managed to win some concessions from the government. Consider Figure 5.5, which illustrates the problems a minority report can cause for the leadership:

**Figure 5.5 NPF Minority Reports and the Party Conference**

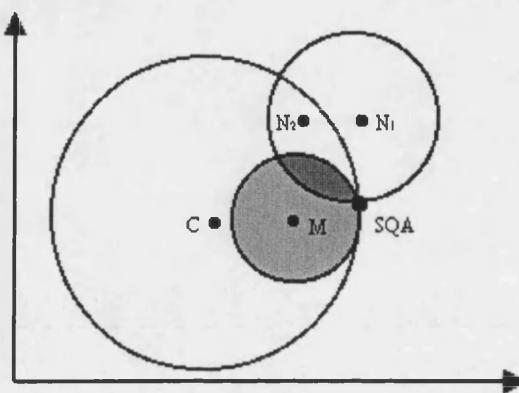


Figure 5.5 is identical to Figure 5.4 except that it includes the bliss point of a 'sizable minority' in the NPF (point M), defined as a minority that is sufficiently big to issue a minority report. In this example, M is fairly close to C, so much so that virtually any point that it prefers to SQA is also preferred by the conference (the light and dark shaded regions). This is not so for the dominant coalition on the NPF, which shares with the minority only a few points preferred to SQA (the small dark shaded region only). Thus, the minority could even choose its own bliss point and see this defeat the majority NPF report at the conference. If this situation arose, we should expect to see negotiations between the dominant coalition at the NPF and the minority to secure agreement on a single report. However, if the minority is not satisfied with what is being offered, it can settle for a minority report and go for a conference victory. It would still, of course, be possible for a Labour government to ignore the policies demanded by the conference, as it has done in the past, because the conference and the NPF still do not have the ability to enforce their decisions against ministers. Yet this would return the party to the sort of confrontational situation the

new policymaking structure was designed to avoid. This is one reason why reform of policymaking in the Labour Party has probably not finished yet. The sanctity of conference sovereignty and the possibility of voting on different proposals were issues that arose in the consultation process before the present reforms were implemented. The strength of feeling ensured that these concessions were granted but the new system leaves the party conference with little real work to do. In the future, if a situation similar to that depicted in Figure 5.5 were likely to develop, party leaders might try to raise the threshold for issuing minority reports or dilute the conference's powers further, perhaps even seeking to abolish it as a decision-making body altogether, preserving it solely as a televised political rally.

As things stand, the limited veto power of the conference is one of the few mechanisms by which activists can hold the NPF and policy commissions to account. The multi-sectional membership and limited electorate of the NPF ensure that forum members have considerable discretion. Although the CLP section is the largest on the forum, its electorate consists only of conference delegates divided into regional groups. This is a small electorate and one whose personnel change from year to year, making mandating and accountability difficult to ensure (Seyd, 1999: 394; Shaw, 2000b: 14). The other sections of the forum are also largely free of institutional checks. The major mechanism of control is the *ex ante* process of screening, i.e. choosing candidates whose preferences are believed to be known and desirable to the electors. It is possible that changes could come about in future years, e.g. OMOV to elect the CLP section. However, the weak lines of accountability from the NPF are not unique in the Labour Party. The same has often been true of both the conference and the NEC (Kavanagh, 1982).

The intention behind the new system was to make policymaking more efficient yet it is hard to escape the conclusion that a major aim of the exercise was to reduce voice costs for party leaders. Rows at the party conference made Labour look divided while providing the left with a televised platform from which to denounce the PLP. It also gave credence to the view that block vote-wielding unions were running the party. Both images were electorally damaging. By contrast, the conference is now stage-managed and its agenda is largely pre-determined, with less time available for set-piece debates. Policymaking has shifted to the NPF, the JPC

and the policy commissions, whose proceedings are not televised and of little interest to outsiders. Consequently, voice costs have fallen considerably.

A common complaint against the new system is that it has centralised power, and that this was the underlying motive for reform. To some extent, this is beside the point because the new system, like the old, does not give the extraparliamentary party the means to enforce its decisions on the PLP. It is true that Labour ministers compromised with the unions on some issues at the 1999 conference in order to avoid defeat but the compromises were about avoiding the 'embarrassment factor' of a conference reverse, which would have been newsworthy as Blair's first defeat at the conference as leader. If defeats became more regular, the government would probably ignore them in the manner of the Wilson governments.

### **Membership Referendums**

The ideal of Labour's modernisers was an OMOV-based party in which individual members were valued above union affiliates. However, while OMOV ballots are useful for electing candidates or leaders, their utility in policymaking is less evident. Policymaking involves discussion and negotiation, which is why it is usually decided in committees and voted upon at conferences. In the mid-1990s, however, Labour did engage in two experiments in membership referendums. In 1995, Blair ordered a consultation exercise into reforming Clause IV of Labour's constitution, its commitment to public ownership. Blair had hinted at his desire to reform Clause IV in his first leader's speech at the 1994 conference but it became clear that there was considerable activist and union opposition to the move. A survey of CLPs found that 59 of 61 wanted to keep the old Clause IV, though these were the preferences of the activist-led GCs (Rentoul, 1995: 418). To bypass these activists, all individual members were sent a copy of the proposed new Clause IV and asked, 'Do you agree that this statement should be adopted in the Party rules as Labour's new aims and values?', with a simple yes/no choice. The members overwhelmingly supported the change (over 80 percent, though less than a third participated) and this was intended to pressurise delegates at the special conference of 1995 called to vote on Clause IV reform. Despite the unions controlling 70 percent of the votes, the conference adopted the new Clause IV by 65.23 percent to 34.77 percent (it gained a

90-10 percent majority in the CLP section and 55-45 percent support in the union section) (Seyd, 1999: 389-90; Taylor, 1997: 179-85; Harmer, 1999: 27).

A second membership ballot was held in 1996 to gain grassroots support for Labour's draft election manifesto. Members were sent a document setting out six fairly uncontentious and vague policy proposals, which were offered on a take-it-or-leave-it basis with no alternatives available and no amendments permitted. Members were asked to respond 'yes' or 'no' to the statement: 'I support Labour's manifesto, New Labour new life for Britain'. Nearly 95 percent of members (on a 61 percent turnout) voted to accept the draft (Seyd, 1999: 390, 402, n.6).

No further all-member ballots have thus far been held, though Labour's constitution was amended in 1995 to make provision for them (Clause VIIIj). However, only the NEC can decide the issues on which to call ballots as well as the question wording. Party members have no rights to call referendums. Thus, the situation is similar to that depicted in Figure 5.1 except that instead of the conference wielding veto power, it is now the members. The important point here, as there, is the NEC's agenda-control powers, which ensures it can choose a point guaranteed to secure backing (especially when the questions are vague). Providing that the NEC has not miscalculated the distribution of members' preferences, membership ballots should prove unthreatening to party leaders; indeed, by generating a wider base of legitimacy for decisions, they can facilitate oligarchical control. However, they are costly to organise and do not involve much membership participation aside from casting a ballot. They are unlikely to become a regular feature of Labour's policymaking structure and it is difficult to disagree with Seyd's (1999: 399) assessment that the manifesto ballot was mainly a public relations exercise.

## 5.7 CONCLUSION

The main focus of reform of the policymaking structure has been on shifting power away from the old conference-based system of delegate democracy and NEC subcommittees towards structures in which the (shadow) cabinet plays the major role (especially the JPC). Under both Kinnock and Blair, policy reviews and the structures that came with them were used to ensure that policy was increasingly made by the leadership rather than the members (Smith, 2000: 152). The progressive diminution

of the role of the party conference has greatly reduced the significance of union block votes, while the proceedings are now largely a set-piece occasion for speeches by ministers rather than ordinary delegates. Intraparty bargaining over policy now occurs in the NPF, though the most important strategic decisions are taken by the cabinet-dominated JPC. This integration of the PLP into policymaking is a principal change in this area since 1983 and has facilitated considerable centralisation, rather than PLP accountability to members. The same is true of the membership ballot on the draft 1997 election manifesto. An interesting aspect of this exercise was that it appeared to elevate referendums above the party conference, if not *de jure* then certainly *de facto*.<sup>13</sup> The votes of hundreds of thousands of party members exude greater *legitimacy* than block votes and to that extent the referendum was another signal to the public (while Labour was in opposition) that it had changed.

However, as with other centralising measures, the risk remains that ordinary members will feel marginalised in the policymaking process and inclined to exit. This applies as much to the unions as to individuals. Although the unions have used the NPF to extract some concessions from the government, their overall lack of influence in the party and the dearth of policies delivered has led to an increasing number of union voices floating the idea of disaffiliation. The big test of Labour's institutions over the next decade will be whether they provide members (individual and corporate) the opportunity to achieve their policy goals. If they do not, we are likely to see either continued exit (including union affiliates) or a new movement to decentralise power similar to that of the early 1980s, though that was achieved only after the fall of a Labour government. I address these issues in the final chapter.

# 6 The Selection of Parliamentary Candidates

## 6.1 INTRODUCTION

A major way of institutionalising exchange between politicians and activists is through the allocation of rights to activists over parliamentary candidate selection. If activists can select candidates, they may be able to exert some control over politicians. Candidate selection is often a site of internal party struggle as politicians attempt to increase their autonomy from activists while the latter seek to reduce it. This has been true of Labour since the mid-1970s and was the initial motive for reform of the procedures in the 1980s. Voting rights were devolved downwards from activists to ordinary members while central veto powers were strengthened. Later, the changes evoked opposition from unions as Labour's leaders sought to use reform of selection procedures to facilitate a 'de-emphasis of the *classe gardée*', as Kirchheimer put it (1966: 190), i.e. an erosion and eventual abolition of the unions' voting rights in order to combat Labour's image as a party of sectional interests.

This chapter is set out as follows. Section 6.2 describes Labour's local organisational structure, since it is the CLPs that choose parliamentary candidates. Section 6.3 sets out the main stages of the selection process and 6.4 looks at the battle to reform the voting system. I examine the old activist-controlled system and the mechanics of the new OMOV system. Section 6.5 describes other changes to the selection procedures, such as nomination and shortlisting, while 6.6 considers the issue of union sponsorship and its eventual scrapping. In section 6.7, I conclude that like other changes during this period, those affecting candidate selection had the dual effects of diluting Labour's federal structure and centralising power, despite the formal enfranchisement of individual members.

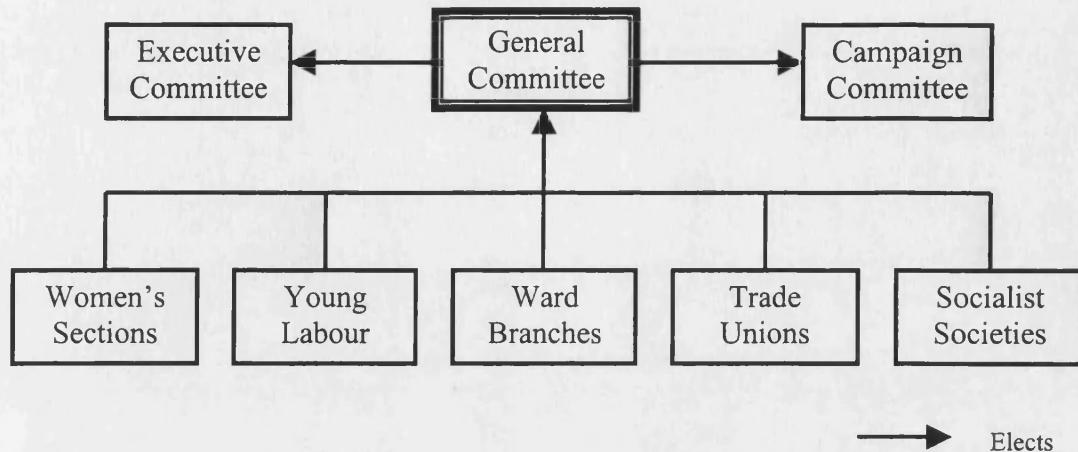
## 6.2 LOCAL PARTY ORGANISATION

Each MP in the UK represents a geographical constituency and corresponding to each is a CLP. The CLPs institutionalise politician-activist exchange at the local level in the Labour Party, offering rank-and-file members, *inter alia*, the right to choose their own parliamentary candidates. However, the members face a number of problems, which must be overcome if the politician is to be adequately controlled or influenced.<sup>1</sup> Information is required to monitor the MP's performance so that reneging on promises can be detected. This demands more information than is available in the mass media so alternative sources must be found and the MP must be made to report back. If the MP is found lacking in some respect (in the members' eyes), an alternative candidate will be required. Members need information about possible replacements, including information about their preferences and reputation.

CLPs have resources to assist members in these tasks but using them requires members to act collectively. Thus, information may be made available to committees and through the latter to other members, while the committees can take decisions on how to obtain and disseminate information. But committees need members, and in parties the members are not financially compensated. Normally, the problems in filling committees are easily overcome, as activists are interested in participating in them. Once formed, committees provide means of aggregating members' preferences and are sites of factional conflict. They can behave as collective actors. In this section, I sketch the outlines of Labour's local organisation as it existed in 1983.

CLPs are hybrid organisations combining features of the branch structure typical of mass parties and affiliated membership characteristic of indirect parties. They were formed in 1918 as Labour's leaders realised they needed local structures to campaign during elections. Until then this function had been performed by local unions so the move to a network of CLPs enabled for the first time direct membership of the party. Since 1989, individuals have been able to join nationally after the party HQ introduced a computerised national membership list. The affiliated membership has always dwarfed the direct membership – even when the latter was at its peak in the early 1950s, there were six times as many affiliated members. They were needed because campaigning techniques remained labour-intensive but Labour never relied on them to the same extent as other social democratic parties because the unions furnished the party with most of its finance and much of its personnel.

**Figure 6.1** Constituency Labour Party Structure



**Table 6.1 Powers and Responsibilities of General Committees (pre-1989)**

- Select the CLP's parliamentary candidate, including deselection of existing MP if desired
- Decide which candidate to support in leadership and deputy leadership elections. Elect a delegate to attend the meeting of the electoral college and mandate her to vote for given candidate(s)
- Submit a resolution to the annual Labour Party conference
- Elect a delegate to attend the party conference and mandate her to vote for/against given policies
- Decide which candidates to support in the CLP section in NEC elections and mandate the CLP's annual conference delegate to vote for them
- Elect and hold accountable CLP officers (including the chairperson, secretary and treasurer)
- Hear monthly reports from the MP (if Labour)
- Hear monthly reports from the leader of the local council (if Labour)
- Receive national party documents including consultation documents
- Receive and debate correspondence from external organisations

Source: Richards (2000: 35). See this source for GC powers after 1997.

Each CLP consists of a number of ward branches and is run by a General Committee (GC), consisting of about 100 people, from which is drawn an Executive Committee (Figure 6.1). The branches within the CLP can send delegates to the GC, as can local affiliated unions and socialist societies. The GC and the executive coordinated local campaigns and decided upon a delegate to send to Labour's annual conference, but the most important of a GC's functions (until 1989) was to select the CLP's parliamentary candidate (see Table 6.1). In a selection contest, GC delegates

would vote in a secret ballot to determine the candidate. Local branches and unions could nominate candidates, union nominees being particularly attractive because the sponsoring union would provide election funds. Sitting MPs could be deselected if the local party so wished but this was a fraught process. After 1979, all MPs faced mandatory reselection contests between elections.

The GCs are essentially local oligarchies, consisting of committed activists. They stand above the mass of ordinary members, who play little role other than paying their annual subscriptions. The inactive members are atomised whereas the activists are in regular contact at branch or GC meetings, during election campaigns, etc. They enjoy social payoffs from their membership, e.g. friendship, mixing with like-minded people, etc. GCs provide them with an institutional shell that helps them to act collectively, though factional divisions exist.

Trade union branches that fall within the geographical reach of a given CLP may affiliate to it. As at the national level, they affiliate for a stated number of levy-paying union members, paying a sum of money to the party for each affiliated levy-payer. In return, they may send delegates to that local party's GC. Their allocation of delegates depends on their affiliation level, being allowed one delegate for 1-100 affiliated union members, two delegates for 101-200 members, three delegates for 201-300 members, etc.<sup>2</sup> A union branch could sometimes send delegates to the GC of more than one CLP. In industrial areas, GCs could be dominated by scores of union delegates representing a variety of unions.<sup>3</sup> CLPs in mining areas were heavily dominated by delegates from the NUM. Generalist unions such as the TGWU and the GMB could send delegates to GCs in constituencies all over the country.

If a single union dominated a CLP or formed a large minority, it could often ensure the selection of one of its own officials as the parliamentary candidate. This was an important aspect of the party-union link. Securing union candidates as MPs can be more useful for the unions than the uncertain process of trying to get Labour governments to implement conference votes. This was the basis for the prevalent belief that regional union bosses were able to secure parliamentary seats for union candidates by packing selection meetings with delegates instructed how to vote. In theory, delegates benefited from the old informal rule of 'no mandating' in candidate selection contests; moreover, the vote was conducted by secret ballot. However, the low rate of activism in union affairs, let alone party affairs, by ordinary levypayers

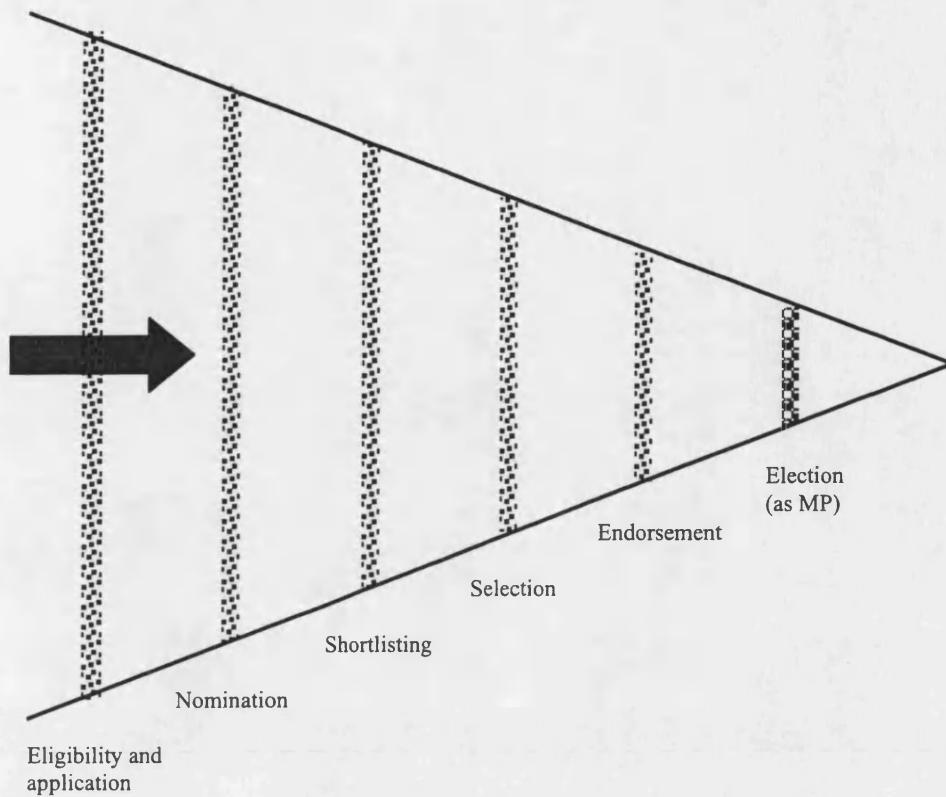
ensured regional organisers wielded considerable influence in these matters, securing places for their allies on GCs who functioned to all intents and purposes as a block vote. McSmith (1996: 46) claims, '[t]his practice was so common that it was barely remarked upon...' (see also Ranney, 1965: 175; Rush, 1969: 159). That being so, it is not difficult to see why union leaders would later oppose OMOV.

### **6.3 POLITICAL EXCHANGE AND CANDIDATE SELECTION**

Having set out some features of Labour's local structure we can now examine the nature of exchange between members and politicians. Purposive incentives constitute a principal motivation for activists to become involved in political activity. A major way in which they could express their ideological preferences was through the selection of their CLP's parliamentary candidate. They would not have a free rein over this because they would need to be mindful of the electoral balance within their constituencies as well as that in the country at large. Thus, MPs in marginal seats might be expected on average to be more centrist than those in safe seats because the main parties are closer in terms of electoral support (though there are normally many exceptions to this 'rule'). A leftwing candidate in a marginal seat might not attract the support of the crucial swing voters. Local parties must take account of such factors because they prefer winning seats to losing them (Tsebelis, 1990). Activists, like unions, are constrained policy-seekers.

However, most parliamentary seats are safe so the incumbent party could win them with almost any candidate.<sup>4</sup> Thus, CLPs can choose candidates that represent their views, even if they are leftwing. In general elections, the media spotlight is unlikely to be shone on individual candidates because national issues predominate. In by-elections, which can become nationalised in their importance, there may be intense media interest in candidates. This was why Labour set up an NEC by-election panel in 1989 (see below). But general elections offered leftwing candidates the chance to slip through the net. If this happened on a concerted scale, it could tip the political balance within the PLP and lead to changes in policy.

**Figure 6.2 Candidate Selection Screens**



The selection of candidates is a multi-stage process in which a series of filters produces candidates who enjoy the support of CLPs and the NEC. Figure 6.2 depicts the process as a series of six screens (the first five being intraparty filters, the sixth consisting of selected candidates fighting elections) that prospective parliamentary candidates (PPCs) must negotiate, with each successive stage reducing the number of applicants. Different groups may control different stages and reform of candidate selection may involve procedural changes to any of the five internal screens. The first screen is a rule establishing *eligibility* to be a candidate. In the Labour Party the basic requirement is that PPCs must have been party members for at least two years – a fairly easy obstacle to surmount. Some parties have more exacting requirements, while in others the hurdles are lower: in some states in the USA, every voter can stand as a party candidate (see Rahat and Hazan, 2001: 300-1). Aspiring PPCs could either apply directly in writing to CLP secretaries or wait to be approached by a nominating body within the CLP – any ward party or affiliated body (trade union, socialist society, women's section or Cooperative Party), with each branch permitted to nominate one candidate. Direct applicants would have their details circulated to

the branches. Until 1993, most applicants were streamed into different lists, which were sent on request by the NEC to CLPs.<sup>5</sup> These included nominees the unions were willing to sponsor (list A), those nominated by CLPs (list B), and names submitted by the Cooperative Party (list C). From 1988, a list W of women nominees was also available. Names that did not appear on a list could also be nominated.

List A candidates enjoyed a distinct advantage because they brought with them union money. Unions could contribute up to 80 percent of a sponsored candidate's election expenses and up to £750 a year to the CLP (Norris and Lovenduski, 1995: 57). I look in more detail at union sponsorship in section 6.6. List B candidates had no such attraction for CLPs, consisting of candidates of varying quality who brought no promises of financial or personnel assistance to CLPs. Moreover, there was little preliminary screening for list B candidates so virtually any eligible party member could join the list, and a candidate's inclusion on list B was no guarantee of NEC endorsement. In short, list B was a catch-all list of individuals hoping to secure an offer. Norris and Lovenduski (1995: 57) report that while about 180 individuals appeared on list A, about 650 were on list B. List C, of candidates sponsored by the Cooperative Party, contained the names of about 100 party members and inclusion on it required the negotiation of Cooperative Party screening procedures. List W contained all women candidates who appeared on lists A, B and C and involved no further screening mechanisms (save the fact that they had to be women!). The list of eligible candidates was thus very large though the vast majority of actual applicants were on a list.

The next stage in the process is *nomination*. The actors in control of this second screen are the members of local branches. Norris and Lovenduski (1995: 62) estimate that each CLP contains on average about twenty-three nominating bodies (with an average 13 union branches and seven party ward branches), each of which could nominate one candidate. Attendance at branch meetings could vary immensely, ranging from less than a dozen up to fifty (Norris and Lovenduski, 1995: 63). Branches typically interview applicants seeking their nomination and here ideological and policy preference filters normally come into play, though not all nominees are interviewed, particularly if they are well-known by the local elite. Cultivating local links could build up a large number of nominations for a candidate and improve her chances of progressing through later stages. This may be important

in winnable seats, where the supply of applicants may be high. Local councillors and union officials (in CLPs with a big union presence) are often advantaged here. In unwinnable seats, where there are few applicants, the nomination process may be straightforward – with only a handful of applicants, they may all make the shortlist.

After nomination, the CLP's Executive Committee (EC) would draw up a *shortlist* (since 1993, the GC has compiled the shortlist). Shortlists would need to include at least four or five candidates (where there was no incumbent Labour MP) but could include more. If there were many nominees, a series of ballots would determine who appeared on the shortlist though the choice of the EC (later, GC) was constrained. In reselection contests the sitting MP must be included on the shortlist. Occasionally, shortlists of one emerged, particularly where the MP was established. From 1987, at least one woman had to appear on the shortlist unless no women were nominated. Any candidate receiving a quarter of all nominations (including one from a ward branch) had to be included on the shortlist. Before this rule was introduced it sometimes arose that a candidate could win half of all nominations but not make it onto the shortlist due to internal rivalries. Candidates with heavy union backing could qualify for the shortlist automatically only if they received support from at least one ward branch, otherwise they too had to await the decision of the shortlisting meeting. After the EC's decision, the GC could vote to approve or amend the shortlist but in 1993 the balloting procedure for drawing up shortlists was thrown open to the entire GC, improving openness. Norris and Lovenduski (1995: 63-4) conclude:

[S]ince there is no requirement for interviews, no set application form, and no written report from branch interviews, the process of evaluating nominees is not standardised. It seems likely that unless contestants are already known to the executive, have union sponsorship, or fall into one of the above categories [i.e. those contestants shortlisted by right], they stand little chance.

CLP activists thus had considerable opportunities to filter out candidates. However, a trend before the 1997 and 2001 general elections was the retirement of some MPs in safe seats on the eve of the campaign. In these cases, the NEC was often able to impose a shortlist, usually with the purpose of including certain favoured candidates, though there was no guarantee that these favourites would win the OMOV ballot.

The fourth stage of the process – *selection* – has been the focus of the most contested reforms since 1983. Before 1989, GCs chose candidates in secret ballots. After that, various schemes involving OMOV were used, including local electoral colleges until 1992, a provision for levypaying trade unionists from 1992-3 and finally straight OMOV from 1993 onwards. I discuss the selection screen shortly. The final stage in the process is a central party screen whereby all selected candidates required *endorsement* by the NEC. Often, this was automatic though the NEC has sometimes stepped in, e.g. when it refused to endorse Liz Davies in Leeds North East (see below). The numerous changes to the selection procedure are discussed in sections 6.4-5. The most important reforms relate to the fourth screen, selection, and are the subject of the next section.

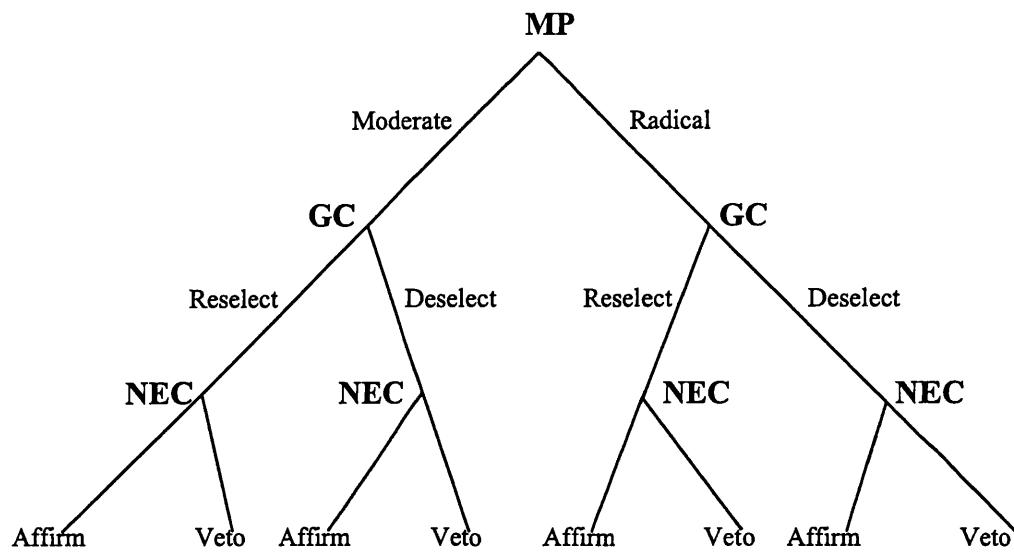
#### 6.4 SELECTION IN THE LABOUR PARTY

The fourth stage of the selection process involves voting on the shortlisted candidates and has been the target of the most contested reforms in the Labour Party. The debate concerned the identity of the selectorate choosing the final candidate, with a long leadership attempt to wrest control of selection from the GCs and permit all individual members a right to vote in OMOV ballots. I turn to that shortly. Before that, it is useful to have a simple model of the selection process in the pre-OMOV era. Tsebelis (1990) has modelled the re/deselection process for sitting Labour MPs as part of an attempt to explain why CLPs chose electorally unpopular candidates in the 1970s (I do not consider that issue here). He presents re/deselection as a game between a sitting MP and a leftwing GC, with the NEC possessing veto power. Although this model ignores seats where there is no Labour MP, it arguably looks at the most important selection scenario because deselection of incumbent MPs was the initial spur for moves towards OMOV. This game is depicted in Figure 6.3.<sup>6</sup>

In this game, the MP chooses to be moderate (rightwing in Labour Party terms) or radical (leftwing) and the GC then decides whether to reselect or deselect her. The NEC can affirm or veto the GC's decision. Tsebelis claims the use of the NEC veto depends on the executive's political composition: if it is leftwing, it will not veto the deselection of rightwing MPs but if it is rightwing it will. Similarly, the GC, which Tsebelis assumes is always leftwing (I return to this assumption shortly),

will not deselect rightwing MPs if it knows the NEC will use its veto. For the most part, according to Tsebelis, GCs deselect MPs only if the NEC is also leftwing.<sup>7</sup> GCs choose leftwing candidates mainly in safe Labour or safe Conservative seats because the choice of candidate is unlikely to affect the result but in marginal seats they prefer moderate winners to extreme losers (Tsebelis, 1990: 131-2).

**Figure 6.3 Model of Reselection/Deselection of MP**



This is a pared-down account of the selection process but its interest lies in the strategic relationship it posits between MPs, GCs and the NEC. Its focus on ideology leaves out other considerations that affect GCs' decisions during reselection contests, such as the overall performance of the MP (e.g. in fulfilling his constituency duties). Nevertheless, I retain this focus on ideology because: (a) it sits well with my assumptions about intraparty exchange; and (b) the major purpose behind mandatory reselection and OMOV was ideological (the first to make it easier for leftwing activists to control the PLP, the second to make it harder).<sup>8</sup> As an approximation of the reselection process this model is quite useful. It might be objected that empirically it is suspect because few MPs were deselected and even fewer decisions were vetoed by the NEC. Mandatory reselection resulted in the deselection of only eight MPs before the 1983 general election though several more might have gone had they not defected to the SDP (Seyd, 1987: 129-31). However, it is likely that an even greater but unquantifiable number toed the line with their GCs for fear of being

deselected – a power need not be exercised to be effective (Tsebelis, 1990: 150; Williams, 1983: 45).<sup>9</sup> The early-mid 1980s was a time when many Labour MPs took seriously the possibility of deselection (McSmith, 1996: 38-9). The existence of the rules permitting deselection is sufficient to justify depicting the GC-MP relationship as a strategic one.

However, a couple of points are in order. First, Tsebelis understates the autonomy GCs enjoyed relative to the NEC. He believes the NEC could veto any deselection and reject GCs' preferred candidates if the latter were politically unacceptable. This is indeed the case when a candidate is chosen for a vacant seat, a recent example being the NEC's refusal to endorse the leftist Liz Davies in Leeds NE in 1995. But insofar as the deselection of sitting MPs is concerned, the adoption of the so-called 'Mikardo doctrine' first as NEC policy from 1974 and then as an official rule in 1978 narrowed the grounds on which the NEC could intervene (Shaw, 1988: 185-94). This rule gave deselected MPs 'the right to appeal to the National Executive Committee on the grounds, *and only on the grounds*, that the procedure laid down in these rules and the general provision of the constitution and rules have not been carried out' (Labour Party, 1978: Clause XIV.7c. Emphasis added). This appears to rule out intervention on political grounds and thus enhanced the power of GCs. Deselected MPs could no longer rely on the NEC to save them unless they demonstrated procedural irregularities.

However, the NEC can decide how seriously it takes claims of procedural errors. According to McCormick (1980: 385), such errors are bound to occur frequently in voluntary organisations such as parties, where those taking decisions are not paid professionals with a great understanding of legal and constitutional issues. McCormick suggests that if a determined NEC wanted to save an MP from deselection, 'there is never any difficulty in finding an irregularity should one be required'. This appeared to be the lesson of the Frank Field affair. Field was an MP who found himself deselected by his Birkenhead CLP in favour of a leftist in 1989. After his deselection, Field sent a dossier of allegations to the NEC, most centring on Militant infiltration of his constituency as well as irregularities in affiliated unions concerning voter eligibility. The NEC launched an inquiry into the regional Wirral Labour Party but despite finding no evidence of irregularities it ordered a re-run ballot because it accepted that six members of Birkenhead CLP were Militant

supporters (they were subsequently expelled). Field narrowly won the re-run ballot in 1991. Counter-allegations of irregularities were made by Field's main opponent but the NEC dismissed them (Heffernan and Marqusee, 1992: 271-7). Despite the adoption of the Mikardo doctrine, there remained scope for the centre to impose its will. Nevertheless, this rule does impose constraints and opportunity costs on the NEC because the search for irregularities entails establishing investigative committees. A political veto would circumvent such problems.

A second point about Tsebelis's model is that he understates the effect of mandatory reselection on the selection process, yet this rule was vitally important.

[Mandatory reselection] makes the reselection of the MP the rule rather than the exception, as it had been before. Before, the GMC [i.e. the GC] had to mobilize against its MP; now the MP requires the support of the GMC. Before, the GMC needed to provide the NEC with reasons for not readopting its MP. No such reasons are required now. Therefore, this formula dramatically reduces the costs of rejecting the MP (Tsebelis, 1990: 149).

However, according to Tsebelis, this simply modified the reselection game in the middle of the process and did not alter the NEC veto, so the major factor is the political composition of the NEC (Tsebelis 1990: 151). Yet not only does this ignore the impact of the 'Mikardo doctrine', it also fails to consider the *totality* of NEC-GC conflicts. Even if the NEC were inclined to intervene and look for procedural irregularities, it would face serious problems if many, perhaps dozens of cases emerged simultaneously. The NEC would be overwhelmed by the task and face high opportunity costs in focusing on selection disputes. Mandatory reselection vastly increased the likelihood of numerous GCs simultaneously attempting to deselect their MPs. Only if we bear these points in mind, can Tsebelis's model provide a useful schematic approximation of the re/deselection process before OMOV.

How serious, then, was the threat posed by leftwing GCs to centrist MPs? For much of Labour's history, relations between GCs and MPs were fairly sedate, shrouded in an air of deference. Until the 1960s, most Labour activists were working class and moderate, posing little threat to MPs (Tanner, 2000). Furthermore, GCs were often dominated by union delegates instructed how to vote, despite the rule of 'no mandating'. Most GCs were concerned to leave the MP to Westminster business

while they engaged in local affairs. However, this relationship changed in the 1970s as a new generation of leftwing activists joined the party. Labour's individual membership had been falling steadily since the war as party membership generally held fewer social attractions for individuals, but the party haemorrhaged older, working class members in the 1970s in the wake of the unpopular policies of Labour governments. Membership decline left many CLPs as little more than organisational shells ripe for take-over by newcomers. At the same time, a generation of young, university-educated activists radicalised by the 1960s and largely working in a public sector wracked by industrial militancy increasingly saw the Labour Party as a means to further their ideological goals (Seyd, 1987: 44-7; Koelble, 1991). These members were less respectful of older Labour traditions, such as deference to MPs, and they were now assuming greater importance and weight within CLPs.

Labour's federal structure enabled this new left to assume local power. Within a given CLP, each ward branch was entitled to a minimum of three GC delegates, possibly more depending on membership levels. This could easily mean a number of wards with low memberships could outvote on the GC wards that collectively had higher individual memberships because what mattered was numbers of delegates, not individual members (see McSmith, 1996: 42-3 for an illustrative example in Liverpool Knowsley North in the 1980s). Given Labour's state of organisational decay at the time, only a small number of leftists would be required to capture wards, and after that CLPs. Consequently, many areas became prone to 'entryism' – organised groups of the far left, such as the Militant Tendency, infiltrating ward branches and CLPs and capturing them (Seyd, 1987: 50-4). This was achieved most clearly in Liverpool, where Militant controlled the local council and a number of CLPs. One way of taking over CLPs, particularly in university towns, was by mobilising the 'bed-sit left', in which small numbers of young people sharing a handful of addresses in a constituency, would join the local Labour Party and take over ward branches, from where they could elect GC delegates. Once a local party was captured, the 'bed-sit left' could move on to the next constituency.

From the mid-1980s, entryist groups came under fierce attack by Neil Kinnock, with a spate of investigations and expulsions (including two MPs, Dave Nellist and Terry Fields). However, many leftwing activists remained members of the party and continued to dominate its local structures. A comprehensive study of

Labour members published in 1992 (Seyd and Whiteley, 1992) confirmed a correlation between ideology and activism (Table 6.2). Lending support to May's law, the survey found the hard left over-represented among very active party members and under-represented among inactive members.<sup>10</sup> Since the GCs include many activists, we can conclude that the left was well-represented on the GCs.

**Table 6.2 Ideology and Activism in the Labour Party (percentages)**

	<b>Inactive</b>	<b>Occasionally active</b>	<b>Fairly active</b>	<b>Very active</b>
<i>All members</i>	14	29	34	24
<b>Intraparty L-R scale</b>				
<i>Hard left (17)</i>	10	24	34	32
<i>Soft left (41)</i>	10	29	35	27
<i>Centre (20)</i>	15	32	32	21
<i>Soft right (13)</i>	14	33	35	18
<i>Hard right (9)</i>	29	27	28	16

Source: Seyd and Whiteley (1992: 101).

Although the new left's star waned in the 1980s, one of its legacies was the new rule on the mandatory reselection. If the activists were largely leftwing, then centrist MPs were vulnerable to deselection. Given the shift to the left on the NEC, deselected MPs could not hold out much hope for saviour. After Labour's general election defeat of 1983, Kinnock was besieged by anxious MPs voicing a fear widespread in the PLP that mandatory reselection would lead to a cull of 'moderate' MPs (McSmith, 1996: 38-9). Many MPs wanted mandatory reselection abolished but given the continued strength of the left this was never feasible. Seeking to reverse mandatory reselection would have gone against the grain of this increased role for the CLPs and reignited the civil war in the party that Kinnock's accession to the leadership was supposed to have ended. Besides, the absence of mandatory reselection contests would not in itself end the possibility of deselection, as the experience of the 1970s showed. Strengthening the NEC's veto power was not, at this point, a viable option either, though it would become so in the following years. In the aftermath of a grassroots insurgency, a brazen act of centralisation would have been divisive. On the other hand, doing nothing was not feasible either, given the enormous unease in the PLP.

This narrowed Kinnock's range of options. However, there was an alternative, which had been advocated by David Owen before he left the Labour Party in 1981. This was to undermine the leftwing cliques on the GCs by opening up selection meetings to all party members in the form of OMOV. The assumption was that the inactive members comprised a large majority of the membership and were overwhelmingly moderate in their opinions. (Table 6.2 provides some evidence for this view.) OMOV went with the grain of increased powers for the CLPs though it would involve the creation of a unitary structure and the dismantling of the federal structure that had provided such favourable opportunities for the left. This was how a decade-long assault on Labour's federal structure began. At this stage, it was not seen by its proponents as the precursor to an attack on the party-union link but instead a necessary measure to redistribute power away from left-dominated party organs in order to help improve Labour's electoral performance. However, opposition was already forming and it is to the battle for OMOV that I now turn.

### **The Road to OMOV**

At the 1984 party conference, Kinnock and his allies advanced a resolution calling for the introduction of OMOV for candidate selection on a voluntary basis in CLPs where there was a sitting Labour MP. This was designed to allay the fears of the soft left that he wished to attack the activists, though some felt OMOV would inevitably have to be used in any deselection otherwise the media would pillory the party (McSmith, 1996: 45). The resolution was narrowly defeated by the block votes of the CLPs and leftwing unions, with 3,041,000 votes in favour and 3,992,000 against (Labour Party, 1985: 66; see also Minkin, 1992: 273, n.30). Rightwing unions supported OMOV because they saw it as a check on the CLP left. Apart from the lack of consultation by the leadership and the potential divisiveness of the issue just three years after the constitutional crisis, there were three major criticisms. First, it would drastically downgrade the GCs, which were the only bodies that could systematically monitor MPs. Following from this, the use of postal ballots would dilute participatory democracy and allow the media to function as an intermediary between 'ordinary' members and the leadership (Labour Party, 1985: 59-63). Finally, OMOV would weaken the party-union link. However, since most rightwing unions were also committed to the link yet voted for OMOV, this argument loses some force.

The three-year rule on constitutional amendments prohibited a return to the issue at the party conference until 1987. By then, hostility had risen, as union leaders became aware of its potential consequences for their own local power (see Labour Party, 1988: 16-23). A straight vote on OMOV would have been defeated so Kinnock offered a compromise. A local electoral college was proposed, giving locally affiliated unions a maximum of 40 percent of the votes in selection contests, with the remaining votes going to individual members, who would vote on the basis of one member, one vote. The unions accepted this compromise and the system was used for selections before the 1992 general election. The system removed selection from GCs, though the number of union delegates on GCs remained important. The proportion of a local electoral college taken by the unions was determined by the proportion of delegates they controlled on relevant GC. Where this latter figure was greater than 40 percent, the unions' votes were re-weighted so that they took a maximum of 40 percent of the college. Affiliated organisations claimed the full 40 percent allocation in half of reselections and two-thirds of open contests in Labour-held seats (Lovenduski and Norris, 1991: 198-9). The remainder of the college (a minimum of 60 percent) was allocated to individual members attending the selection meeting and any postal voters, irrespective of turnout. Affiliates voted on postal ballots and were free to choose whether or not they held membership ballots.

One of the problems that emerged was that candidates could win majorities in the OMOV ballots but not gain sufficient union votes and thereby lose. This occurred in at least five contests, three of which the NEC ordered to be re-run. Alternatively, candidates could be successfully chosen despite failing to win majority support among individual members – again, this occurred at least five times (McSmith, 1996: 47-8). Either of these outcomes raises questions about the legitimacy of the adopted candidate. It also illustrated that, as in the electoral college for leadership contests, the unions' 40 percent allocation in no way placed them in a subordinate position. If the votes were cast as a block, a small proportion of individual members' votes could be enough to determine the contest; as one selector, cited by Lovenduski and Norris (1994: 205), exclaimed, 'think of what can be done with a 40 per cent shareholding!'.

The legitimacy of outcomes was even more questionable when there were allegations of irregularities. OMOV was strictly applied to individual party members but not to the unions where decision-making procedures were non-uniform and did

not guarantee involvement by the mass of levypayers (Minkin, 1992: 247; Alderman and Carter, 1994: 325). On the contrary, in centralised unions such as the GMB and the EETPU, voting rights shifted from branch delegates to central or regional union officials (Shaw, 1994: 235, n.14), with unions' branch vote allocations effectively wielded as block votes. The system was susceptible to manipulation, with allegations that some candidates paid union membership fees for people who would then be made GC delegates, boosting the strength of some unions in local electoral colleges. Similar allegations were made of some GMB and EETPU branches in Birmingham (see McSmith, 1996: 218-22; Heffernan and Marqusee, 1992: 153-5). The unwieldy nature of the system and its susceptibility to fraud led to its abandonment in 1990.

That same year a pure OMOV system was proposed but again, a compromise had to be sought. CLPs could choose to use straight OMOV or allow the participation of levypayers, whose individual votes would be worth only one-third of those of full party members. It was another short-lived compromise that pleased no one though it spelt the end for delegatory union influence in selection and marked a dilution of federalism. However, only the most active union members would likely use this opportunity so the possibility of organised cliques influencing contests remained.

After the election defeat of 1992, Smith became leader and established a review group to assess the party-union link (see Chapter 7). Its interim report listed five different options for candidate selection (Labour Party, 1993a) but Smith's preference was for pure OMOV. At the 1993 party conference, Smith put his reputation on the line and asked the conference to support a move to a full OMOV system. Amid much acrimony, delegates voted by 47.5 percent to 44.4 percent to adopt the new system. As a consolation, union levypayers would be allowed to join the party at a reduced rate, under a new scheme called 'levy-plus' (see Alderman and Carter, 1994; Rentoul, 1995: 308-49; Labour Party, 1994). However, the unions were deprived of collective input in selection contests.

Why did the unions fight so hard to retain their influence in candidate selection? Quite simply, they were motivated by 'a fear that what was being proposed might be the thin end of the wedge of separation' which in turn 'strengthened opposition in some major unions to the breaking of the federal arrangements' (Minkin, 1992: 381). Many in the unions felt that the introduction of OMOV would erode this grassroots link. I described earlier how the horizontal

relations between activists through branches and the GC enabled them to become a collective actor. This is also true of the union delegates on the GC, who would discuss with other union officials their candidate preferences, etc., so that the unions had a definite input into the proceedings of the GC. Allowing levypayers to participate was the extension of OMOV to the unions and would have drastically altered the unions' role because levypayers would face similar coordination problems to those of party members. In the event, the system was never implemented since pure OMOV was introduced in 1993. Therefore, whilst the unions can still send delegates to the GC, the latter has had its powers emasculated. One caveat is that union influence may not have completely ended, even under OMOV. It has been suggested unions can swing the result of selection meetings if they turn enough levypayers into full party members. In CLPs with low memberships, the seat could allegedly be 'bought' by a union for as little as £1,000 (Alderman and Carter, 1994: 333). OMOV started out as a straightforward redistributive measure designed to undermine the activist left but it ended up being the dividing issue in a new cleavage between modernisers and traditionalists. I have more to say about this in Chapter 7. In the remainder of section 6.4, I focus mainly on the allegation that OMOV has provided cover for a considerable centralisation of power.

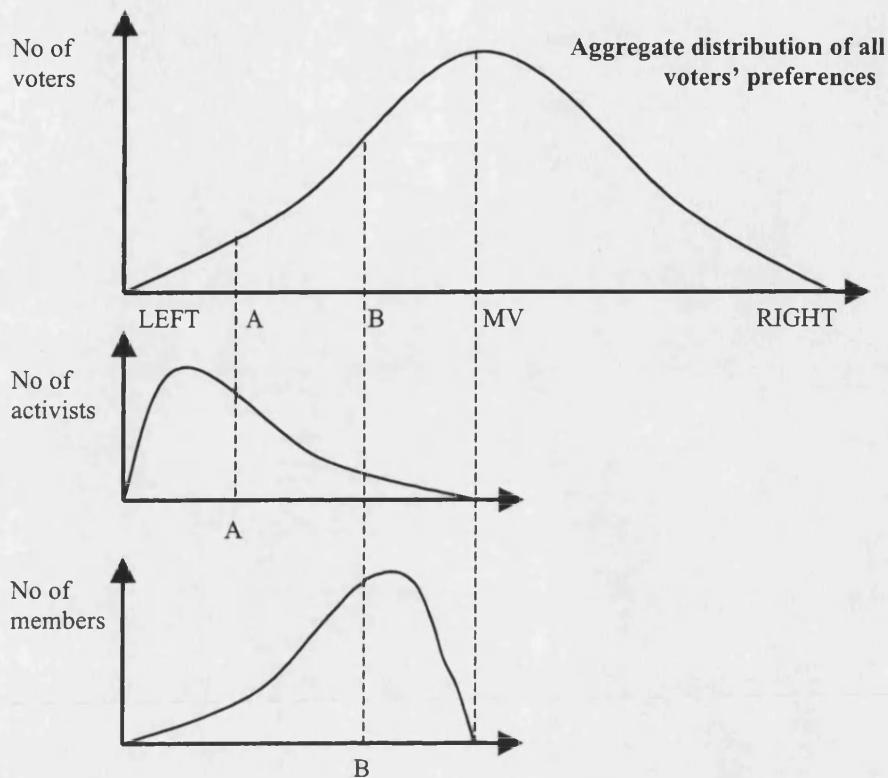
### **Characteristics of OMOV**

Labour's shift to OMOV conforms with a trend that is increasingly prevalent in contemporary parties, whereby voting rights in candidate selection have been extended from a core of activists and party functionaries to inactive and moderate members.<sup>11</sup> Although this trend is not universal (Pennings and Hazan, 2001: 268-9), it is characteristic of a growing number of parties, particularly those that have experienced electoral decline (Bille, 2001: 363-80). Explanations for this trend focus on changes in the nature of party competition and the shift towards 'cartel party' structures. According to Katz (2001: 282-90), selection procedures reflect the relationship between the 'party on the ground' and the 'party in public office'. In the era of the mass parties, the party on the ground took primacy over the party in office as the emphasis was on mobilising the social group the party represented, which necessitated selective incentives for activism – hence, mass parties allowed activists to choose candidates. By contrast, catch-all and cartel parties view activists and the

party on the ground as a convenient support system for office-seeking politicians in an era of class dealignment and capital-intensive communications technologies. Giving activists control over selection could result in extreme candidates. It thus became imperative to loosen activist control but disenfranchising activists would go against the grain of ‘democratisation’ and could lead to membership exit. Instead, politicians can ‘decapitate’ the party on the ground covertly, by letting all members participate in postal ballots, so they remain disorganised and pliable (Katz, 2001: 290). At the same time, politicians retain the right to limit members’ choices through *ex ante* and *ex post* powers.

This focus on the electoral imperative for organisational change chimes with the present thesis. The initial purpose of OMOV was to undermine the left. Only GC delegates had been allowed to vote in selection contests, ensuring the left remained an important influence in the CLPs. But this system meant those ordinary party members who did not attend meetings had no say over the PPC. Table 6.2 showed that the least active members are more likely to be politically ‘moderate’. If these members were to be enfranchised, there should be less pressure on centre-right MPs. Figure 6.4 depicts the ideological difference between the median GC delegate and the median CLP member, and their distances from the median voter. The top panel illustrates the aggregate distribution of all voters’ preferences, with MV being the median voter. The lower two panels depict the preferences of Labour activists and all members. Point A marks the median activist (meaning the median GC delegate) and point B is the median member in general. I assume the Conservatives capture all votes to the right of MV. Ordinary members are more ‘moderate’ than the leftwing activists but not even the median member is very close to MV because all members and activists are recruited from one side of MV. This must be so otherwise it would not be rational for them to join the party (Dunleavy and Husbands, 1985: 41-2). Table 6.2 confirms that the median Labour member is ‘soft left’. Seyd and Whiteley (1992: 211-18) also show that Labour members are generally to the left of *Labour voters* on most issues but note that this is a different argument from that illustrated in Figure 6.4. The comparison between the policy preferences of a party’s activists or members and its median partisan supporter usually underpins empirical tests of May’s law but what really matters for a party in a two-party system is the comparison of activists’ preferences with those of the median voter *overall*.

**Figure 6.4 Distribution of Preferences of Voters, and Labour Members and Activists**



One possible conclusion is that a move to OMOV should increase the number of soft left MPs and reduce the number of hard left PPCs. This was the initial theory underlying OMOV and no doubt explains why it was mooted by Labour rightwingers before they left to form the SDP. Unlike mandatory reselection, OMOV would create a new, more moderate class of voting principals in the CLPs. Yet even moderate Labour members are more leftwing than the voters so there were limits to how much actual ideological dilution OMOV could cause. However, its effects were greater than that because it also impacted on the mobilisation costs of the left. There are important qualitative differences between activists and passive members. Activists tend to know one another because they are in regular contact whereas ordinary members, who never or only rarely attend meetings, know few people in the CLP. Whereas activists can organise collective action, inactive members are atomised. Participating in an OMOV ballot, particularly a postal one, is qualitatively different from engaging in delegatory decision-making. Delegates can bargain with each other and do deals, as well as coordinate tactics. They can use the resources of the GC to

monitor the performance of their MP in the House of Commons, and this may affect the MP's behaviour. Through the GC they enjoy low communication costs with the MP and can easily impress their views on her. They can raise issues of importance with the MP, who can then raise them publicly, whether they are constituency issues, union matters, or whatever. They can also make threats to the MP if they so wish, holding out the possibility of deselection if they are unhappy with her performance.

Although these transaction costs are not low, they are higher under OMOV because passive members do not benefit from the power of collectivity. To see why, it is instructive to consider Hirschman's (1986) distinction between horizontal and vertical 'voice'. Horizontal voice consists of 'the utterance and exchange of opinion, concern, and criticism *among citizens*' and is normally low-cost since everyday grumbling is not subject to the free-rider problem. By contrast, vertical voice is an 'actual communication, complaint, petition, or protest addressed to the authorities by a citizen or, more frequently, an organization representing a group of citizens'. Importantly, '[h]orizontal voice is a necessary precondition for the mobilization of vertical voice' (Hirschman, 1986: 82). This is particularly so when vertical voice is high-cost and requires the overcoming of a collective action problem. The contrast between vertical and horizontal voice is particularly relevant when comparing OMOV with the old GC system of candidate selection. One of the characteristics of an atomised membership is that voice takes longer to make itself heard in the party and may not even be heard at all. Voice generally begins horizontally, as members grumble among themselves about this policy or that decision, and once it attains a critical mass or is detected by an interested politician, it can ascend vertically up through the party. However, in an atomised membership, horizontal voice has few roots because members are almost never in contact. *Ipsa facto*, vertical voice is less likely as opposition is dispersed and the position of the politicians becomes much safer vis-à-vis the members. This explains the phenomenon of party democratisation going hand-in-glove with a growing centralisation of power (e.g. Mair, 1997: 149-50; Webb, 1994: 120; Shaw, 2000b). This effect of OMOV on politicians' autonomy has been greater than the impact of enfranchising 'moderate' members.

Following from this, a host of other problems emerge. Communication costs are higher as ordinary members find it difficult to gain access to the MP. Monitoring costs are higher because members obtain information about the MP from the media.

Even the local media are unlikely to provide sufficient information for monitoring purposes. Carrying out a deselection threat is likely to be problematical because it will involve mobilising ordinary members against the MP, but if these members are centre-left, they may be suspicious of initiatives that come from hard left activists.

Candidate selections undertaken by OMOV ballots involve a special selection meeting, which selectors must attend. Postal ballots can sometimes be arranged if members are unable to attend the meeting. But even at such meetings, members are largely unable to bargain with each other or coordinate their actions. Although they can vote, they are simply giving their preferences on candidates they may know little about. Access to information is constrained since they are not party functionaries and are hardly ever in contact with those that are. They depend for their information on party literature sent to their homes by the local or national party, or, most often, on reports in the media. The latter usually concerns national party issues and deals with well-known national personalities so there is little chance that members can use it to monitor their MPs. When ordinary members are asked to vote for candidates in NEC elections or other elections, their information consists of the brief self-descriptions of the candidates sent with ballot papers. In short, compared to activists, ordinary members face higher coordination and information costs. MPs would seem to face fewer constraints under OMOV than they did under the old system of GC control.

Some observers of the Labour Party regard OMOV as almost purely about centralisation (Shaw, 2000b). Yet there must be more to it than that – as evidenced by the fact that the left has enjoyed some success in the CLP section of NEC elections in recent years. For the centralising party leader the problem with giving party members votes is that they may take their voting rights seriously and choose candidates not favoured by the centre. Enfranchising inactive members may have different consequences from allowing local elites to take decisions. Think back to the pre-OMOV candidate selection game, where disgruntled activists seeking to deselect MPs had to weigh up the risk of facing sanctions (perhaps on spurious procedural grounds), which might include expulsions and the annulment of the contest. Given that the selectors would be GC delegates in close communication with each other, they would be easy to identify by an NEC ‘hit squad’. It may thus be rational for the NEC to develop a reputation for toughness, as Kinnock’s NEC did in the 1980s, in order to signal to local elites that sanctions await deselecteds.

Under OMOV things are different. While inactive members face informational and coordination problems, giving them voting rights *eases* some mobilisation problems by providing them with the means to hold politicians to account without the need for low-level horizontal voice. If there is more than one name on the ballot, the result is uncertain. Passive members are unlikely to be dissuaded from deselecting an MP out of fear of an NEC ‘hit squad’ descending on the area because they are either unaware of the NEC’s powers or feel they have little to fear. NEC signalling games are less likely to be effective when the voters are inactive members.

Mandatory reselection is crucial. Selection contests involving members who are unafraid or unaware of NEC intervention might lead to numerous deselections. Thus, it is little surprise that OMOV was accompanied by a tightening of other selection screens. Mandatory reselection was effectively abandoned when the 1990 party conference decided to introduce a ‘trigger mechanism’ into the procedure so that reselection contests should take place only if a prior ballot of CLP members desired it (Garner and Kelly, 1998: 131). This trigger favoured incumbents by increasing the mobilisation costs of those wishing to deselect MPs. Section 6.5 examines some of the other changes made to the rules on nomination, shortlisting and endorsement, most of which served to protect MPs from party members.

## **6.5 OTHER CHANGES TO CANDIDATE SELECTION PROCEDURES**

### **Eligibility and Application**

The debate in the Labour Party concerning the first screen, eligibility and application, has focussed on candidate lists and rules on union sponsorship (section 6.6). The separate lists A, B, C and W were abolished in 1993 and combined into a single list of approved candidates, now known as the ‘National Parliamentary Panel’ (NPP). As a concession to the unions, it was agreed that where a union had a suitably rigorous selection procedure for its own list of approved (previously sponsored) candidates, they would be included on the approved list. Initially, CLPs were free to choose candidates not on the approved list (similar to the approved list ‘B’ of candidates used by the NEC in the early 1960s – see Shaw, 1988: 96-100) but now they are obliged to choose from it. All candidates for the NPP must attend training and assessment weekends and submit standardised CVs, as well as undergo an

interview. It gives the centre a chance to screen out poor quality and politically extreme candidates. A party official quoted by Cridge (2002: 186) admitted that the purpose of the NPP was ‘to remove the need for the NEC to refuse endorsement’, as in the case of Liz Davies. The existence of a veto power so early in the selection process ensures the centre has little to fear from OMOV and saves it from needing to exercise its veto later in the glare of publicity. The adoption of proportional electoral systems for European elections and elections to the new devolved parliaments and assemblies in the UK has necessitated party lists of candidates. The identity of candidates and their list placings were decided by centrally appointed nominees (party members chose, via OMOV ballots, candidates standing in the single member constituencies in elections fought under the additional member system in Scotland, Wales and London – see Shaw, 2001a; Webb, 2000: 208, 215-6, notes 7 and 8).

### **Shortlisting**

Rules on shortlisting were never detailed but a number of changes were introduced. First, the right to draw up shortlists was delegated down from ECs to GCs, opening up the process to a wider selectorate. Furthermore, a minimum of four candidates must be on shortlists in seats where there is no Labour MP (or where an incumbent Labour MP is standing down). Also included on shortlists by right are candidates with 25 percent of all nominations (including at least one ward branch) or 50 percent of nominations from affiliated bodies. There had been cases of heavily nominated candidates being excluded from shortlists and union candidates with only one nomination being included (Norris and Lovenduski, 1995: 63). Once again, this reduced the opportunities for small cliques to push or veto particular candidates.

Regulations were also introduced to safeguard incumbent MPs. All sitting MPs who wish to continue are included on shortlists by right. From 1993 a sitting MP who received two-thirds of all nominations was deemed *automatically reselected* without the need for balloting. This significantly reduced the costs to the MP of remaining as MP and was a considerable shift away from mandatory reselection. In 1999, the life of the incumbent was made easier still when the proportion of nominations required for automatic reselection was reduced to 50 percent, with the system now called ‘affirmative nomination’ (Cridge, 2002: 187). Securing one-half

of nominations requires broad support in the CLP but the very existence of the mechanism may enable the MP's allies to pressurise nominating bodies to offer their support, whereas in its absence there would be no compelling need to do so. This is more likely to work now that relations between MPs and CLPs are more sedate than in the 1970s and 1980s, and the NEC would be likely to look into any attempts at deselection. Affirmative nomination may serve as a means by which the NEC signals to activists that anything other than automatic reselection will invite NEC scrutiny of the CLP. Even if the MP fails to secure half of all nominations, the CLP can vote for automatic reselection anyway through an OMOV ballot, providing the MP received at least one nomination, which only the most incompetent or despised MP could ever fail to achieve. The mobilisation costs of the MP's opponents are increased since not only must they fight to win a deselection vote, they must fight to hold a ballot at all. Criddle (2002: 187) observes: [t]hose MPs whose tenure was now in doubt were now a handful and were the targets not of CLP activists but of the party leadership equipped with Whips' Office reports on the Member's record'.

One other issue concerning shortlisting needs mentioning. One of the most important debates to take place on candidate selection in the Labour Party in the 1990s concerned the representation of women. Although important, this issue is largely peripheral to the present discussion of the power of ordinary members vis-à-vis the leadership so I shall mention it only briefly.<sup>12</sup> Pressure had been mounting throughout the 1980s for a greater representation of women at all levels of the party, particularly in the number of women MPs, which stood at just 37 in 1992. The leadership was won round to the idea of having all-women shortlists for some CLPs as a way of increasing representation and the party conference passed this measure in 1993. It stipulated that half of all inherited seats (safe Labour seats where the sitting MP retired) and half of all Labour's targeted Tory marginals should have a woman candidate in the following general election. To achieve this many CLPs would have all-women shortlists so that they could choose from a number of women candidates. It was hoped this would raise the number of women Labour MPs. From its inception the policy was controversial and aroused resentment in CLPs. Two defeated male candidates successfully appealed to an industrial tribunal that the policy contravened sex discrimination laws. However, by then many candidates had already been chosen from all-women shortlists and the policy was largely responsible for the record

intake of 102 women Labour MPs in 1997. The policy was then abandoned but in its 2001 election manifesto, Labour promised legislation to permit all-women shortlists.

### **NEC Endorsement and Intervention**

The NEC is a major player in the selection process and under Kinnock and Blair it has both increased its powers and adopted an interventionist stance. We saw this in the case of Frank Field where a re-run ballot was ordered. The most important recent demonstration of NEC intervention was the decision to veto the selection of Liz Davies, a leftwing London councillor. What made this unusual was that she was not fighting a by-election but was chosen as the Labour PPC for Leeds NE in the 1997 general election. The charge against Davies was that she had been a member of Trotskyite organisations and had failed to tell the CLP about committal proceedings she had faced for refusing to pay the poll tax. In fact, she did inform the local party of her refusal to pay and she did not go to jail. Moreover, there was no evidence that she belonged to any prescribed organisations. Nevertheless, the NEC barred her from standing as a candidate and the 1995 party conference reaffirmed this decision, with Clare Short telling delegates, 'On the basis of her views and record, it is impossible for the NEC to endorse Liz Davies' (*The Times*, 4 October 1995). An interventionist NEC was the corollary of OMOV, because OMOV ballots can increase uncertainty in selection contests. When, as in this case, party members made the 'wrong' choice, the NEC could step in and order a new ballot without Davies' participation. The leadership fought hard to exclude leftwingers because it was concerned with being held to ransom by the left if Labour were to win a narrow parliamentary majority.

These powers had long been available to the NEC if it were sufficiently strong-willed to use them (which it not always was). However, the period also saw the adoption of new powers, the most important being the formation of a special NEC by-election panel, which short-circuited the selection procedure. By-elections can become national events because they provide litmus tests for the state of the parties. A few months before the 1987 general election, there was a by-election in the safe Labour seat of Greenwich. The CLP selected as its candidate, Deirdre Wood, a leftwing official for the Inner London Education Authority. The campaign was dominated by tabloid smears on Wood, dovetailing with hysteria about the 'loony

left' that allegedly controlled the London Labour Party. Relentless media interest in Wood's private life eventually took its toll and the SDP won the seat, leaving Labour's general election preparations in turmoil (McSmith, 1996: 56-60; Heffernan and Marqusee, 1992: 72-4). A year later, Labour faced a by-election in another safe seat, Glasgow Govan. The local party chose as its candidate Bob Gillespie, a leftwing union official. The SNP, which was challenging Labour, was conducting a campaign of non-payment of the poll tax. Labour also opposed the tax but its official policy was against an illegal non-payment campaign. However, Gillespie indicated some sympathy with the campaign, creating tension within the Scottish Labour Party. More bizarrely, the media portrayed Gillespie as unstatesmanlike because he had tattoos. Labour subsequently lost the by-election (McSmith, 1996: 60-2).

The disastrous consequences of choosing unsuitable candidates for by-elections prompted Kinnock to institute a central by-election panel, run by the NEC, which would interview candidates and, if need be, impose them on CLPs. This new mechanism would be used a number of times in the following years but the most famous case was the first to arise after the rule was approved. Vauxhall CLP chose a black activist, Martha Osamor to fight the by-election in Labour-held Vauxhall in 1989. The NEC objected and drew up a short-list of five, from which the only black candidate later withdrew. It was put to the CLP, which rejected it and demanded the right to choose a black candidate. The by-election panel refused and imposed a white candidate who subsequently won the seat (see Heffernan and Marqusee, 1992: 265-70). Central control over by-elections has since become the norm.

NEC intervention can sometimes rebound on the party with unfortunate consequences. Shortly after the 1997 general election, the Conservative MP for Uxbridge died prompting a by-election in a constituency where Labour had come within 724 votes of winning the seat. The CLP wanted to choose as their by-election candidate the same candidate who came so close to winning three months earlier, a centre-left local councillor. But the by-elections panel decided he was not up to the task of contesting a by-election and chose a barrister with no local links. Labour lost by 3,766 votes, causing consternation among activists who blamed the national leadership for the loss of the seat (*The Guardian*, 2 August 1999).

Another practice that occurred, particularly before the 1997 and 2001 general elections, was for some MPs to announce their intention not to stand at the ensuing

election. This left their CLPs with no time to organise shortlists so the NEC was able to impose its own shortlists. This occurred in seven constituencies in 1997, fuelling suspicion that the exercise was a ruse to avoid unacceptable candidates being chosen and to parachute in Blair loyalists (Seyd, 1998: 68). Included among them was Alan Howarth, the former Conservative minister who joined Labour as late as 1995 and for whom the leadership was desperate to find a seat in time for the 1997 general election. He eventually secured a safe Labour seat in South Wales (*The Guardian*, 17 March 1997). Even more controversial was the case of Shaun Woodward, a former Conservative propagandist who defected to Labour in 1999 and became Labour MP for the safe seat of St Helens South in 2001 after the NEC imposed on the CLP a shortlist that excluded strong local candidates (Cridge, 2002: 191-2).

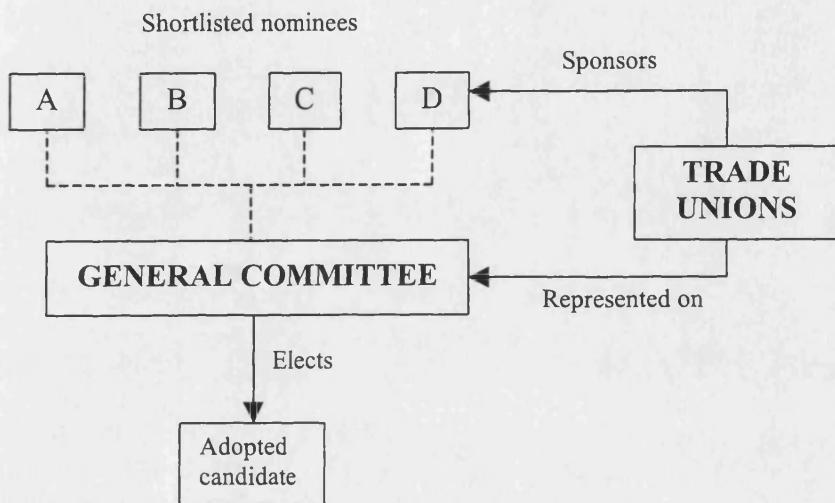
## **6.6 TRADE UNION SPONSORSHIP OF PARLIAMENTARY CANDIDATES**

There is a final area of reform that must be examined in Labour's selection procedures – the sponsorship of candidates. Along with nomination rights, and the right to send delegates to GCs, sponsorship was one of three major powers enjoyed by unions at the local level. With these powers, unions could influence all screens in the selection process. Sponsorship has long been a contentious issue because, as in other areas of the party-union link, it appeared to involve the exchange of money for influence. Sponsorship has normally involved unions agreeing to pay most of the election expenses of given candidates and their CLPs. It has also often involved an annual grant paid to sponsored candidates if they became MPs. The practice of unions sponsoring parliamentary candidates is as old as the Labour Party – indeed, older because unions sponsored 'Lib-Lab' candidates in the nineteenth century and was an essential part of securing parliamentary representation for labour. However, questions have long been raised about it because to unsympathetic eyes it appeared that unions were 'buying seats'. Sponsorship was bound to come under the scrutiny of modernisers in the 1990s.

It is useful to view sponsorship in the broader context of union involvement in the selection process. Figure 6.5 shows a simplified selection process in which four shortlisted nominees (A, B, C and D) go before the GC but only D enjoys sponsorship (rival unions generally did not put up rival sponsored candidates in the

same constituency). The unions also take up their places on the GC as explained earlier. The GC then decides which nominee to adopt (pre-1989).

**Figure 6.5 Union Involvement in Candidate Selection**



There are various criteria by which to assess sponsorship. First, it may be a means for unions to shoehorn their own pre-screened candidates into parliament. Second, it might be an incentive for CLPs to support union-backed candidates. These are *ex ante* mechanisms of ‘control’ but a third possible use is on-going: as a means of influencing the behaviour of MPs, with the sanction of withdrawal of sponsorship awaiting MPs who do not do as the unions wish. Let us assess these claims in turn.

Reflecting Labour’s federal structure, individual unions were free to devise their own procedures for deciding which candidates to sponsor. These procedures could often be rigorous: the TGWU used regional and national interviews while the AEU undertook a week-long process of testing the written and verbal skills of applicants, their knowledge of party policy, public speaking ability, etc. Other unions might sponsor high-profile candidates, some of whom may become MPs before they secured sponsorship (Norris and Lovenduski, 1995: 57). In general, unions wanted candidates who would stand up for the union’s interests from the backbenches in parliament or frontbenchers to whom access might be useful. Screening was a means by which unions could look for those candidates most likely to be sympathetic to union interests once in parliament. For this reason, union officials with many years of experience in their organisations were often sponsored and became MPs. The

preponderance of union placemen has been a feature of the PLP from Labour's earliest days. Screening, however, was not a guarantee of reliability (see below).

The second *ex ante* means of influencing the composition of the PLP through sponsorship was the incentive it offered to cash-strapped CLPs to adopt union nominees. CLPs knew that choosing a union-sponsored candidate would make them eligible for financial assistance from the nominee's union, which by the early 1990s included a one-off grant of £2,000-£3,000 to cover election expenses and an annual grant of about £750 (Garner and Kelly, 1993: 165; Norris and Lovenduski, 1995: 57). Such financial help has long been attractive: Ranney (1965: 223) suggested that in the 1930s, 'contests for adoption increasingly resembled auctions in which CLPs bid for the support of wealthy trade unions'. This resulted in the Hastings agreement of 1933, whereby unions could contribute no more than 80 percent of a candidate's election expenses, after fears that some unions were 'buying seats'. With this ceiling, CLPs also need to raise funds for the candidate (Norris and Lovenduski, 1995: 66). Sponsorship brought non-financial benefits to a CLP, including the use of a union's local organisation and personnel. As Norris and Lovenduski (1995: 57), suggest, all this could 'tip the balance towards a sponsored candidate for a local party'.

A survey carried out by Denver (1985) found most GC delegates denied they would prefer a sponsored over a non-sponsored candidate solely on the basis of being sponsored. However, this does not prove that sponsored candidates enjoyed no advantage: most delegates in Denver's survey believed they did. Minkin (1992: 245), while noting the difficulties facing unions in securing positions for their candidates, acknowledged: '[t]here is no doubt that a prospective candidate who is known to carry sponsorship is carrying an asset into a selection conference'. Even if only a proportion of ward branch delegates were swayed by sponsorship (perhaps those who sat on the EC and thereby had a greater insight into the CLP's finances), this would often be sufficient if, as was often the case, union delegates on the GC voted *en bloc* to support the sponsored candidate.

If the offer of sponsorship was an effective means of persuading CLPs to adopt union candidates, and the unions' screening mechanisms were thorough, in theory this should result in a sizeable body of the PLP being 'dependable' on the protection of union interests. However, MPs may change their minds once they are elected or voice policy preferences they had hitherto hidden. Might it nevertheless be

possible for unions to exercise control by threatening to withdraw sponsorship if the MP shirks? This argument was often made by Labour's opponents and is the third – and most controversial – claim made for sponsorship.<sup>13</sup> In addition to grants paid to CLPs, sponsorship normally involved contributions to the election expenses of MPs as well as an annual allowance. In Labour's early days, this was essential because MPs were not paid by the state until 1911, after which the practice of sponsorship continued because MPs salaries were fairly low – in the 1920s, the miners' union paid its MPs £300 a year on top of a parliamentary salary of £400. Even until 1964, the GMWU paid its sponsored MPs £250, on top of their parliamentary salaries of £1,250. It would have been possible to make a plausible case that MPs would have an incentive to maintain the backing of their sponsoring unions.

In the 1970s and 1980s, allowances to MPs were phased out or frozen at low levels in response to worries about the perception of MPs being financially supported by unions at a time when questions were being raised about union power in the country generally. By 1986 the GMWU paid £300, when an MP's salary was £17,702 together with various allowances of £12,000. Since the 1980s, sponsorship has involved fairly trivial sums compared to money paid to MPs by corporations. To portray sponsored MPs as 'kept men' is therefore somewhat exaggerated.

There would be little incentive for unions to sponsor candidates unless they expected to receive something in return but this was generally understood to be an effort on the part of the sponsored MP to raise issues of importance to the union in parliament. Most of these issues would relate to trade and industrial matters. For example, if the union were involved in a strike, it might expect the MP to make a speech in the House or lobby for legislation. Perhaps the most successful recent example of sponsored MPs working together and with Conservative dissidents, was in their defeat of the Thatcher government's Shops Bill and its provision for Sunday trading in 1986 (Minkin, 1992: 257). However, the effectiveness of sponsorship as a means of control was severely blunted, not only by the fact that it involved small sums of money, but also by a ruling of the Parliamentary Privileges Committee in the 1940s. While recognising the legitimacy of sponsorship, the committee prohibited unions and other outside bodies from using it 'as an instrument by which it controls or seeks to control the conduct of a Member or to punish him for what he has done as a Member' (cited in Minkin, 1992: 260). Unions retained the right to withdraw

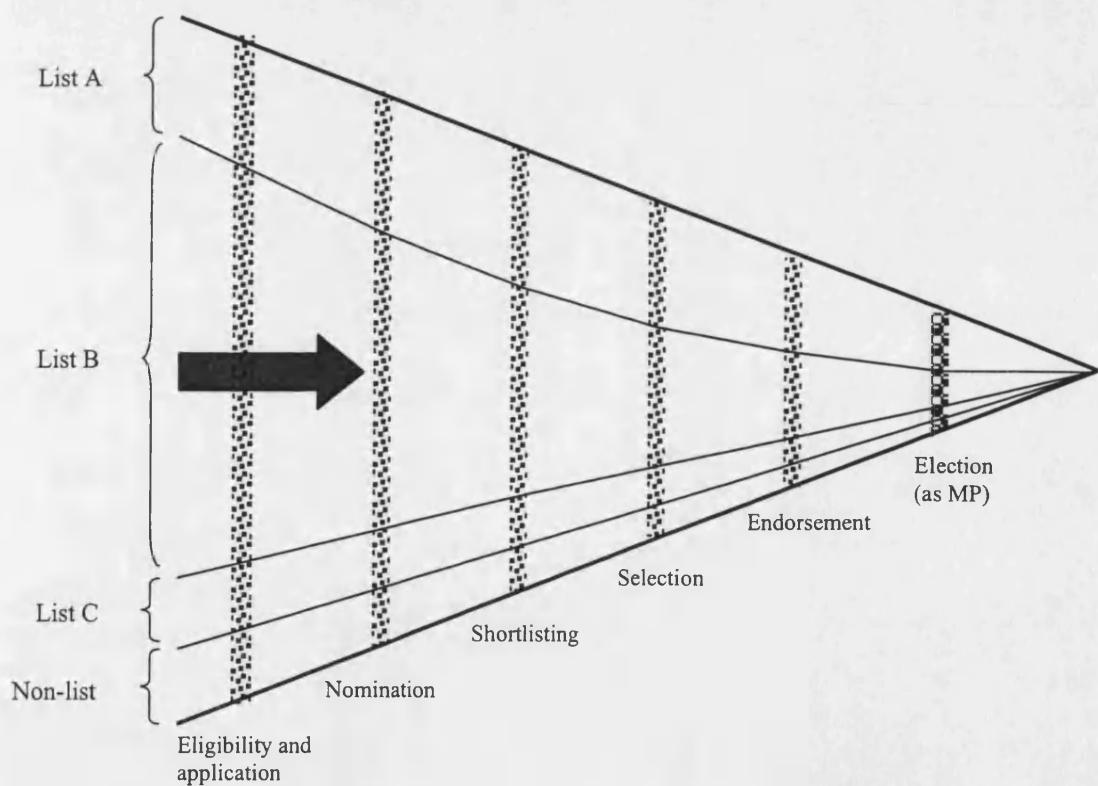
sponsorship if they no longer thought it in their interests to continue with it but they had to be very careful about blatant attempts to influence MPs.<sup>14</sup>

However, there have been a number of instances when union leaders have publicly overstepped the mark in appearing to issue instructions to MPs as to their conduct in the House (private transgressions cannot usually be discovered). In 1975, the leader of the NUR, Sid Weighell told a public rally that NUR-sponsored MPs would be instructed to vote against a contested aspect of the Labour government's railways policy. However, the press published details of the speech and Weighell made a full apology before it was raised in Parliament (Minkin, 1992: 262). Tensions arose in the 1970s and 1980s between union leaderships and sponsored MPs in those unions that acquired new leftwing leaders while the sponsored MPs had been selected under the former rightwing regimes. This was evident in the NUM, whose leadership shifted significantly to the left. In 1975, five MPs sponsored by the Yorkshire Area NUM defied that body's policy by supporting British entry into the EEC. The Yorkshire Area NUM passed a resolution condemning their behaviour and which suggested that sponsored MPs must follow 'guidelines' on how to vote on issues affecting union interests. The resolution concluded: '... the Yorkshire Area will no longer tolerate a situation where a Miners' MP accepts the 'Privilege' of sponsorship and then demands the 'Luxury' of independence from Union policy' (cited in Minkin, 1992: 276, n.87). A Labour MP lodged a complaint with Parliament's Privileges Committee, which duly found the resolution 'constituted a serious contempt, which represented a continuing threat to Members' freedom of speech and action and which could not be allowed to remain in existence'. Already, the NUM's national officials were rowing back and in the end no MPs lost sponsorship (Minkin, 1992: 265-6). However, two rightwing NUM MPs did lose their sponsorship after the miners' strike of 1984-5, though they were also deselected, presumably because they did not offer sufficient support during the strike. Generally, Minkin (1992: 266) acknowledges that this pattern of 'assertiveness, warnings and retreats was not without its general impact on MPs', as many sponsored MPs opted for a quiet life by voting in line with union policy on important trade and industrial issues.

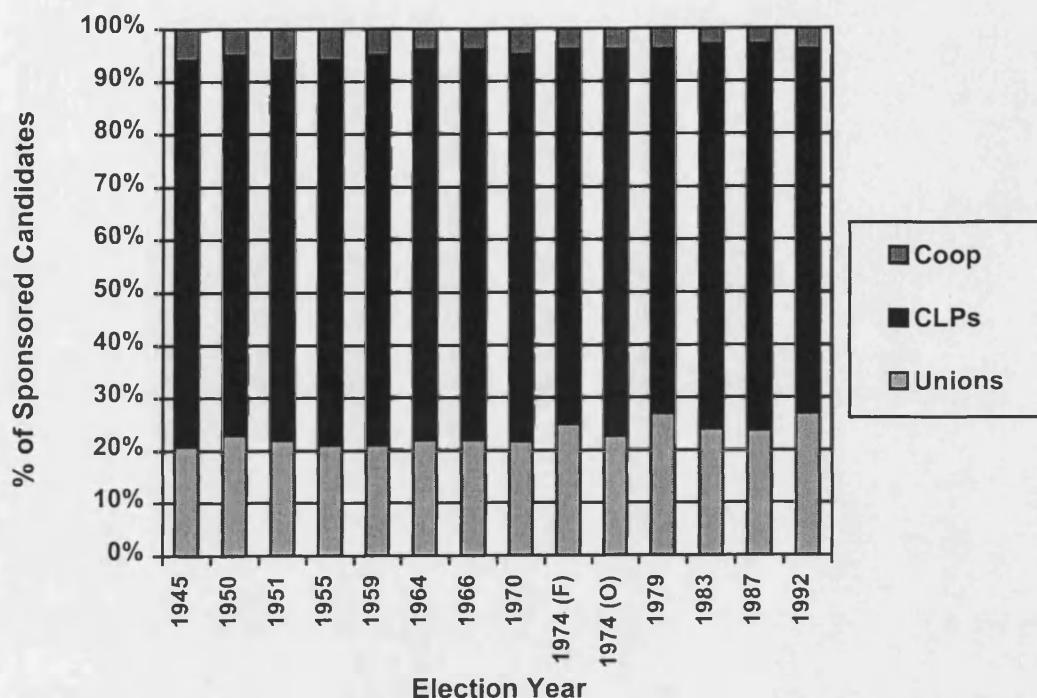
It is thus difficult to quantify the impact sponsorship had on MPs' behaviour. Unions undoubtedly saw it as advantageous to have MPs who (it was hoped) would be prepared to stand up for union interests. This focus on sponsorship as a means of

parliamentary representation was evident in the high numbers of sponsored PPCs who became MPs. Indeed, all the way through the selection process, union-sponsored candidates were traditionally advantaged compared to unsponsored candidates (see Figure 6.6 for a schematic illustration). Figures 6.7-9 show that while only about a quarter of PPCs were sponsored by unions at any given election, the proportion of sponsored Labour MPs was normally over a third, and since 1979 it was over a half. Unions concentrated sponsorship in safe Labour seats, where the chance of winning was very high. The proportion of union-sponsored candidates who successfully entered parliament as MPs never fell below 70 percent in the post war period and was usually above 80 percent whereas a much lower proportion of those with just CLP backing entered parliament (below 20 percent in the 1980s – see Figure 6.9).

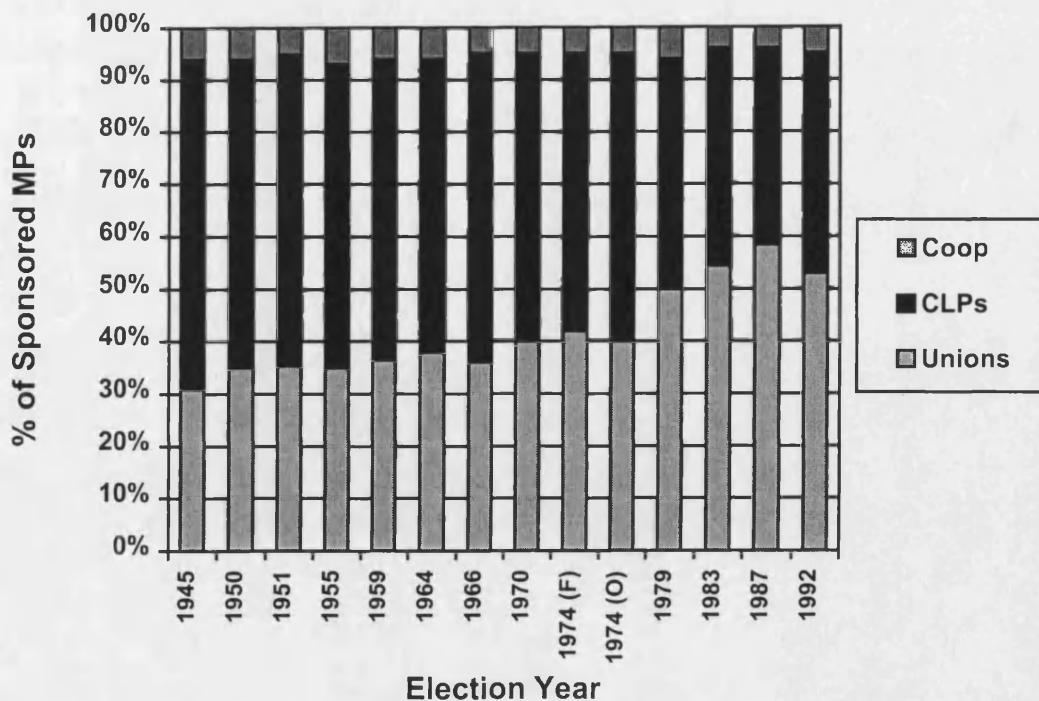
**Figure 6.6 Candidate Selection Screens and Party Lists**



**Figure 6.7 Sponsorship of Labour Prospective Parliamentary Candidates, 1945-92**

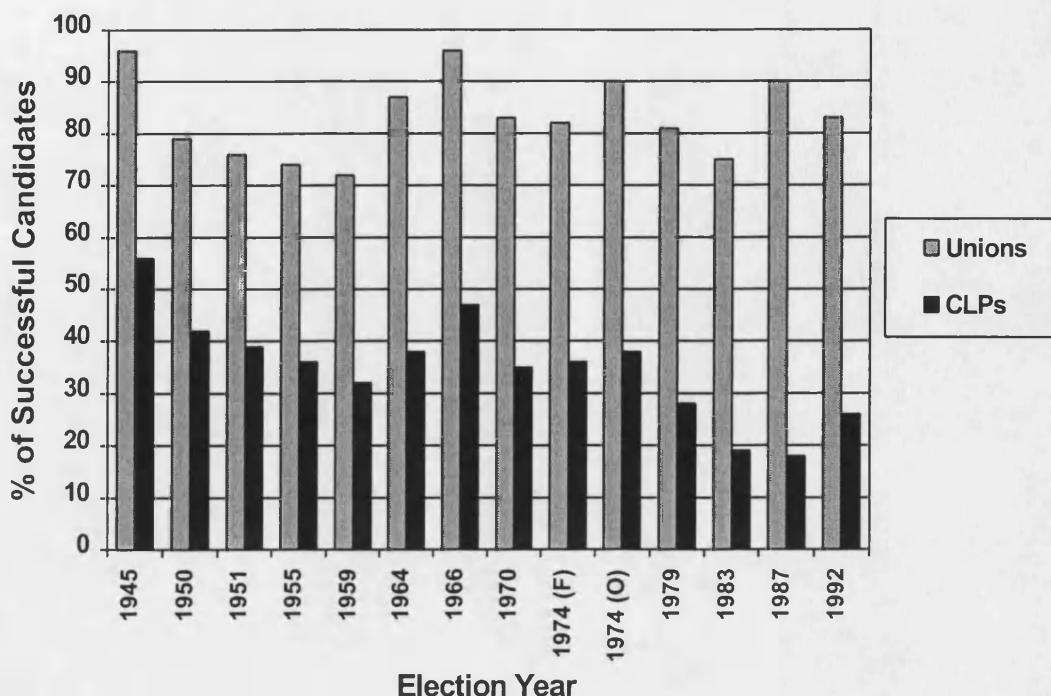


**Figure 6.8 Sponsorship of Labour MPs, 1945-92**



Sources for Figures 6.7 and 6.8: Craig (1989: 91-2 Tables 7.03 and 7.04) for 1945-87. Norris and Lovenduski (1995: 57, 59) for 1992.

**Figure 6.9 Sponsored MPs as a Proportion of Sponsored Candidates**



The proportion of sponsored MPs rose considerably in the 1980s, which is paradoxical given that Labour's policies were shifting away from those preferred by the unions. In fact, therein lies the explanation. The rise of corporatism in the post-war era called into question the utility of sponsorship since unions no longer needed to rely on it for access to MPs. However, corporatist arrangements were abandoned by the Thatcher government and union leaders no longer had access to government. This led many unions to 'rediscover' the benefits of having sponsored MPs to call upon for assistance (Minkin, 1992: 256-7). Some individual unions forged stronger links with their sponsored MPs. Minkin (1992: 254) notes that the NUR was assiduous in this respect, creating a union post of Political Liaison Officer, whose job was to transmit information between the union and its sponsored MPs and play a coordinating role. Some of the other big unions followed suit, creating political officers and building up their raft of sponsored MPs, though the NUM group waned as the mining industry (and its union) declined (Table 6.3). These individual groups of sponsored MPs became more important than the old Trade Union Group, the aggregate of all sponsored MPs, which had been important in defeating the Labour government's trade union legislation in 1969 but which had since gone into decline.

**Table 6.3 Labour MPs Sponsored by Individual Unions, 1945-92**

Union	1945	1950	1951	1955	1959	1964	1966	1970	1974	Feb	1974	1979	1983	1987	1992
										Oct					
AEU	4	8	8	6	8	19	17	16	17		16	21	17	12	13
APEX	-	1	1	1	1	3	4	3	6		6	6	5	3	-
ASTMS	-	-	-	-	-	1	2	3	9		12	10	8	10	13
EETPU	-	1	1	1	-	1	1	3	3		3	4	3	3	3
GMB	10	6	6	4	4	9	10	12	13		13	14	11	11	17
NUM	34	37	36	34	31	29	26	20	18		18	16	14	13	14
NUPE	-	-	1	1	2	1	2	5	6		6	6	7	4	12
NUR	12	10	9	8	5	6	7	5	6		6	12	10	8	12
TGWU	17	16	14	14	14	21	27	19	23		22	22	25	33	38
TSSA	9	7	7	5	5	7	5	4	3		3	3	2	2	2
USDAW	8	8	9	9	9	10	10	9	6		5	5	2	8	3
Others	23	16	15	11	14	13	19	13	17		17	14	10	23	16
Trade union sponsored	120	111	108	95	93	120	132	112	127		129	132	115	130	143
Co-op sponsored	23	18	16	18	16	20	18	17	16		16	17	8	10	14
CLP sponsored	250	186	171	164	149	177	213	158	158		172	120	86	139	114
<b>Total MPs</b>	<b>393</b>	<b>315</b>	<b>295</b>	<b>277</b>	<b>258</b>	<b>317</b>	<b>363</b>	<b>287</b>	<b>301</b>		<b>319</b>	<b>269</b>	<b>209</b>	<b>229</b>	<b>271</b>

Source: Butler and Butler (2000: 162). Note that of some of the unions modified their names during the period 1945-92 while others have done so since then (especially after mergers).

Sponsorship offered advantages to unions in terms of access to MPs and perhaps in terms of influencing MPs' behaviour. It was also advantageous for candidates to enter selection contests carrying offers of sponsorship. However, the rules on sponsorship came under scrutiny in the 1990s as modernisers sought reform of the party-union link. Even if sponsorship was a limited means of union influence, what mattered was public *perception*. Anything that appeared to involve unions buying influence could give Labour a bad press. In 1995 the direct sponsorship of MPs ended though under new 'constituency plan agreements', unions could continue making payments to CLPs. Many agreements were concentrated in key marginal seats that Labour won in 1997 in order to build up its organisational strength (Criddle, 1997: 206). The Neill Committee's report on party funding found that CLPs received on average £2,016 in the form of union donations in 1997, a general election year. The previous year saw CLPs receive an average union donation of £446 and in most non-election years the figure was barely £200 (Neill, 1998: 40).

The breaking of the link between union funds and individual candidates was a further weakening of the party-union link, if mainly symbolic. On the other hand,

despite the abandonment of direct sponsorship, unions continue to work to secure nominations for their preferred candidates on the NPP. Before the 2001 general election the major unions secretly agreed to avoid destructive competition by putting up just one union-backed candidate in winnable vacant seats. This would not ensure union candidates were selected but such favoured candidates would benefit from union help in securing nominations, making constituency contacts, covering expenses, etc. and they would have access to union staff and other resources (Shaw, 2001a: 47; see also Criddle, 2002: 192). The unions can still rely on general support from many Labour MPs in the battle to protect their own interests, as is currently evident with the widespread sympathy among Labour backbenchers for union opposition to government plans for private-sector involvement in the public services.

## 6.7 CONCLUSION

The Labour leadership's decade-long battle to reform selection procedures illustrated the two organisational goals of the period under review. OMOV was initially envisaged as a distributional reform that would undermine the activist left in the CLPs and smooth strained relations with MPs that had developed in the 1970s. It is true that deselections occur less frequently than they did in the early-1980s though it is difficult to say how much of this is due to OMOV, how much is due to fear of NEC intervention, and how much is due to genuine contentment with MPs' performances. However, OMOV has not banished selection difficulties *per se* because there has been a number of acrimonious incidents in OMOV ballots as we saw earlier. Rules have been bent and allegations made of vote fixing. Moreover, the left has on occasion succeeded under OMOV. Many ballots involve low turnouts of party members, giving the committed activists a proportionately greater say though not nearly as much as under the old system of GC control. It is because OMOV has not proved a panacea for the 'modernisers' that central control had to be maintained. The NEC under Kinnock and Blair often intervened in OMOV ballots if they produced the 'wrong' results. Recent reforms have continued this centralising impulse with the compilation of the NPP. Selection procedures help determine the composition of the PLP so a centralising leadership will inevitably continue to exert control. Central control is nowadays so strong that the greatest threat to the security of MPs' tenure is not plotting activists but the party leadership itself. As central control has extended to

the PLP, rebellious backbench MPs must beware of falling foul of the whips lest the NEC pressurises CLPs to deselect them (see Bale, 2000).

As the 1980s wore on, it became apparent party modernisers were pursuing a second goal through OMOV – the weakening of the federal links with the unions and the imposition of a unitary membership structure. It was this aim and its symbolic importance that created much consternation among the unions. Many feared OMOV was the thin end of a wedge leading to eventual separation, that it was an attempt fundamentally to alter the entire basis of political exchange in the Labour Party. Although some commentators denied that the change to the selection procedures really meant anything substantive in terms of loss of union power (e.g. Lovenduski and Norris, 1994), it surely is the case that unions cannot stitch-up local selections to the extent they once could in unionised areas. Nomination rights remain as do seats on the GCs but voting rights have gone and historically it has been the ability to cast concentrated blocks of votes that has underpinned the unions' domination of Labour's extraparliamentary organs. OMOV has ended that. Local trade unionists can still participate in selection ballots but only in their capacity as individual party members. It is possible that crude attempts could be made to buy up hundreds of membership places but this would prompt an NEC enquiry.

Participatory rights in candidate selection are a selective incentive for party members (Scarrows et al., 2000: 134; Pennings and Hazan, 2001: 268). In common with other parties, Labour expanded participation rights while strengthening the powers of the centre. This has undermined the sovereignty of members and raises the question of whether selection institutions are still efficient in the sense of providing members with incentives to remain in the party. If institutions do not provide control and fail even to enable adequate internal 'voice', then the outcome may be membership exit. I take up this issue in Chapter 9.

## APPENDIX TO CHAPTER 6: CANDIDATE SELECTION PROCEDURES

	<i>Before 1989</i>	<i>1989-92</i>	<i>1992-3</i>	<i>From 1993</i>
<b>Eligibility &amp; Application</b>	<p>(1) CLP initiates selection process. Timetable agreed with NEC. Party membership and GC delegations 'frozen' to prevent 'packing'</p> <p>(2) <b>EITHER:</b></p> <p>(a) CLPs seek applicants from national lists held by party HQ:</p> <p><b>List A:</b> union-sponsored candidates</p> <p><b>List B:</b> CLP recommended candidates</p> <p><b>List C:</b> Co-operative Party recommended candidates</p> <p><b>OR:</b></p> <p>(b) CLPs wait for individuals to apply to the CLP secretary about the vacancy (individuals need not be on any of the above lists)</p>	<p>As before 1989, except that national lists now include:</p> <p><b>List W:</b> approved women candidates (consisting of all the women candidates on lists A, B and C)</p>	As 1989-92	<ul style="list-style-type: none"> <li>As 1989-92 except that Lists A, B, C and W merged into one <b>NEC-approved list</b> (National Parliamentary Panel)</li> <li>Direct union sponsorship of MPs and candidates ended</li> </ul>
<b>Nomination</b>	<ul style="list-style-type: none"> <li>Party ward branches and local affiliated organisations (incl. branches of unions, socialist societies, Co-op Party, women's section and Young Socialists) each entitled to nominate <b>one</b> candidate</li> <li>In reselection contests, the sitting Labour MP is eligible for nomination</li> </ul>	As before 1989	As before 1989	As before 1989
<b>Shortlisting</b>	<p>(1) The CLP's <b>Executive Committee</b> draws up a shortlist of candidates, which must include the sitting MP in reselection contests</p> <p>(2) The shortlist is presented to the full <b>General Committee (GC)</b> for confirmation</p>	<p>As before 1989, except:</p> <ul style="list-style-type: none"> <li>Shortlists must include at least five names (incl. sitting MP where relevant) or all nominees if fewer than five</li> <li>Shortlists must include at least one woman</li> </ul>	As 1989-92, except that some CLPs were presented with <b>all-women shortlists</b>	<p>(1) <b>General Committee</b> (not Executive Committee) draws up shortlist</p> <p>(2) Shortlists must include:</p> <ul style="list-style-type: none"> <li>at least four names if no Labour MP</li> <li>sitting MP where relevant</li> <li>anyone with 25 percent of all</li> </ul>

	(3) The shortlist must be ratified by the NEC	<ul style="list-style-type: none"> <li>• Nominees with at least 25 percent of nominations (incl. at least one ward branch) must be on shortlist</li> </ul>		<ul style="list-style-type: none"> <li>• nominations (incl. at least one ward branch)</li> <li>• anyone with 50 percent of nominations from affiliated organisations</li> <li>• equal numbers of men and women (all nominating bodies must nominate a man and a woman); all-women shortlists abandoned in 1996</li> </ul> <p>(3) If sitting MP receives <b>one-half of all nominations</b> (reduced from two-thirds in 1999), s/he is deemed <b>automatically reselected</b>.</p> <ul style="list-style-type: none"> <li>• If sitting MP receives at least one nomination, CLP can vote for automatic reselection if desired</li> </ul>
<b>Selection</b>	Secret ballot of all GC members, using the Alternative Vote method	<p><b>Local electoral college</b> selects candidate. College consists of:</p> <ul style="list-style-type: none"> <li>• <b>Individual members</b>, who comprise <b>at least 60 percent</b> of college. They vote in <b>one member – one vote</b> ballot at selection meeting (postal votes available on approval by GC)</li> <li>• <b>Affiliated organisations</b>, comprising <b>maximum of 40 percent</b> of college. <b>Membership ballots optional</b>. Votes cast by postal ballots before selection meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>One member – one vote</b> ballot of individual members.</li> <li>• Ballot of individual members to decide whether to allow local union levypayers to participate. If affirmative, levypayers' votes worth one-third of those of individual members</li> </ul>	Where MP has not been automatically reselected (see above), and in open contests, a <b>one member – one vote</b> ballot takes place at a selection meeting (postal ballots available if approved by GC)
<b>Endorsement</b>	NEC must endorse or reject chosen candidate (rejection rare)	As before 1989	As before 1989	As before 1989

Sources: Garner and Kelly (1993: 166-7, Table 7.1; 1998: 130, Box 6.1); Lovenduski and Norris (1991); Norris and Lovenduski (1995: 53-76); Criddle (2002: 186-7).

# 7 Electing the Leader: The Electoral College

## 7.1 INTRODUCTION

The post of leader is the most important position in a party. The leader fronts the party and is its public face to the voters. Party leaders play a key role in intraparty decision-making and possess powers of patronage. They normally face a trade-off between the demands of voters and intraparty actors. In the Labour Party the leader has intraparty powers of patronage over (shadow) cabinet portfolios, an *ex officio* seat on the NEC, and enormous power over policy when Labour is in government. The British system of government confers great power on the Prime Minister, while extraparliamentary actors have no direct influence. This has often resulted in Labour prime ministers presiding over policies opposed by party members. After the actions of the Wilson and Callaghan governments of 1974-79, the emerging Bennite left sought a series of internal party reforms designed to constrain the PLP. One of these reforms concerned the method of electing the party leader. The left wanted to make the leader accountable to activists but it also wanted a method that would maximise the chances of securing the position for its own favoured candidate.

In this chapter I examine this new method, the electoral college, and its reform. Section 7.2 constructs a general principal-agent model of leader-follower relations. Section 7.3 turns to Labour and looks at the electoral college as it existed until 1993, dominated by union block votes. Section 7.4 examines the reformed college, based on OMOV and union levypayer involvement, while 7.5 assesses its limitations as a means of controlling party leaders. Section 7.6 concludes that the college has entrenched the party leader and its reform has curtailed the power of union leaders. An appendix looks at recent changes to the structure of the NEC.

## 7.2 RATIONAL CHOICE AND PARTY LEADERSHIP

Most parties have formal institutional means by which to select leaders, such as ballots of MPs, membership votes and electoral colleges. In each case, the identity of the selectorate may differ but whichever system is deployed, those intraparty actors entitled to participate generally choose leaders they believe will benefit them, whether that means improving the party's election prospects and/or adopting a given policy platform. In this sense, the relationship between a leader and his selectorate is an example of a *principal-agent* relationship.<sup>1</sup> Principals are actors who wish to achieve some goal and recruit agents to help them, the agent receiving compensatory benefits for his efforts. Principals may face problems monitoring agents to make sure they do what they have been contracted to do. In politics, groups of principals often recruit an agent to be their leader though problems of shirking may arise. Political leaders require certain qualities, as Shepsle and Bonchek (1997: 383) describe:

Leaders are specific sorts of agents. They are relied upon by followers to coordinate their activities, to provide rewards and punishments for group objectives, to secure allies and defeat opponents, and generally to 'grease the skids' for the things followers want. Leaders are normally chosen for the specialized skills they possess – to reason, persuade, bully, inspire, rally, intimidate, mediate, and so on.

Leaders help followers overcome their collective action problem by monitoring principals, enforcing decisions, offering selective incentives and punishing free-riders (see Cox and McCubbins, 1993). The attributes of leaders listed above are essential but they can become the means by which leaders dominate principals. Political actors face at least four problems when recruiting a leader (Laver, 1997: 72-80). (1) How is the mandate awarded (and *who* awards it)? (2) Can limits be placed on the 'coercive power' ceded to the politician, i.e. what sanctions does the politician have at his disposal and can his use of them be controlled? (3) Does the politician have incentives to renege on deals made with intraparty principals? (4) What mechanisms exist to evict a politician who outstays his welcome? All of these problems touch on issues of power and accountability. The problem facing principals is how to ensure they recruit a good quality politician who will not renege on his

promises. The problem facing the politician is how to win an election while trying to keep the intraparty principals happy – or how to escape their control.

In a two-party system, leaders must have some autonomy if they are to win elections for their parties. If MPs have monopoly voting rights in choosing their leader this may often be less of a problem than when activists possess such voting rights. It was shown in Chapter 3 that the concept of *constrained policy-seeking* activists, who face a trade-off between recruiting a politician to espouse their policy preferences and recruiting one that will win them an election (which may require different policies), opens up a space of *discretion*, which the politician can exploit. The narrower the preference-gap between the median principal and the median voter, the less severe will be the trade-off facing the principals. If there is a sizable gap, the principals must decide how much discretion to allow the agent (though they will realise the agent will try to extend the field of discretion). Even if principals possess means of *ex post* control over agents, they may not wish to use them if doing so is likely to damage the party's electoral chances. However, there are limits to this discretion and principals want to keep the leader as close to their own preferences as possible while maintaining the party's electoral viability. The worry for principals is that ceding power to office-seeking politicians involves the risk of politicians straying too far from principals' preferences. Principals want to contain the extent of *agency loss* so they will need to have monitoring and eviction mechanisms available.

There are two general ways in which leaders can be controlled. The first is through the use of formal mechanisms that constrain their power, be they *ex ante*, *ex post*, or on-going. There are four major types of mechanisms for reducing agency loss: (1) *contract design*, by which the terms of the agent's remit are established; (2) *screening*, i.e. *ex ante* mechanisms to filter out unsuitable candidates; (3) *monitoring*, whereby agents' activities are formally observed by committees of principals, with procedures for reporting back, etc.; (4) *institutional checks*, such as committee veto powers (Kiewiet and McCubbins, 1991; Strøm, 1993: 318-9). Ideally, such controls bind the leader to the dominant coalition of principals while also allowing him the necessary freedom to carry out his responsibilities, though in practice, it may be difficult to achieve this balance. Screening mechanisms have assumed an important part in the debate about leadership selection because they offer ways of predicting what a leader will be like. However, principals have limited information about

politicians, not least because the latter have incentives to hide some information. The role of *reputation* is important in these situations because it is a resource for politicians, who consequently will invest in building a reputation, e.g. for being tough, etc. Reputation depends on past actions and can take a long time to acquire, yet it can be lost with one rash act, so it is a constraint on politicians' actions since they may be unwilling to do things that damage their reputations (Calvert, 1987).

The second major means of controlling leaders is to expose them to competition from rivals. Rival politicians may find it in their interests to shoulder the costs of monitoring the performance of the incumbent. If they can publicise under-performance by the incumbent, they may be in a position to exploit disaffection by principals. Competition among politicians stems from one of two sources. First, a politician may challenge an incumbent while claiming that she can provide the same policies more effectively, e.g. by enjoying greater personal popularity among the voters. Second, the incumbent may be challenged by a politician offering different policies. Competition among politicians often reflects differences among subgroups of principals. Given the inevitability of intraparty preference heterogeneity, there will be conflict over which politician principals wish to be their leader. If one faction can coerce or dominate the others, it can recruit a politician to supply its own preferred policies regardless of what the other factions want. Other factions can try to persuade rival politicians to challenge the incumbent though such collective action is difficult if the various dominated factions are ideologically disparate (Laver, 1997: 73).

The subject of leadership autonomy and accountability is a huge one and in this chapter, I confine myself to the question of how leadership election procedures help affect leaders' autonomy. The main points of reference are how different procedures affect who can vote for leaders and how dissatisfied principals can eject leaders. The following two sections look alternately at Labour's old and reformed electoral college.

### 7.3 LABOUR'S ELECTORAL COLLEGE, 1981-93

Until 1981 the Labour Party chose its leaders through a ballot of sitting Labour MPs, not surprisingly because in the 'Westminster model' of government, parties are dominated by their parliamentary wings. Unlike other European socialist parties but like other British parties, Labour did not have separate parliamentary and

organisational leaders (on the continent, the latter is often the more powerful – see Strøm, 1993; De Winter, 1993). Nevertheless, there was some ambiguity because until 1978 Labour's parliamentary leader was the *de facto* but not the *de jure* leader of the entire party (Punnett, 1993: 258-9). This was changed as part of the reform of the party's selection mechanism.

The main argument in favour of the old system was that MPs were more likely than ordinary party members to possess information about the preferences and character of candidates. For this reason, Roy (now Lord) Hattersley has described the PLP as 'the electorate most *competent* to choose' the leader (cited in Stark, 1996: 138; my italics). The *ex ante* possession of such information is a resource of principals and, initially at least, a constraint on prospective agents. As we move down through the party's organisational structure, we would expect the information to which principals have access to be less complete. Party activists have much less first-hand information about candidates than MPs do because they have little contact with the candidates. Inactive members have less information still. Ordinary voters have the least information of all the groups of principals, being dependent mainly on television. In the Labour Party, union leaders possess good knowledge of candidates, as good as that of many MPs, and in many cases, better. As we move down through the unions' organisational levels, this information is less readily available.

However, private information about candidates is but one among many criteria for a selection mechanism. Moreover, even on this count, the *ex ante* information available to MPs is far from complete. Stark (1996: 139) argues that MPs 'are not better choosers' than party members, pointing to the wide gap between *ex ante* perceptions and outcomes with regard to the election of Edward Heath and Margaret Thatcher in the Conservative Party. Each was elected in a ballot of Conservative MPs yet in both cases, the electors did not foresee their arrogance. The real justification for this particular selection method is political: letting MPs pick the leaders usually ensures a 'moderate' candidate is chosen. Such candidates are likely to maximise the party's electoral chances. However, parties have horizontal divisions, between different *classes* of principals, and as we saw in Chapter 3, there is a tendency for middle-level activists to be more radical than MPs.

Leftwing activist anger erupted in the Labour Party after the demise of the Callaghan government in 1979, when many felt that the government had reneged on its

radical promises. I do not wish to discuss the ensuing events in detail since this has already been done elsewhere (see Kogan and Kogan, 1982; Seyd, 1987; Koelble, 1991). Essentially, the activists, through the agency of the Campaign for Labour Party Democracy (CLPD), devised a set of rule changes to make it easier for them to control MPs in the future. One such change was to deny MPs the sole right to elect the leader, and instead allow all sections of the party to have some influence. Thus, as Michael Meacher told the Labour Party conference in 1979:

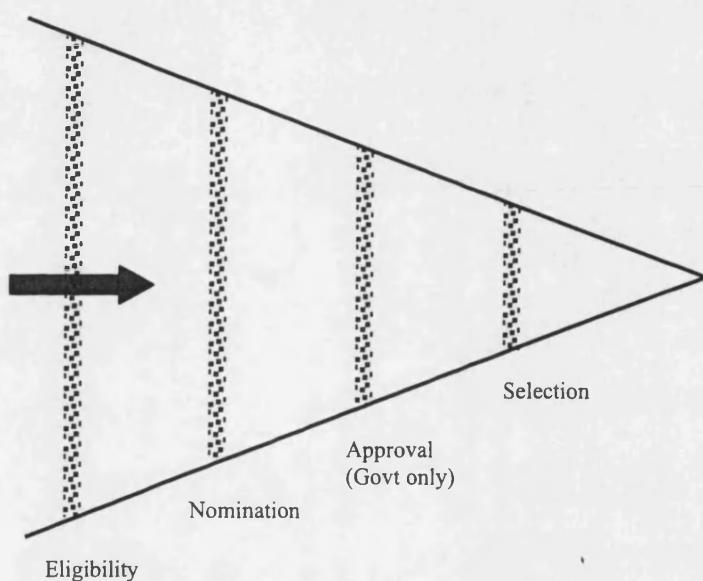
... [T]he Leader of the Party is accountable, not just to the Parliamentary Party, but to the movement as a whole and he should, therefore, be elected by those to whom he is more broadly accountable (Labour Party, 1980: 256).

'Accountability' here refers to the ability of activists to hold the leader to his promises and remove him if he shirks. By changing the leader's intraparty constituency (the 'how' and 'who' of electing him), the activists would alter his incentives for reneging on policy deals and could replace him if need be. The answer was to form an electoral college and spread responsibility for choosing the leader between the three pillars of the party: MPs, CLPs and unions. A combination of leftwing planning, luck and farce at the special Wembley conference of 1981, which debated the structure of the college, ensured that the unions secured a 40 percent share<sup>2</sup> while the PLP and CLPs each took 30 percent (see Appendix 1 to Chapter 7). This institution reflected the new balance of forces in the party as the left coalition sought a means of controlling the leader and securing the top position for its own candidate, Tony Benn.

The electoral college contains three or four types of screen, depending on whether Labour is in government or opposition (Figure 7.1). The first screen is an eligibility requirement, and as before 1981, only MPs can become leader. This is a matter of practicality in the Westminster system of government. It continues to hold in the electoral college to this day and I will say no more about it. The second screen concerns nomination and here any MP, CLP or affiliate can nominate a candidate. Often, individuals and affiliates add their names to lists of nominators to show their commitment (Punnett, 1992: 107) though it may also reflect a desire by career-minded MPs to join the bandwagon of the frontrunner. An important aspect of this screen in 1981 was that each nominee needed to receive a minimum level of support

of 5 percent of the PLP (increased to 20 percent in 1988). A third screen that would operate only when Labour is in government would be the necessity to receive two-thirds majority backing at the party conference for the principle of a contest. This would require the votes of the big unions, which would be difficult to envisage in anything but extreme circumstances and would provide a sturdy shelter for a Labour Prime Minister. This screen has never been tested but it would enable the unions to halt a challenge to a Labour Prime Minister. The final screen would be the selection ballot at the electoral college, which is the focus of analysis below.

**Figure 7.1 Leadership Election Screens**



A couple of further points about the electoral college are in order. First, it was envisaged that formal leadership contests would be held annually, though this would naturally require a challenger to put himself forward. The Bennite left wanted this provision because annual contests would lower the costs of challenging the incumbent and thus make it easier to control his actions (Kogan and Kogan, 1982: 96). If contests had not been made annual events, it would be more difficult for dissidents to challenge the incumbent because contests would be the exception rather than the norm, so pressure would be applied to prevent a contest. However, as we shall see, this became true despite the provision for annual contests. Another key feature of leadership election rules is whether candidates are obliged to join ballots from

the beginning of a contest or are allowed to join in later ballots. The latter rule was a feature of Conservative leadership elections before 1998 and contributed to the ease with which Conservative MPs could eject unpopular leaders. Challenging an incumbent is risky and may deter many challengers, particularly if they already hold senior positions. However, if challengers are allowed to join in later ballots, incumbents could face ‘stalking horse’ candidates in early ballots and if they suffer irreparable damage, stronger contenders can step in. The new rules in the Conservative Party require challengers to be in from the start, which may deter some stronger rivals and thereby increase the security of tenure of the incumbent (Conservative Party, 1998). This was the rule in the Labour Party until 1980 when it restricted votes in leadership contests to MPs and it continued to be the case with the adoption of the electoral college. It represented another hurdle to would-be challengers.

### **MPs and the Electoral College**

From a position of determining the leader of the party, the PLP saw its influence reduced to a 30 percent share of the electoral college. As if that were not bad enough, MPs would now have their votes publicly declared, a change from the secret ballot of the old system. Critics alleged this would effectively enable the CLPs to determine 60 percent of the electoral college votes because in addition to their own 30 percent share, they would also be able to compel MPs, under threat of deselection, to follow their preferences (Williams, 1983: 45). However, by this argument, an electoral college would not have been needed at all since the left in the CLPs should simply have maintained the old system of PLP selection of leaders but in an open rather than a secret ballot. As it is, in the first outing of the electoral college in 1981, 47 percent of MPs cast their votes for a candidate different from that favoured by their own CLPs (Seyd, 1987: 130-1). Even so, it was a dramatic change and effectively robbed the PLP of holding its own leader to account. Although the PLP has historically been loyal to its leaders, the latter would have to retain the confidence and trust of MPs otherwise there was always the possibility of being challenged (as Gaitskell was in 1960) and overthrown. Such a mechanism would allow the prompt replacement of unpopular leaders, a feature absent from the electoral college (see below). The PLP would, however, continue to wield some veto power by retaining some control over the nomination process for leadership contests, with each nominee requiring the support of at least five-percent of the PLP.

This was a low hurdle to surmount and suited the left in 1981 when its strength was weakest within the PLP, though Benn secured the support of one-third of Labour MPs when he challenged Healey for the deputy leadership that same year.

The left declined in the 1980s but in 1988, Benn challenged Kinnock for the leadership. It was evident that Kinnock would win easily but he deemed such challenges damaging so, with the backing of the NEC and the party conference Kinnock introduced a rule change, which raised the nominations benchmark to 20 percent of the PLP for each challenger. This reduced the maximum number of candidates to five in theory, but four, or even three in practice, and it presented problems in 1992 when Bryan Gould, the sole challenger to John Smith for the leadership, struggled to secure enough nominations (Alderman and Carter, 1993: 55-6). In 1993, the threshold was reduced to 12.5 percent for contests arising from the death or resignation of an incumbent due to concern that 20 percent might stop any contest at all.

The ‘20-percent rule’ strengthened the PLP in selection contests by increasing its veto power over whether contests should take place in the first place as well as which types of candidates would be likely to secure nomination. Yet this increased power for the PLP was negative, better enabling it to *prevent* contests but not enabling it to control and dispense with unpopular leaders because contests would still be conducted through the electoral college. But to the extent that preventing a contest was all Kinnock wanted after the 1988 challenge, the rule served its purpose. Reforming the nomination screen was much easier for Kinnock and his allies than reforming the selection screen, since increasing the PLP’s share of the electoral college would have entailed decreasing the share of one or both of the other sections. Such a move would have evoked considerable opposition and may also have worried union leaders at a time when they were anxious about their position in the party. By focusing on nomination procedures, Kinnock was able to carry the unions with him in re-establishing a large measure of PLP control while maintaining the unions’ pre-eminent overall position in the college.

Giving MPs only a 30 percent say in choosing their leader was a big step away from the conventions of a party competing within the Westminster model (see Punnett, 1992). Extending the franchise beyond the PLP would result in a more ‘presidential’ style of leadership contest. This becomes apparent when we look at the two other sections of the electoral college: the trade unions, and before them, the CLPs.

## CLPs and the Electoral College

The CLPs became as important as the PLP in the electoral college when they too were given 30 percent of the votes, considerably greater than their voting strength at the party conference. However, the existing decision-making structure within the CLPs remained whereby the decision on which candidate to support would be taken by the GCs. As shown in Chapter 6, the GCs are cliques of the most active members of the party. Moreover, the CLPs would cast their votes as undivided blocks so that minority opinion within each CLP, no matter how sizable, would not be expressed in the final vote. This suited the left because it was disproportionately represented on the GCs.

Since GCs took the decisions, leadership candidates could profitably embark on rounds of meetings and rallies of the party faithful in order to procure votes. Tony Benn performed a punishing round of such meetings in his bid for the deputy leadership in 1981, and it paid off for him as he secured the support of four out of five CLPs in the second ballot. His rightwing opponent, Denis Healey, was much less active in this way, reflecting the reality that his support within the CLPs was limited. However, it was believed that if the CLPs were to conduct membership ballots, the hard left might be undermined as more 'moderate' members were enfranchised. In 1983, a minority of CLPs conducted some form of membership ballot and 90 percent of these backed the rightwing candidate in the deputy leadership race, Roy Hattersley. Of the CLPs that did not conduct any ballot, two-thirds voted for the leftwing candidate, Michael Meacher. Similarly, in 1988, 337 CLPs (60 percent of the total) conducted branch or postal ballots of their members and only a quarter supported Benn in the leadership contest, though overall, only one in five CLPs supported Benn. But 23 CLPs that had nominated Benn subsequently voted for Kinnock after their consultation ballots (Drucker, 1984; Punnett, 1990: 187-8). A rule change obliged CLPs to hold OMOV ballots in subsequent contests, the first of which occurred in 1992. However, in the leadership and deputy leadership contests of that year, the votes in the electoral college continued to be cast on a winner-takes-all (unit vote) basis, as each CLP held an OMOV ballot, with the candidate topping the poll taking the entire college vote of that given CLP. In 1993, block votes were abolished and all individuals' votes were aggregated for a grand CLP section total. Minority support for a candidate within a given CLP was now accredited to that candidate, breaching the federal principle.

## Trade Unions and the Electoral College

The most controversial feature of the electoral college was the part played in it by the unions. Although they did not dominate it to the extent that they dominated the party conference (40 percent of the votes compared to 90 percent), their role in the college was more crucial. Policies at the conference may or may not be adopted by a Labour government, but having a say in who should lead the party could mean helping to pick the Prime Minister. Significantly, the block vote magnified the power of the big unions in the college beyond a simple calculation of relative shares of the votes. Although they could not arithmetically determine the winning candidate, they could substantially decide the trajectory of the contest. This owed not just to their share of the total vote but to the *concentration* of votes, in the form of block votes.<sup>3</sup>

The big unions dominated the union section of the electoral college and had a substantial say in any contest. In 1981 the big four unions (the TGWU, the AUEW, the GMWU and NUPE) controlled half of the votes in the union section, and 20 percent of the entire college. The TGWU alone wielded 8 percent of the college votes (as it did again in 1988 and 1992). By 1988 the big five unions controlled over 60 percent of the union section – a quarter of the college. We can see how significant these shares were by comparing them to the votes of MPs and CLPs. In 1981 there were about 250 Labour MPs (after the initial waves of SDP defections) and in 1983 there were 209, which meant each MP controlled about 0.1 percent of the entire college. In 1981 the TGWU's block vote was equivalent to that of 67 MPs while the big four unions controlled votes equivalent in size to two-thirds of the PLP – 167 MPs. In 1988 the big four unions' votes were equivalent to those of 190 MPs. Similarly, assuming there were about 600 CLPs, the TGWU was equivalent to about 160 CLPs in 1981 and about 200 in 1988. The big four unions were equivalent to 400 CLPs in 1981 and 500 in 1988. Considering the time and resources needed to campaign for the votes of such large numbers of MPs and CLPs, we can see how important the big unions were with their huge concentrations of votes.

If a candidate could get an early commitment of support from a couple of big unions, he could quickly find himself virtually home and dry. The successful construction of coalitions could be greatly assisted by an early build-up of support as this could provide a campaign with valuable momentum. A bandwagon could be set in motion and it could quickly become unstoppable. In their discussion of the

formation of political coalitions, Lax and Sebenius (1991) argue that 'strategic sequencing' is an important tactic commonly used to construct and cement alliances. This involves approaching potential allies in a certain order so that gaining one party's support makes it easier to win the support of another party later on. As they put it, 'the *prior commitments* of other parties may be used as resources in obtaining the acquiescence of other subsequent parties.' (1991: 180. Emphasis in original). In the electoral college, if a candidate could secure early backing from some big unions, he could increase the credibility of his campaign and thereby encourage other parties to support him. The huge block votes wielded by the unions could firmly establish a candidate as a frontrunner. Since the unions were unique in their high concentration of college votes, they were in a better position to be able to provide candidates with an early boost. This increased the bargaining power of the leaders of the big unions and led to frequent claims that they were 'kingmakers'.

It may be objected that the decision was not up to union leaders but was made after internal consultation. It is true that the discretion claimed by union leaders did not stretch to taking unilateral decisions on important issues such as leadership elections. Nevertheless, union leaders did have significant influence in the early stages of a contest because they retained nominating rights. Sometimes this could be almost as good as voting for the candidate. The importance of nomination was that, unlike the casting of votes, it could be done very early on in the campaign, contributing to – or even setting in motion – the bandwagon effect described above. For example, Kinnock's leadership quest in 1983 was settled long before the casting of votes in the electoral college. Shortly after Labour's crushing election defeat in June 1983, it was announced that Michael Foot would stand down as leader. Clive Jenkins, the leader of ASTMS, immediately nominated Kinnock as his successor. The UCW quickly followed suit and Moss Evans, leader of the TGWU, was also pushing Kinnock. Rival candidates such as Peter Shore complained of a 'stitch-up' by union barons (see Heffernan and Marqusee, 1992: 36). Some commentators questioned whether the actions of these union leaders were overly significant (see Minkin, 1992: 344) but there seems little doubt they were instrumental in giving Kinnock a head start.<sup>4</sup> These leaders, in collusion with their ECs, acted quickly to promote their favoured candidate. Though no votes had yet been cast, nominating Kinnock, while not committing their electoral college delegations, did make it harder for the latter to

vote another way. In any case, by the time the conference arrived, the bandwagon had been of such force that no one was in any doubt about the result. One consequence was that many MPs voted for Kinnock in the open ballot of the PLP section because they knew he was home and dry, and did not want to damage their chances of patronage (Stark, 1996: 140).

The unions did the same thing in another leadership contest after another election defeat, this time in 1992. John Edmonds of the GMB made a baronial intervention in the leadership contest two days after the party's defeat at the polls. His forthright backing for John Smith attracted resentment within the PLP but the Smith bandwagon very quickly became as unstoppable as Kinnock's nine years earlier. Smith romped home in the leadership contest, taking 90.9 percent of the college votes. His margin of victory over the vanquished Bryan Gould (who took just 9.1 percent) was greatly exaggerated by the system of block voting.<sup>5</sup>

The contests of 1983 and 1992 were the only 'open' contests arising from vacancies (as opposed to challenges to an incumbent) under the old electoral college. Contests that followed a resignation freed the unions from the need to show loyalty to the incumbent allowing them instead to push their own candidates. It is clear that this happened on a concerted scale in both 1983 and 1992 insofar as the leadership elections were concerned. It also occurred in the deputy leadership election in 1983 when the unions heavily pushed Hattersley as part of the 'dream ticket'. It happened again in the deputy leadership election of 1992 with Margaret Beckett though to a lesser degree: allegations of a 'stitch-up' with Smith's election made everyone wary of pushing another 'dream ticket'. Informally, though, the Smith camp was receptive to the idea of Beckett as deputy (Alderman and Carter, 1993: 54; McSmith, 1993: 213). Union support also influenced the behaviour of candidates in leadership elections. In 1983 three of the four candidates for the leadership (Hattersley, Heffer and Shore) urged the unions to consult their members before casting their block votes. The fourth candidate, Kinnock, was silent (McSmith, 1996: 30). Similarly, the party-union link was itself one of the major campaign issues in 1992. Gould was the most vocal candidate in support of reform, while Smith and Beckett were much more cautious (Alderman and Carter, 1993: 58). However, none of this prevented Kinnock or Smith changing their minds once they had won.

## Coalition-Building in the Unions

Given the need to win over entire unions to secure their block votes, how did candidates respond? Canvassing within the unions took two forms. The most obvious way was to seek the backing of the union leader. The second consisted of canvassing support among union personnel below the position of leader: members of the EC, regional organisers, delegates at the union's conference, etc. These two strategies were not mutually exclusive – a candidate could build up support from the lower levels of the union gradually moving up to the leader himself. Two trends established themselves during the use of the electoral college. First, union leaders, including those on the left, tended to support incumbents and express hostility towards the hard left. Indeed, there was generally a consensus stretching from the leaders of the leftwing unions to the centre-right leaders. Secondly, ballots of union members always provided succour for 'moderates'. The first tendency echoes our assumptions that union leaders have an interest in Labour's electoral fortunes. The second tendency implies curvilinear disparity within the unions. Certainly, rightwing candidates relied on the dual strategy of gaining the backing of union leaders and calling for consultation ballots. Healey (1981) and Hattersley (1983) both employed this strategy (see Minkin, 1992: 337, 345). By contrast, Benn's leftwing campaign in 1981 relied on cultivating links with intermediate-level union officials.

The situation was more problematical for candidates lacking the support of union leaders. This did not preclude them capturing block votes but it made it more difficult. A major consequence of block voting was the high mobilisation costs it imposed on minority factions in the unions and at the party conference. Candidates lacking the patronage of the union leader would have to seek out intermediate level supporters in the union. To do this in one union was difficult; to do it in many unions was a monumental task. It required a well-run organisation to mobilise support against the union leaders. The only occasion on which this happened systematically was during the first ever election conducted under the electoral college rules.

Benn announced his intention to challenge Healey for the deputy leadership in April 1981, as the left was gaining strength and the right was on the defensive over the record of the previous Labour government. Nevertheless, virtually the entire Labour establishment was against Benn. Those opposing his bid included the leader Michael Foot, all of Benn's shadow cabinet colleagues, most of the PLP, and most of

the leaders of the major unions, right and left, including Evans (TGWU), Jenkins (ASTMS) and Bill Keys (SOGAT). Moreover, the media were uniformly hostile to Benn throughout the six months of the campaign and opinion polls showed large majorities of both ordinary voters and union members preferring Healey to Benn.

Benn targeted middle-level union officials by utilising the Rank and File Mobilising Committee (RFMC), an umbrella organisation for existing leftwing groups, which had been formed in May 1980 to fight for the left's constitutional reforms. RFMC activists attempted to outflank union leaders by seeking out allies in unions' ECs, conferences and delegations. By exploiting links that the CLPD and others had already established with union officials, RFMC activists were able to reduce their mobilisation costs. Utilising these activists also eased information costs since they could take Benn's message into the unions for him, distributing leaflets and other propaganda, as well as reporting back on internal developments. In short, '[t]he Benn campaign became a campaign for trade union politicisation' (Kogan and Kogan, 1982: 119), and it injected uncertainty into the casting of the block votes. This was carried out on a concerted scale across a range of unions though only in ASTMS did delegates ignore their leadership's wishes and support Benn.

Given the unpropitious circumstances, it is not surprising Benn lost though only by a tiny margin, collecting 49.574 percent of the college votes to Healey's 50.426 (Table 7.1). Nevertheless, Benn's defeat at a time when the left was at its zenith, and despite great tactical ingenuity, illustrated the difficulty of mobilising block votes against Labour's elite. Ultimately the costs of mobilisation were too great – largely because too many separate unions had to be won. The Bennites' strength was as a pan-organisational faction, but block voting requires concentrated strength within unions as well as across them. The aggregate percentages of the deputy leadership ballot conceal the politics of mobilisation within the unions. The concentration of voting power in a few big unions meant that it needed only a handful of delegates to change their minds in order to put a completely different complexion on the result. Had the TGWU voted for Healey, he would have won by a margin of 17 percent rather than 0.8 percent. Equally, had NUPE voted the preferences of its leftwing EC rather than holding a membership ballot (which went to Healey), Benn would have won by 7 percent. Block voting introduces an element of arbitrariness, which explains why candidates focused on winning union votes.

**Table 7.1 Contests under the Electoral College**

	PLP (30%)	CLPs (30%)	Unions (40%)	Total
<i>1981 (Deputy leader)</i>				
<i>First Ballot</i>				
Healey*	51.0	17.7	61.7	<b>45.5</b>
Benn	21.2	78.3	16.0	<b>36.6</b>
Silkin	26.5	3.7	22.3	<b>18.0</b>
<i>Second ballot</i>				
Healey*	65.8	18.9	62.5	<b>50.4</b>
Benn	34.2	81.1	37.5	<b>49.6</b>
<i>1983 (Leader)</i>				
Kinnock	49.2	91.5	72.6	<b>71.3</b>
Hattersley	26.1	1.9	27.2	<b>19.3</b>
Heffer	14.3	6.6	0.1	<b>6.3</b>
Shore	10.3	0.0	0.1	<b>3.1</b>
<i>1983 (Deputy leader)</i>				
Hattersley	55.7	51.0	88.1	<b>67.3</b>
Meacher	29.3	47.8	11.8	<b>27.9</b>
Davies	10.9	0.8	0.0	<b>3.5</b>
Dunwoody	4.0	0.3	0.1	<b>1.3</b>
<i>1988 (Leader)</i>				
Kinnock*	83.0	81.2	97.4	<b>88.6</b>
Benn	17.0	18.8	2.6	<b>11.4</b>
<i>1988 (Deputy leader)</i>				
Hattersley*	58.0	60.3	78.3	<b>66.8</b>
Prescott	24.0	26.0	21.8	<b>23.7</b>
Heffer	18.0	13.7	0.3	<b>9.5</b>
<i>1992 (Leader)</i>				
Smith	77.2	97.7	96.3	<b>90.9</b>
Gould	22.8	2.3	3.7	<b>9.1</b>
<i>1992 (Deputy leader)</i>				
Beckett	42.9	63.5	63.5	<b>57.3</b>
Prescott	31.4	23.7	29.1	<b>28.1</b>
Gould	25.7	12.9	7.5	<b>14.6</b>
	PLP (1/3)	CLPs (1/3)	Unions (1/3)	Total
<i>1994<sup>a</sup> (Leader)</i>				
Blair	60.5	58.2	52.3	<b>57.0</b>
Prescott	19.6	24.4	28.4	<b>24.1</b>
Beckett	19.9	17.4	19.3	<b>18.9</b>
<i>1994<sup>a</sup> (Deputy Leader)</i>				
Prescott	53.7	59.4	56.6	<b>56.5</b>
Beckett	46.3	40.6	43.4	<b>43.5</b>

All figures in table a percentage of votes in each section of the electoral college. Sources: Garner and Kelly (1998: 142, 144); Punnett (1990: 187); Labour Party (1982, 1984, 1989, 1992b).

\* denotes incumbent

<sup>a</sup>: union section - votes cast by levypayers; block vote abolished in CLP section; PLP section also includes MEPs. The 1994 leadership election saw votes cast by 329 MPs/MEPs, 172,356 individual party members and 779,426 levypayers.

One factor complicating the search for support within the unions was that no uniform procedures existed by which unions would decide how to cast their votes, reflecting the federal principle that affiliates enjoy autonomy in such matters. Some unions left the decision to their ECs, consisting of top union officials. Others allowed their conferences to decide, the latter being dominated by officials and activists. Finally, some unions conducted various forms of membership ballots, including postal and branch ballots. Sometimes, the electoral college delegates decided among themselves who to vote for. The choice of procedure could be important, particularly if curvilinear disparity existed within unions. Most union leaders tend to be centre-left but individual union members can span the political spectrum. In the first general election of 1974, only 55 percent of trade unionists voted for Labour, falling to 51 percent in 1979 and 39 percent in 1983, after which it rose again (Taylor, 1987: 246). Between a quarter and a third of union members support the Conservatives. Union activists are more likely to be leftwing though perhaps not as much as Labour Party activists since their primary concerns are industrial rather than party political.

Given these differences, we should expect large-scale balloting of union members to produce favourable results for 'moderates' because more of the ordinary (centrist) trade unionists will participate. Similarly we might expect the left to do better when union conferences take the decision since decision-making power lies with the activists. As for the ECs, once again, we should expect a tendency towards 'moderation' but the left may sometimes benefit. The experience of the 1981 deputy leadership election confirmed many of these hypotheses, as do the contests of other years. In 1981 most unions allowed either their ECs or their conferences to make the decision, covering both leftwing and rightwing unions. Meanwhile, a number of unions held ballots, including NUPE, the NUM and COHSE. Most ballots were held in branches but turnout rates were low, reflecting low participation rates in union branch meetings: in COHSE, only 1.7 percent of the union's members participated (Minkin, 1992: 339). With the exception of the NUM, every local ballot produced a majority for Healey. This was even true of NUPE, whose leaders and conference supported Benn. This explains Healey's 'two-level strategy', as Minkin describes it: 'a much heavier emphasis on *ad hoc* personal contacts with union leaders and a systematic campaign to call for ballots of the membership' (Minkin, 1992: 337).

Controversy surrounded the decision-making processes of the TGWU. The union leadership was hostile to Benn but the left was confident that the TGWU's biennial conference would back him. Agenda-manipulation by the leadership ensured that the biennial delegates were precluded from supporting Benn. Instead, a consultation exercise was undertaken in the union's regional administrative units. The result was inconclusive though Healey won in a greater number of regions. The results were not, in any case, binding on the EC, and it recommended a vote for Benn. In the end, the electoral college delegates supported a compromise candidate, John Silken,<sup>6</sup> in the first ballot, and switched to Benn in the second. The press subsequently heaped opprobrium on the TGWU, deriding its procedures.

In later contests there was a shift towards balloting, though other methods survived (see Minkin, 1992: 344-357; Punnett, 1990: 185-6; Alderman and Carter, 1993: 61-2). In the more clear-cut contests some unions questioned the point of spending scarce resources on expensive membership ballots. Such ballots were to become obligatory with the shift to 'one levypayer – one vote' in the union section of the college after 1993. These ballots differed from the earlier ones in that block votes had been abolished so that individuals, rather than organisations, cast the votes. Before 1993, balloting favoured the 'moderates' even more because no matter how close the results of a ballot, the winner-takes-all rule remained in force. Moreover, turnout rates had no effect on the size of the block votes. Whether 80 percent or 20 percent of levypayers participated in the ballots, the size of a union's block vote remained the same. The introduction of compulsory ballots under OMOV would change this, as I show in the next section.

## **7.4 THE ELECTORAL COLLEGE AFTER 1993**

### **The Union Links Review Group**

Virtually the entire PLP leadership wanted to reform the college after the election defeat of 1992 because it was seen as unacceptably dominated by the unions. There was anger at the way union leaders had been perceived to 'bounce' the party into accepting Smith in 1992, not least because many modernisers believed that the party-union link contributed to voters' lack of trust in Labour (Gould, 1999). Thus, as with other organisational reforms of the period, this one was motivated by

electoral factors (Webb, 1995: 7), and while everyone accepted the need for change, the debate concerned its extent. Labour's dominant coalition had historically been between the PLP and union leaders. In 1992-3, the leaders of the major unions accepted the need to reduce their share of the electoral college but were looking for an equal tripartite college in which the PLP, CLPs and unions each controlled one-third of the votes. They wanted a consolidating institution, in which the old dominant coalition was preserved and strengthened (despite the reduction in the unions' voting power) as a more acceptable and legitimate college was established. By contrast, modernisers wanted a 'new deal' institution from which the unions were removed entirely. This would be achieved by an alliance of MPs and party members, the two groups that would benefit from the reform. An alternative option was to give all the votes to the individual members but this was never likely to get through the union-dominated party conference. This was a big obstacle for modernisers and meant compromise was inevitable though they hoped the unions might flinch from defeating Smith, whose preferences on this were closer to the modernisers'.

The battle began in earnest with the establishment in 1992 of the union links review group. This had started off as a sub-committee of the NEC set up by Kinnock in the final weeks of his leadership to examine the electoral college, candidate selection, and the union block vote at the party conference. Kinnock expected it to abolish union representation in the first two institutions but his authority was waning and the review group was dominated by traditionalists, including representatives of the four biggest unions. Most of the debate concerned OMOV in candidate selection, with leadership elections a long way behind in importance. In its published interim report submitted for consideration by CLPs and unions in March 1993, the review group did not recommend specific reforms but instead listed a number of options. These included a reweighted electoral college in which CLP, MPs and unions each controlled one-third of the votes (with block voting and compulsory balloting), an electoral college of party members and MPs each having 50 percent of the votes and various alternatives on candidate selection (Labour Party, 1993a: 13-15).

The debate over the electoral college became entwined with the debate over OMOV in candidate selection. Smith struggled to persuade the unions to accept OMOV so he sought a trade-off between the reform of candidate selection and leadership contests. On the latter, Smith's preference, shared by the modernisers, was for an end

to union participation and a new college in which the PLP (and EPLP) and individual party members would each take 50 percent of the votes. The unions opposed this so Smith offered them a continued role in the electoral college in return for OMOV in candidate selection. However, in the new college, the unions' vote share would be reduced to one-third and block voting would be abolished, replaced by one levypayer – one vote (OLOV). This represented a defederalisation of the union section and broke the power of union leaders though this was not recognised by modernisers or traditionalists. Each side saw only the fact that union involvement was maintained, which is why traditionalists accepted the reform while modernisers such as Blair and Brown were aghast (Rentoul, 1995: 328-9; Gould, 1999: 189-91). Traditionalists still opposed OMOV but thanks to the compromise Smith persuaded the review group to recommend straight OMOV in its final report, which also advocated changes to unit voting at the party conference (Labour Party, 1993b).

**Figure 7.2 Institutional Preferences: Traditionalists and Modernisers (1993)**

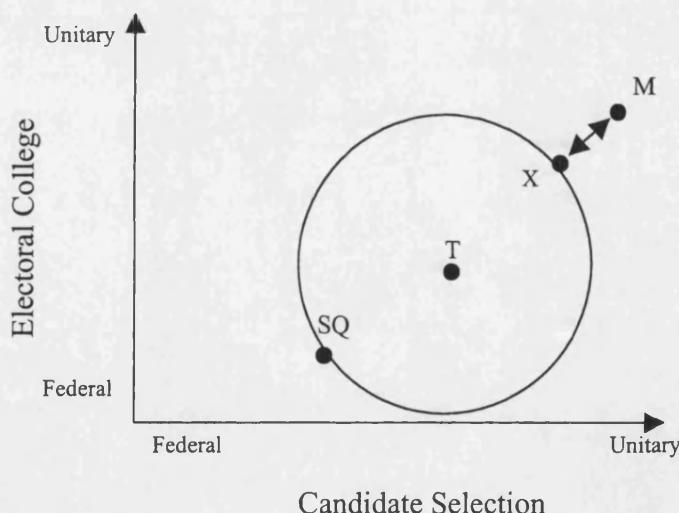


Figure 7.2 offers a schematic depiction of the trade-off over the electoral college and candidate selection. Between OMOV and the two-section electoral college on the one hand and the status quo on the other stood numerous possible compromise solutions, ranging from more federal ('indirect') to more unitary ('direct'). The modernisers wanted unitarism in both spheres while the traditionalists preferred only a slight dilution of the federal structure. SQ denotes the *status quo ante* 1993 while T

and M are the bliss points of the traditionalists and modernisers (including Smith) respectively. The circle indicates all points that offer the traditionalist majority the same payoff that accrues from SQ. Ideally, many would have liked to remain at SQ but realised this would be costly to the party, in terms of voter distrust and a continuation of the damaging conflict with the modernisers. They preferred a move to T, which would retain union influence while showing the public that Labour was changing. So, given the traditionalist majority on the review group and at the party conference, why did they not get their preferred outcome?

It appears that Smith played a key role here. He was not a member of the review group but turned up unannounced at its final meeting, which was to agree its recommendations. The union representatives were divided over what compromise they wanted and tried to adjourn the meeting but Smith insisted they continue. A compromise was informally agreed but since the union representatives had been mandated to support other proposals, no vote was taken. Instead, a one-page document set out the bare bones of the deal, including the new electoral college and OMOV in candidate selection with levy-plus, indicated by point X above. Smith immediately informed a waiting television crew that consensus had been achieved (Rentoul, 1995: 330-1). They were not what Smith or the modernisers wanted (point M) but they were the most that could be pushed through the NEC (which subsequently passed them by 20 votes to 7).

That still left the party conference, which had a traditionalist majority. Even if the *status quo ante* was completely discredited and change were necessary, why were the traditionalists unable to secure an outcome closer to T? The answer lies in the NEC's agenda-setting powers. We have seen that the NEC enjoys procedural advantages in policymaking at the conference but on constitutional amendments it possesses a further power. In 1968, a rule was introduced requiring all rule amendments submitted by delegates to be automatically remitted to the NEC, which would report back at the following year's conference and offer its recommendations before allowing a debate. The '1968 rule' was adopted so that the NEC could examine the impact and compatibility of proposed rule changes with existing rules – a sensible provision, perhaps, though one that gives NEC constitutional initiatives (exempt from the rule) a head start on amendments from 'the floor'.

In 1993, the NEC could put the proposals of the review group to the conference free of competition from alternative rule amendments, enabling it to determine the agenda.<sup>7</sup> This prevented the traditionalist majority at the conference putting forward its own proposals leaving it with a choice between the status quo and the NEC's proposals. Once again, we can see that the NEC's agenda-setting powers were more crucial than the conference's veto powers (and to the extent that there may have been different majorities for different proposals, the NEC's powers are also a means of breaking vote cycles). Ultimately, the amendment on the electoral college was passed easily but that on OMOV in candidate selection was extremely close and was secured only after last-minute arm-twisting of the MSF union, which was persuaded to abstain in the vote (Rentoul, 1995: 337-9).<sup>8</sup>

### **The Mechanics of OLOV**

The reaction to this compromise is somewhat surprising. Modernisers were unhappy with the retention of union influence, Brown opposing it vehemently and Blair regarding it as a 'disaster'. Union leaders seemed happy enough despite the fact that individual levypayers would now cast the votes. Neither side recognised it for the dramatic change it was. *Inter alia*, this implies a critique of some existing rational choice work on institutions. Alt and Shepsle (1990: 2) state that a key feature of the rational choice approach is 'the recognition that those responsible for changing an institution can anticipate any effect of an institutional change' (see also Shepsle and Weingast, 1995; Krehbiel, 1991). However, just as individuals are institutionally and informationally constrained in the pursuit of their policy preferences, so they are constrained in the pursuit of their preferred institutions. The existing structure of institutions puts obstacles in the way of changing those institutions, which an enacting coalition must overcome. Similarly, we must recall that individuals, while rational, are only boundedly so. Particularly when contemplating institutional variations without many (or any) precedents, actors may not be able to foresee all the consequences of changing those institutions. We can agree with Alt and Shepsle that 'those seeking to change an institution have some result in mind when they try to do so' (1990: 2) but that is not the same as saying those results will necessarily transpire from the change. As to why actors would risk a change if they cannot foresee all the consequences of doing so, it may be that the *status quo ante* is so unappealing that

they are willing to take a risk. Perhaps more often – and this would appear to be the case with the reform of Labour's electoral college – they believe they *can* predict the consequences of change but hindsight shows they miscalculated.

The 1993 reform of the electoral college altered the role of the unions and dramatically reduced the role of union leaders and intermediate level officials. Union influence would henceforth be administered through the agency of individuals and would be mediated by turnout rates. Under the block voting system, if a union had 500,000 levypayers registered, it would cast 500,000 votes in the union section, regardless of how many actually participated in consultation procedures or ballots. Under the new system, by contrast, if only 5,000 levypayers cast their ballots, then only 5,000 would be counted in the sectional vote. Furthermore, votes would be aggregated for each candidate: if, out of these 5,000 votes cast by a union's members, 3,000 were for candidate A and 2,000 were for candidate B, then the two candidates would receive precisely these amounts. Under the block voting system, candidate B would have a minority of the votes so she would get no votes at all from that union, whereas candidate A would take the entire block of votes – in this case, 500,000 because turnout rates were irrelevant.

**Table 7.2 Individual Unions' Influence under OLOV**

		TURNOUT	
		High	Low
IDEOLOGICAL CONFORMITY	High	<i>High impact</i>	<i>Medium-low impact</i>
	Low	<i>Low impact</i>	<i>Very low impact</i>

Low turnout rates under OLOV would be less important if all unions had the same turnout rate. But if a large and a small union saw the same absolute number of levypayers participating, then, *ceteris paribus*, the smaller union is having a disproportionately greater say in the leadership election. However, other things may not always be equal. Since each candidate's votes are aggregated, a union qua organisation may not have any net influence at all, i.e. if its members divide evenly

between the candidates. This was not fully appreciated during the negotiations and distinguishes this format from the review group's interim suggestion of compulsory balloting but a retention of block votes. Table 7.2 shows how much impact a given union *qua organisation* can have in a contest with varying member turnout rates and ideological uniformity in the members' views. A given union will maximise its relative impact on the result of the election by maximising the proportion of its levypayers voting, though this impact will be greater if the members are predominantly uniform in their preferences. However, a union leader may not strive to achieve a high turnout in such a situation if he believes his members' preferences contradict his own. He and his EC may decide to print their recommendation on the ballot papers – a ploy that is permitted under the rules and which was utilised by six unions, including the TGWU and the RMT, in the 1994 contests, the first to be held under the new OLOV rule. Since voting figures are produced for each individual union, many union leaders feared their authority would be undermined by making a recommendation that went unheeded by the levypayers. It appears these recommendations may have had a marginal impact (Alderman and Carter, 1995: 449-50) though it is clear that the unions *qua* organisations play a greatly diminished role under OLOV. The union leaders are largely deprived of their old 'kingmaking' role since it is no longer in their power to promise hundreds of thousands of block votes to a given candidate. Their enrolment in a candidate's coalition of supporters is thus less requisite. Bandwagons of support are less likely to be set in motion by union leaders. This involved a transformation in principal-agent relations and in the nature of political bargaining as Punnett (1990: 190) observes:

The granting of support in return for policy concessions is central to the decision-making process, whether in government, union affairs or intra-party politics. This bargaining process, however requires a system of representative democracy in which union and constituency leaders are able to make agreements on behalf of their members. Postal ballots would strip MPs, union leaders and constituency activists of this bargaining role.

Political exchange between candidates and hundreds of thousands of individual party and union members is qualitatively different from that with union leaders and delegates. If a candidate wants to know the views of a union leader, she need only

ask him. Candidates can also, without much difficulty, discover their depth of support among union EC members and conference delegations. Once a candidate has this information about principals' preferences, she can tailor her promises towards winning the block votes. The task of discovering the preferences of party members and union levypayers is trickier, and thus costlier in terms of time and resources. Candidates cannot feasibly bargain directly with party and union members; instead, they will need to find out what the members' preferences are, which will require expensive polling. McSmith (1996: 339) observes that '[t]he new electoral system ... allowed Blair to arrive without making bargains or being beholden to sectional interests inside the party.' This is a major consequence of OLOV.

Moreover, since leadership elections are conducted by postal ballot, union members need not attend branch meetings or be active in union affairs in order to be able to vote. This implies that the sort of active campaigning undertaken by Benn in 1981 will be less evidently useful in procuring votes under OLOV. Organisations like the RFMC were more effective when the voters were sitting together in conference halls rather than sitting alone in the privacy of their own homes. A geographically dispersed, atomised electorate necessitates a media-centred campaign, in which imagery and presentation supplant direct bargaining. The collective action problem now consists of persuading levypayers to fill in their ballot papers. Many levypayers have a low propensity to politically activity. Given the 'contracting out' system, some union members may not even realise they pay the political levy at all. We would expect the rate of participation among non-active levypayers to be lower than that of non-active party members. The latter at least have demonstrated their commitment to the party by joining it and paying membership fees. The 1994 contests elicited a turnout rate of just 19.5 percent in the union section (779,426 votes), a figure comparable to turnout levels in internal union elections. By contrast the turnout rate in the CLP section (conducted under an OMOV ballot) was 69.1 percent (Alderman and Carter, 1995: 449).

Earlier, I argued there is a relationship of curvilinear disparity within the unions, with leaders and passive levypayers politically more 'moderate' than activists. Thus, in 1994, Margaret Beckett believed a low turnout in the union section would ensure the over-representation of leftwing activists. When it became clear that she was trailing behind John Prescott, she shifted to the left in order to win these votes, though

ultimately it was to no avail (Alderman and Carter, 1995: 448). But a high turnout in this section should, in theory, benefit the ‘moderates’. A major reason why the Labour right supported membership ballots was that they believed the inactive members of the party and the unions tend to be less radical than the activists. Given the sort of problems that Labour governments have often experienced with the unions, the electoral college as originally designed could have presented an unpopular Labour government with serious difficulties. The unions’ internal ‘consultations’ would involve union officials and activists – the people who might have the greatest hostility towards a Labour government that was embroiled in disputes with unions. In these circumstances, the left might gain more support as it did in the 1981 deputy leadership election, which took place just two years after the fall of the Labour government, and in which one of the candidates was the minister responsible for that government’s economic policies.

However, it is precisely in such situations that OLOV might be expected to neuter the threat of the left. Even if the unions were at loggerheads with a Labour government, May’s law should still apply. There might be some shift to the left given such large-scale mobilisation of workers, but the evidence from the 1974-79 government suggests that most workers saw the disputes in narrowly sectional terms, justifying their own strike action but hostile to that of other groups of workers. This is more likely to be true of generally non-active trade unionists than it would be of activists; yet it is the former group that OLOV enfranchises. A leadership election in such circumstances could find ordinary levypayers resisting the siren call of the left and staying with the ‘moderates’. The blaze of publicity given to a contest to choose a Prime Minister would likely induce a higher turnout rate, which would probably benefit the ‘moderates’.

In the CLP section, OMOV ballots were used in 1994 but minority support within each CLP was now credited to a candidate, with her support being aggregated over all CLPs and thus abandoning the federal principle. The attraction of OMOV ballots for the modernisers is that they enfranchise moderate and inactive members outside the closed ranks of the GCs. These members gain most of their political information from the media, particularly television, so the latter becomes a more important instrument in leadership contests. The personal images of the candidates also assumes greater importance as the inactive members are likely to be interested in attributes other than just policy positions, particularly if each candidate is saying a similar thing. In fact, the

contests of 1994 were rather bland because none of the candidates wanted to attack his or her opponents for fear of damaging the party as a whole.<sup>9</sup>

The need to win the votes of individual party members and levypayers meant inevitably that the media would play an important role in the contests. The media could not cast any votes but their control and transmission of information could influence the votes of others. As Alderman and Carter (1995: 452) observe:

In 1994 the media took the place filled by the union barons in 1992 in immediately identifying a frontrunner [viz. Blair]. The support this generated for Blair and media judgments as to the popular appeal (and telegenic attributes) of various potential candidates appear to have influenced the withdrawal of Robin Cook and Gordon Brown.

It is unlikely that the media could play this role unless MPs themselves were closely involved in briefings and hints. The politicians interact with the media, as shown by the important role played by spin doctors. The 1994 contests took place in special circumstances following the death of John Smith. A moratorium was called on campaigning for a month to allow the party to mourn the former leader but this simply created a vacuum, which was quickly filled by media speculation. There is little doubt that allies of the potential candidates, particularly Blair, were coordinating this behind the scenes. Peter Mandelson allegedly worked clandestinely to promote Blair among journalists and denigrate the chances of Brown.<sup>10</sup> Ideally, the best way to start a bandwagon is to enlist the support of a large group of MPs, including as many (shadow) ministers as possible. (This would be essential because the 12.5 percent nominations barrier would have to be negotiated.) The media would play a more important role than when only MPs chose the leader because they would transmit information to party members and levypayers (Stark, 1996). It would not be enough simply to do deals with MPs though the latter would be important. In a reversal of the old college, the vote of one MP would now be worth 800 party members or several thousand levypayers (Alderman and Carter, 1995: 445). Even so, these figures were nothing compared to the old union block votes. In the new college, even if a candidate trailed behind another in terms of backing from MPs, she could still triumph once the members' postal ballots had been counted.

Thus, the reform of the electoral college had two important consequences. First, the PLP reassumed primary (but not sole) importance in leadership contests, both in its gate-keeping powers over the nominating process and in its ability to shape the contest as a whole, a role they inherited from union leaders under the old college. Second, the reforms resulted in a major strengthening of Labour's unitary membership structures and a consequent crumbling of federalism. In both the CLP and union sections, block votes were abolished and their place taken by individual votes. Not only that, OMOV-OLOV also ended organisational autonomy by aggregating individual votes in each section. Thus, even union levypayers were now integrated into the party on a unitary basis and this helped combat claims about the illegitimacy of the party-union link.

## 7.5 ACCOUNTABILITY AND THE ELECTORAL COLLEGE

The avowed aim of the left in arguing for an electoral college in 1980-1 was to make the leader of the PLP accountable to the entire party. If 'accountability' is understood to mean the leader being subject to control from below regarding the direction of party policy, then the aim of the reformers has been frustrated. The 1980s and 1990s witnessed an unprecedented degree of freedom for Labour leaders over policy and internal party affairs. In this section, I examine some aspects of leadership accountability and how the electoral college failed to ensure it.

### ***Ex Ante* Information and the Electoral College**

In theory, the old block voting system should have scored highly on the criterion of *ex ante* information about candidates because the union leaders would have been familiar with the candidates they were pushing. With hindsight, we can see they misjudged both Kinnock and Smith. If the unions thought these two leaders would be their captives, they would have been disappointed at the way both men sought to reduce union influence in the party. Campaigns in the electoral college provided principals with little insight into candidates' future performance. Under OMOV-OLOV, candidates would not be perfectly informed of principals' preferences, giving them an incentive to shroud their own preferences in ambiguity to avoid alienating potential supporters. Moreover, candidates do not want to alienate voters

by saying anything that can be construed as extreme. In 1994, all three candidates running for the leadership issued mini-manifestos but they were light on substance and all were released late in the contest (Alderman and Carter, 1995).

### **Accountability and Monitoring: The Role of Intraparty Competition**

One of the most important means of holding politicians to their promises is by exposing them to competition from rival politicians. If rivals covet the position held by the incumbent, they will have an incentive to monitor him in the hope of finding evidence of shirking or incompetence, and thereby oust him. If two rivals in the same party fight each other, they must consider not only the private benefits of scoring points against one another, but also the collective costs of party disunity. Disunity is a collective 'bad' for the party but there may be a collective action problem in producing the collective good of 'unity'. If rivals believe they could gain more than they would lose from attacking each other, the situation could be a prisoner's dilemma, in which both attack each other and the party appears split – to the detriment of both rivals. The payoffs from mutual defection (party disunity) fall during the run-up to an election but can rise after an election, especially after a defeat. The desirability of party unity can hamper the efforts of politicians trying to hold the leader to account. This may often lead to 'whispering campaigns' rather than outright public attacks, though even the former can have a debilitating effect on a party and its leader.

The extent to which divisions *need* to be made public is itself variable and can depend on the method of choosing the leader. This helps us isolate one reason for the frequent observation that the electoral college has transformed the position of Labour leader into a sitting tenancy. When MPs choose the leader, rivals can monitor the incumbent's performance without needing to make frequent use of the media to publicise shirking. There may be leaks and briefings but a rival politician need only make sure that *other MPs* are aware of the shirking, reducing the disunity costs of disseminating hostile information about the incumbent. By contrast, such costs are considerably higher when leaders are elected by the present college. If rival politicians want to draw attention to underperformance by the incumbent, they must let the mass of party members know, which will unavoidably involve utilising the media. If there remains the same desire not to publicise party divisions, competition among politicians as a mechanism for preventing shirking is blunted. Moreover, the

rivals' reticence in using the media too overtly will make it more difficult for them to build a base of support among ordinary members.

### **Mobilisation Costs**

A major reason why the electoral college has failed to hold Labour leaders to account is that it increased the costs of mobilising against the incumbent, particularly after the twenty-percent nomination rule was introduced. When MPs alone chose the leader, there was always the option of a quick coup against an incumbent who had outstayed his welcome – an option the Conservatives used to particular effect in 1975 and 1990. Mrs Thatcher's parliamentary colleagues deposed her in just three weeks. All that was needed was dissent among a sufficiently large group of MPs together with a credible candidate willing to stick his neck out. Organising a coup in the block vote electoral college would have been difficult. A challenger would need to secure the nominations of twenty-percent of the PLP, a considerable hurdle given that about a third of MPs were recipients of patronage from the incumbent in the form of front bench positions. The number of those hoping for patronage would comprise another significant portion of the PLP. A further obstacle was that all potential candidates knew they would have to secure the block votes of some of the big unions. The latter would have their own reasons for not wanting to destabilise the party, and they would frown on leftwing challenges. Hence, even if challengers could secure the backing of some MPs, they could not count on the unions. This knowledge would have presented a considerable mobilisation problem to those who wanted to depose their leader, since they would have to mobilise a fifth of the PLP and obtain information about the preferences of the major union leaders.

The electoral college is too clumsy to be of much use in controlling Labour leaders. It is costly for politicians to operate it and with the shift to OMOV, only the most serious challenges will be contemplated since hundreds of thousands of pounds will need to be spent balloting. As more and more unions and CLPs shifted away from executive-level decisions to some form of mass balloting, the costs began to rise. Indeed, the AEEU chose not to hold a ballot in the 1992 contests because the result was already clear and did not justify the expense of a postal ballot. The candidates also ran up considerable costs as they produced campaign literature and travelled up and down the country for meetings and debates. The total cost of

balloting conducted in CLPs and unions in 1988 amounted to £500,000, while candidates spend, on average, over £10,000 each (Stark, 1996: 122).

This all helps the leader because under systems where only MPs can vote, it is possible for a non-serious ‘stalking horse’ candidate to challenge the incumbent in the hope of damaging him and opening up the field for a more serious challenger. The most famous example of this occurred in 1989 when Sir Anthony Meyer challenged Mrs Thatcher for the leadership of the Conservative Party. Meyer knew he had no chance of winning but used the campaign to argue that Thatcher was an electoral liability. Sixty MPs (out of 374) failed to support the leader. Her defences had been breached, and the following year she faced a serious challenger in Michael Heseltine. Thatcher failed to win the requisite number of votes to win outright on the first ballot and resigned. Given the expense involved in electoral college contests, such a step-by-step approach to dislodging the Labour leader is unfeasible.

However, while the electoral college makes challenges *costly* it does not make them impossible. Benn *did* challenge Healey in 1981 and Prescott challenged Hattersley in 1988. Benn’s 1981 challenge in particular showed that ultimately, the key factor is not the method of selection, important though it is, but the balance of political forces in the party. Benn was able to challenge Healey because the left was at its high-water mark in the Labour Party during 1980-1. Indeed, the switch to the electoral college *encouraged* Benn to challenge Healey because it enfranchised those sections of the party controlled by the left. In the future, it *will* be possible for a politician to challenge a Labour leader in the OMOV-OLOV electoral college – but only if the leader is performing extremely poorly or the party is ideologically polarised. If a sizable section of the PLP deserted their leader, a contest would be possible, but given the rules and the expense, it would have to be a serious challenge. If it reached that stage, the incumbent might well stand down so that one of his allies could fight for his position.

### **Legitimacy Contra Accountability?**

A further factor that helped entrench incumbents after the adoption of the college was the winning candidates’ enlarged base of legitimacy. A political actor can utilise the legitimacy underpinning her position as a power resource (Harsanyi,

1980: 168; Dowding, 1991: 71; 1996: 64). The fact that Labour leaders were, after 1980, elected by sections representing the entire party, and not just by MPs, gave them greater authority (Garner and Kelly, 1993: 181). The Labour MP, Stan Orme, warned Benn not to stand for the deputy leadership in 1981, arguing that a contest would 'elevate the electoral college above the Conference, because if Healey wins he will cite the college as proof that he has support' (Benn, 1994: 120). After Kinnock beat Benn in 1988, he claimed the result gave him a mandate to lead the party as he chose (Heffernan and Marqusee, 1992: 103). The emphasis has increasingly shifted away from accountability to 'legitimacy', particularly with the introduction of OMOV-OLOV. It is noteworthy that when the Conservative Party switched in 1997 to a version of OMOV for electing its leader, William Hague emphasised how this would give the leader greater *legitimacy*. There was no mention of accountability.

However, the three-way division of the college can also create *problems* of legitimacy. Every victorious leadership candidate in the college won at least a majority in two sections and a plurality in the third. In the deputy leadership election of 1981, however, Healey won majorities in the PLP and union sections but received the votes of only a fifth of the CLPs. This called into question his legitimacy among ordinary members. Benn narrowly lost that contest, by 0.8 percent but if four more MPs had voted for him he would have won. If that had happened, Benn would have become deputy leader despite Healey winning big majorities in two sections (the PLP and union sections). It is hard to see how Benn could have claimed legitimacy in such circumstances. Therefore, we should be wary of saying that the electoral college always bestows legitimacy on the winners.

### **The Frequency of Contests**

The left believed that by making contests annual events, it would be easier to keep leaders on their toes and reduce shirking. Yet despite the provision for annual contests, challenges to incumbents have been rare. Time and cost were major considerations though so was the lack of appetite among MPs and union leaders to see constant intraparty turmoil. Without annual contests the electoral college has tended to lead to the inauguration of victors with little subsequent accountability to the members. Evidence of what can happen with regular contests was provided by the deputy leadership contest of 1994 which saw the incumbent, Margaret Beckett,

decide to run again just two years after being elected. The occasion for this decision was the death of Smith. Beckett suggested that a deputy leadership contest should be held simultaneously to avoid the expense of a possible challenge to her in the autumn should she have decided to stay on as deputy. In addition, she wished to run in the leadership contest making it proper for her to resign her old post first. However, the gamble did not pay off and Beckett was defeated in both contests. It is difficult to compare the figures for 1992 and 1994 owing to the 1993 reforms but even this could probably not explain the fact that in both the CLP and union sections, Beckett's support fell by more than twenty percent in 1994 compared to 1992. One possible explanation for the haemorrhaging of her support was the ambivalence of her backing for Smith over OMOV at the 1993 annual conference. John Prescott made a last-minute speech in favour of OMOV and the leadership narrowly won the vote but afterwards, modernisers accused Beckett of disloyalty, suggesting she was making a play for the support of union leaders in the event of a Smith resignation (Rentoul, 1995: 341). It is possible that Prescott was being rewarded and Beckett punished for the OMOV dispute of 1993. If this were the case, 1994 contests were a way of holding Beckett accountable for her actions and rejecting her on that basis. If the college had been used more frequently, this sort of occurrence might have happened more often.

## 7.6 CONCLUSION

The transformation of the electoral college mirrored the other organisational changes during the 1980s and 1990s in that the dual aim of the 'modernisers' was to erode leftwing power in the CLPs and reduce the visibility of the unions. These reforms mainly concerned the selection screen but other reforms, such as the 'twenty-percent rule' impacted on the nomination screen. By enfranchising individuals rather than organisations, OMOV and OLOV represented a big shift towards unitarism in the Labour Party. The reforms were also part of the project to produce an organisational structure that would facilitate an office-seeking electoral strategy. Writing in the aftermath of Blair's election as leader in 1994, Alderman and Carter (1995: 453) observed: 'The party now has a system more attuned to producing a leader possessing the characteristics required to win over uncommitted voters in a general election.' It did this by undermining the ability of intraparty principals to hold the leader to account. As with other reforms, the modernisers eased the

transaction costs facing the leader in his dealings with voters and imposed them on party members in terms of increased mobilisation costs. This is likely to be important now that Labour is in office. Labour governments have often felt the strains of governing though a Labour Prime Minister has never been challenged for his position. The new electoral college makes this even less likely since neither Cabinet rivals nor union leaders can be sure that a putsch would be successful.

Contrary to expectations the electoral college contributed to the centralisation of power, leaving party leaders largely autonomous of the members from the moment the ballots are counted. Thus, as Margaret Beckett once remarked, the electoral college 'has had, in a sense, almost the reverse effect of what some of its proponents intended' (cited in Stark, 1996: 66). Unwieldy, time-consuming and expensive mechanisms are inadequate in permitting on-going control over leaders. Possibly the only occasion during the last twenty years when the electoral college seriously constrained a party leader was in 1988 when Kinnock reined in his attempts to abandon Labour's unilateralist defence policy for fear that union votes in that year's deputy leadership contest might be switched from Hattersley to Prescott, an act that would have damaged the leader himself. Even then, the constraint was temporary as Kinnock changed the policy the following year.

A more important distributive consequence of the OMOV-OLOV reforms has been on the *types* of politicians who may succeed in the college. Benn would have had no chance of coming so close to securing the deputy leadership under the system of MP selection. Equally, Blair's victory in 1994 owed a lot to the reform of the college the previous year. It is inconceivable that a candidate as rightwing (in Labour terms) as Blair could have won majorities in every section of the party at any other point in Labour's history. That he did so in 1994 reflected the desperation at all levels for electoral success. Yet even here, we must bear in mind that Blair was not elected by, and did not have to win, union block votes. As we have seen, union leaders quickly installed frontrunners in the two previous 'open' contests in the electoral college in 1983 and 1992, and they opted for people they thought they could trust on union interests (even though this trust was misplaced in both cases). Had they retained their block votes in 1994, it is tempting to speculate they would have reverted to type, looking for a labourist candidate they could trust and then building up a bandwagon of support behind him/her. On the basis of past records, it is

questionable whether that frontrunner would have been Blair, given his well-known support for OMOV and his pre-emptive move as Shadow Employment spokesman in 1989 against the retention of the ‘closed shop’. It is possible that more support might have been forthcoming for Prescott and Beckett, but if it were felt that a modernising voter-friendly candidate were needed who nevertheless retained labourist credentials, Gordon Brown might have been the beneficiary. It is possible (though unprovable) that the shift to OLOV in the union section was responsible for Blair, rather than Brown, becoming Labour leader.<sup>11</sup> If that is so, the reformed college may have played an important role in determining Labour’s trajectory after 1994.

## Appendix 1 to Chapter 7

### Procedures for Challenging a Labour Leader

Electoral college 1981-93		Electoral college 1993-	
<i>In opposition</i>	<i>In government</i>	<i>In opposition</i>	<i>In government</i>
Challenger secures backing of 5% of PLP. <sup>a</sup>	Challenger secures backing of 5% of PLP. <sup>a</sup>  Principle of contest approved by two-thirds majority at the party conference.	Challenger secures backing of 20% of PLP. <sup>c</sup>	Challenger secures backing of 20% of PLP. <sup>c</sup>  Principle of contest approved by two-thirds majority at the party conference.
Following 6 months: votes of MPs and CLP and trade union block votes sought. <sup>b</sup>	Following 3 months: votes of MPs and CLP and trade union block votes sought. <sup>b</sup>	Following x months: votes of MPs/MEPs, individual CLP members and individual trade union members sought. <sup>d</sup>	Following x months: votes of MPs/MEPs, individual CLP members and individual trade union members sought. <sup>d</sup>
Party conference: electoral college votes collated (30% PLP (open ballot); 30% CLPs; 40% affiliated organisations) and result announced.	Special party conference: electoral college votes collated (30% PLP (open ballot); 30% CLPs; 40% affiliated organisations) and result announced.	Party conference: electoral college votes collated: (33.3% PLP/EPLP (open ballot); 33.3% individual CLP members (national aggregate); 33.3% individual trade unionists (national aggregate). Result announced.	Special party conference: electoral college votes collated: (33.3% PLP/EPLP (open ballot); 33.3% individual CLP members (national aggregate); 33.3% individual trade unionists (national aggregate). Result announced.

Sources: Garner and Kelly (1993: 177); Stark (1996: 176-8).

Notes: <sup>a</sup>: Increased to 20% in 1988.

<sup>b</sup>: From 1989, CLPs' block votes had to be preceded by ballots of individual members.

<sup>c</sup>: 12.5% in the event of a vacancy arising from resignation or death of incumbent.

<sup>d</sup>: Individual trade unionists must belong to a union affiliated to the Labour Party, indicate on their ballot paper their support for Labour and confirm that they do not belong to another political party.

## Appendix 2 to Chapter 7

### **Electing the Extraparliamentary Leadership: The NEC**

Internal elections are held for Labour's ruling body, the NEC, as well as for the national constitutional committee (NCC), which is in charge of intraparty discipline. The unions' block votes largely decided the composition of both bodies. The NEC has undergone changes in the period under discussion, reflecting both the centralisation of power and the shift towards individual members. In this appendix, I consider the changes made to the way in which NEC members are elected.

In 1982, Kavanagh (1982: 206) wrote that the 'present structure of the NEC defies any coherent theory of representation'. Its structure was a compromise reflecting the different stakeholders in the Labour Party but from its earliest years its election was dominated by the unions. Initially, the unions had seven seats to the socialist societies' five (out of a total of 12), rising to 13 out of 23 in 1918 by which time the new CLPs took five and the women's section four. However, the entire NEC was now elected by the whole party conference, dominated as it was by the unions and it was not until 1937 that the CLPs won the right to choose exclusively their own candidates. With a few minor changes, that is how things largely remained until 1998, by which time the NEC had 29 members, of which twelve were trade unionists and seven were elected by the CLPs, but with the unions, via the party conference, controlling the election of 18 places (see Table 7.3). However, the unions rarely used the NEC for factional purposes, preferring to permit autonomy to the PLP and play a largely supportive role, protecting the leadership from the left and intervening only when their own interests were at stake, e.g. strikes, but also Gaitskell's attempt to change Clause IV. The variegated manner of its election helped insulate the NEC from overt control unless the unions acted jointly.

The CLP section of the NEC was smaller than the union section but its members tended to play leading roles on the executive because they were usually

(though not always) MPs. The PLP was not represented on the NEC at all, reflecting its institutional detachment from the extraparliamentary party. Since leftists often dominated the CLPs so the MPs elected to the CLP section tended to be from the left of the PLP. Thus, the leftist supporters of Anuerin Bevan swept the constituency section in the 1950s (while remaining a minority on the NEC as a whole) and what would come to be called the Bennite left did the same in the 1970s. Since Labour (shadow) cabinets were dominated by the party's centre-right, it was rare to find individuals who sat in the (shadow) cabinet and the NEC, other than the leader and deputy leader, with the result that the NEC could often be home to virtually a 'shadow' party leadership. The provision for annual elections was an effective means of maintaining accountability among these MPs, as the veteran leftwinger, Ian Mikardo discovered in 1978 when his perceived backsliding on promises over mandatory reselection was punished with his removal from the NEC (see Panitch and Leys, 1997: 144). Interestingly, elections are to become biennial affairs from 2002.

Given that NEC elections offered the left an annual rallying cry and demonstration of strength, it is not surprising that they became a focus of the reforming ambitions of the modernisers in the 1980s when Kinnock introduced OMOV to the CLP section (replacing block voting by CLP delegates to the party conference). Since this did not infringe on union prerogatives in any way, no union opposition was forthcoming and only the hard left objected. OMOV ballots were made compulsory in 1990 and quickly precipitated a clear-out of the left (Shaw, 1994: 118-20). The hard left was not as well represented among the passive members as it was among GC members. Furthermore, the inactive members were more reliant on the mass media for information about the candidates, so shadow cabinet members could expect to benefit from their higher media profiles.

However, it would be wrong to conclude that OMOV permanently frustrated the Labour left. In 1997, Ken Livingstone defeated Peter Mandelson in what was widely seen as a head-to-head battle. Even if they are more moderate than activists, most Labour members are soft left, and certainly further to the left than floating voters. Moreover, the following year's elections, the first under new rules prohibiting MPs from standing in the CLP section (see below) saw the formation of a leftist slate called 'the grassroots alliance'. A number of members on the slate had some profile among Labour members and received considerable exposure in the national media,

gaining the backing of a *Guardian* editorial – a newspaper read by many Labour members. The slate won four of six seats available in the CLP section.

Labour's leaders reformed the NEC in the 1990s to avoid a return to the open warfare of the 1970s. A consultation document, *Partnership in Power* (passed by the 1997 conference) set out a new relationship between the NEC and the government, a partnership in which governing was left to the government. As part of this reform process, the composition of the NEC was altered (see Table 7.3) and its role redefined as being 'to provide a strategic direction for the party as a whole and to maintain and develop an active party in the country, working in partnership with the party's representatives in Parliament, the European Parliament and local government to secure the party's objectives' (Labour Party constitution (2000), Clause VIII(3)). The NEC's policymaking powers have been usurped by the NPF, consigning the NEC to managerial functions and neutering it as a channel for intraparty 'voice'.<sup>12</sup>

**Table 7.3 Electing the NEC**

Section	NEC 1972-97		NEC 1998-	
	No.	Method of Election	No.	Method of Election
<i>Leader</i>	<b>1</b>	<i>ex officio</i>	<b>1</b>	<i>ex officio</i>
<i>Deputy leader</i>	<b>1</b>	<i>ex officio</i>	<b>1</b>	<i>ex officio</i>
<i>Treasurer</i>	<b>1</b>	party conference ballot	<b>1</b>	party conference ballot
<i>Trade unions</i>	<b>12</b>	ballot of unions at party conference	<b>12</b>	ballot of unions at party conference
<i>CLPs</i>	<b>7</b>	GC block voting*	<b>6</b>	OMOV ballot
<i>Socialist societies</i>	<b>1</b>	ballot of socialist societies at party conference	<b>1</b>	socialist societies at party conference
<i>Young Labour</i>	<b>1</b>		<b>1</b>	Young Labour conference
<i>Women</i>	<b>5</b>	party conference ballot	--	
<i>Government</i>	--		<b>3</b>	
<i>PLP (incl. EPLP)</i>	--		<b>3</b>	PLP/EPLP ballot
<i>EPLP leader</i>	--		<b>1</b>	<i>ex officio</i>
<i>Local government</i>	--		<b>2</b>	Association of Labour Councillors
<i>Black socialists' society</i>	--		<b>1</b>	National Black Socialist Society conference
<b>Total</b>	<b>29</b>		<b>32</b>	

Source: Labour Party (1997: 9). \* Compulsory OMOV ballots in CLP section from 1990.

Under the new structure, the executive was expanded from 29 to 32 members. The union section was frozen at 12 members while the CLP section was reduced to six. The women's section was abolished altogether but in its place was introduced a provision setting out minimum quotas for the numbers of women elected to each separate section (6 in the union section, three in the CLP section and a minimum of 12 on the NEC as a whole). MPs would no longer be eligible to stand for election in the CLP section, which would be reserved for ordinary activists. Instead, MPs would have their own section, which would elect three members, and there would also be three places for members of the government. The significance of this reform is that it prevents CLPs from voting a slate of high-profile leftwing MPs onto the NEC year after year, causing trouble for the leadership (see also Bale, 2000: 284). MPs selected from the PLP and government sections would reflect the traditional dominance of the centre-right in those bodies. Those members elected on the CLP section might be lesser-known figures with few contacts and resources, lacking the confidence to tackle the government. In the event, the 'grassroots alliance' slate performed well and chose figures who, if not well known outside the Labour Party certainly had some following inside it. Moreover, the PLP section has chosen the leftwing MP, Dennis Skinner to be one of its representatives. Nevertheless, the NEC has lost many of its powers and it has not shown much inclination to take on the government.

An interesting feature of the NEC in its present form is the diminished power of the unions. Their twelve seats now represent a smaller proportion of the overall NEC. Other than their own section, the only other NEC member whose election they participate in is the treasurer, the only position that is subjected to a vote of the entire party conference. Thus, in the mid-1990s the unions could determine 18 out of the 29 NEC seats (62 percent) but by 1998 that was down to 13 out of 32 (41 percent). This was in keeping with reforms in other areas of the party. Even so, some modernisers had set their sights on removing the union section completely but the unions successfully fought off such changes (Alderman and Carter, 1994: 332-3). The experience of the electoral college is that a 40 percent share of the votes is extremely useful and will enable the unions to protect their interests.

## **The National Constitutional Committee**

The National Constitutional Committee (NCC) was formed after Kinnock's battle with the ultra-left Militant Tendency in the mid-1980s, sitting for the first time in February 1987. The need for it arose after a legal ruling that the NEC had violated natural justice by acting as prosecutor, judge and jury against party members who were accused of belonging to Militant and who thus faced expulsion from the party. The NCC was intended to take over the judicial function while the NEC would retain its role as 'prosecutor'. Despite its title, however, the NCC did not have control over the interpretation of Labour's constitution, which remained with the NEC. Instead, it would play a narrow role in disciplinary matters, though even then this would relate mainly to individuals. The NEC retained control over disciplining affiliates and CLPs, which was considered essential for the purpose of party management (Shaw, 1988: 281).

There is no need to go into great detail on the NCC's functions and operation (see Shaw, 1988: 280-5) though its control of some sanctioning rights is an important intraparty resource. Like the NEC, the NCC was elected by four different sections. It would have eleven members, five of whom were chosen by the unions, one by the socialist societies, three by the CLPs and two from the women's section, elected by the entire party conference. This gave the unions control over seven of the eleven seats (64 percent), reflecting their strength at the time on the NEC. Subsequent years saw the extension of OMOV in the CLP section for NCC elections.

# 8 Organisational Resources: Supply and Demand

## 8.1 INTRODUCTION

The basis of the exchange model is that parties demand resources in order to campaign for election and that individuals and organisations supply resources in return for policy promises and other benefits. This chapter looks at both sides of this supply and demand problem. Issues of funding and campaigning are often neglected in studies of the distribution of power in parties but they must be considered because they impact on exchange relations. This chapter does not offer a comprehensive account of Labour's finances or its campaigning methods. Instead, the aim is to provide a brief description of these aspects of the party in order to gain further insight into Labour's structural transformation.

In the first part of this chapter, I examine the supply-side, describing the main resources 'traded' in the Labour Party. This is a largely empirical endeavour, charting changes in the supply of different types of resources. I follow Webb (2000: 218-51) in distinguishing three main resources: funding, members and staff. These are assessed in turn in sections 8.2, 8.3 and 8.4, and changing trends are identified, specifically, a reduced dependence on union resources (section 8.5). In the second part of the chapter, I examine Labour's shift from a labour-intensive campaign technology to a capital-intensive one, drawing out the consequences for exchange relations. In section 8.6 I provide a theoretical framework for analysing political communications, which adds a dynamic element to the exchange model. I then set out the history (section 8.7) and techniques (8.8) of Labour's communications revolution. Section 8.9 concludes.

## Part I. Resources

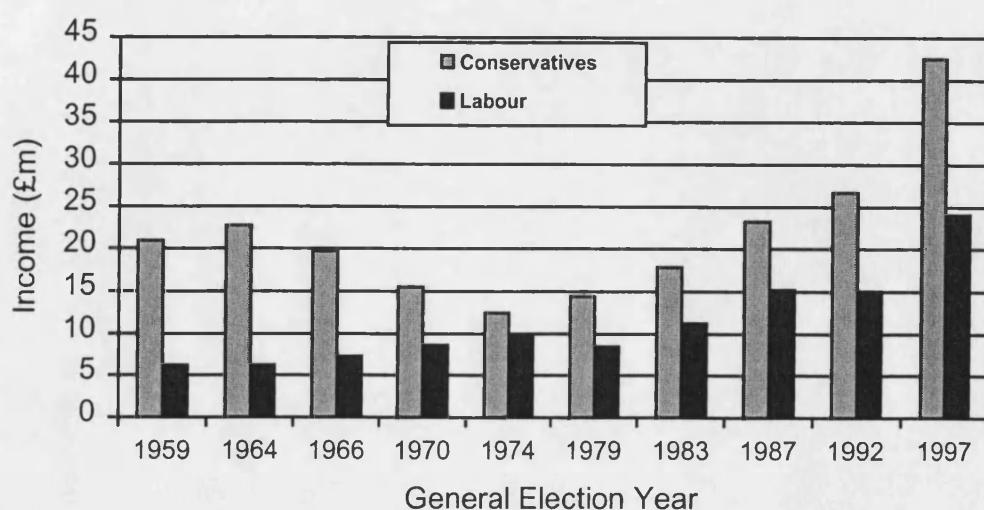
### 8.2 FUNDING

All main parties need a substantial supply of funds. This financial imperative becomes greater over time as the costs of campaigning rises. In the UK there has been a significant upward trend in the costs of elections over the last decade.<sup>1</sup> This is reflected in the growth in the main parties' expenditure and income (Table 8.1, Figures 8.1-2).<sup>2</sup> As Labour's demand for funds has risen, it has broadened its funding base. This section looks at three sources: unions, individuals and the state.

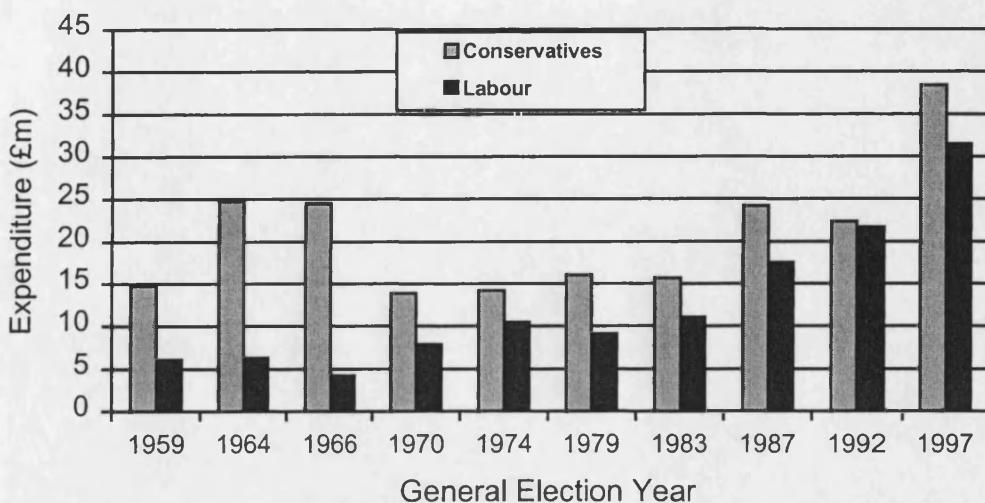
**Table 8.1 Labour Party National Head Office Income and Expenditure, 1959-97**

	Nominal money terms		Real terms (1997 prices)	
	Income £	Expenditure £	Income £	Expenditure £
1959	498,000	485,000	6,225,000	6,062,500
1964	573,000	583,000	6,228,510	6,337,210
1966	725,000	420,000	7,250,000	4,200,000
1970	1,034,000	948,000	8,613,220	7,896,840
1974	1,781,000	1,865,000	10,009,220	10,481,300
1979	3,113,000	3,358,000	8,467,360	9,133,760
1983	6,200,000	6,100,000	11,284,000	11,102,000
1987	9,843,000	11,300,000	15,256,650	17,515,000
1992	13,200,000	19,000,000	15,048,000	21,660,000
1997	24,100,000	31,500,000	24,100,000	31,500,000
Change 1959-97			+287%	+420%

**Figure 8.1 Main Parties' Head Office Expenditure 1959-97 (1997 prices)**



**Figure 8.2 Main Parties' Head Office Income 1959-97 (1997 prices)**



Source for Table 8.1 and Figures 8.1-2: Webb (2000: 232-3, Tab. 8.1).

### Affiliation Fees and Donations

Most of Labour's funds have historically come from the trade unions. Union money has come mainly in the form of affiliation fees, reflected in block votes, and special donations to general election campaigns. Affiliation fees come out of the political levy that individual trade unionists pay, though most unions do not hand over all of the levy to the Labour Party, keeping some for union campaigns.<sup>3</sup> Each year, unions pay into Labour's General Fund a uniform affiliation fee for each levypayer they affiliate to the party. In 1980, union affiliation rates stood at 32 pence per member per year. By 1987, this figure had risen to £1.45 in 1991 and £2 in 1998. Over the same period, the CLPs paid a lot more per member: £5.30 in 1989, compared with £1 for unions. This stemmed from a policy of trying to extract more money from individuals after 1980 (until then, CLP affiliation rates were the same as those for unions) as unions initially resisted big increases in affiliation rates. The unions also made additional payments to Labour's General Election Fund, totalling £2,183,000 in 1983 and £3,760,000 in 1987 though Labour is less expansive on the details of these donations (Webb, 1992a: 21; see also Webb, 1992c).

The early-mid 1980s saw a marked increase in Labour's financial and organisational dependence on the unions, not surprising given its falling individual

membership and poor electoral performance. Affiliation fees increased by 80 percent in real terms between 1979 and 1987, and while Labour's affiliated membership fell by 11 percent between 1979 and 1988, the actual decline in levypaying members (due largely to mass unemployment) within the unions was 29 percent. Thus, the unions softened the blow of their own falling memberships by affiliating to the party at 105 percent of their actual level (Webb, 1992a: 24). The vigour with which the unions mobilised support to retain their political funds in 1985-6 underlined their commitment to the financial well-being of the Labour Party. A change in the law introduced by the Thatcher government stipulated that union members must vote every ten years to decide whether their organisations should have political funds (which finance the Labour Party). All the ballots held in the 1985-6 period produced comfortable 'yes' votes, though this was partly because the unions' links with Labour were downplayed (see Minkin, 1992: 562-82; Taylor, 1987: 205-34; Webb, 1992a: 24-30). It is noteworthy that these ballots marked the start of an increasing emphasis on individual levypaying trade unionists that would produce innovations such as the 'levy-plus' scheme to recruit union members into the party as individuals, as well as the endowment of voting rights in Labour leadership contests. Increased levypayer involvement diluted Labour's federal structure by switching the emphasis from corporate bodies to individuals. It also increased the legitimacy of union funding (Fisher, 1992: 120), helping to blunt Conservative attacks.

The formation of pan-union organisations such as Trade Unions for a Labour Victory (TULV) in 1978 and Trade Unionists for Labour (TUFL) in 1986 confirmed the unions' pre-eminent position in the party. TULV encompassed most of the main unions and helped coordinate Labour's election strategy on the ground by mobilising union staff to work for the party and encouraging union members to vote for Labour. It provided staff to regional Labour bodies and raised money for the party, for example by establishing a levy of 10 pence per affiliated member to contribute towards Labour's election fund in 1983 (Webb, 1992a: 47). TUFL was a similar kind of body and was set up after the political fund ballots to try to build on their success. TUFL's main task was to reactivate party-union relations at the grassroots. During the 1987 general election, it provided union staff, resources and transport to aid Labour in targeted constituencies though it made little long-term impact in recruiting union members as individual party members (Minkin, 1992: 579).<sup>4</sup>

If the 1980s saw the unions increase their financial burden, the 1990s saw the reverse. As Labour's modernisation increased in the early 1990s, the unions contributed a declining proportion of its income while individual donors contributed more (Table 8.2). The party told the Neill committee's investigation into party funding<sup>5</sup> that most of this came from small donations (classified as being less than £5,000) though in the period 1992-97, about a third of donations were large (over £5,000). The proportion coming from the unions declined from 66% of total net income in 1992 to 35% in 1996, to 40% in 1997 (Neill, 1998: 231). The figure for 1992 was itself a considerable decline on previous years. Minkin reports that the unions provided 89% of Labour's funds in 1978 – a postwar peak, falling to 73% in 1987. The unions were also providing up to 95% of Labour's general election fund in the early 1980s (Minkin, 1992: 509, 533).

**Table 8.2 Labour Party Annual Income (£ millions)**

	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997*</b>	<b>Total</b>
<b>Subscription</b>	1.6	1.7	1.9	2.5	2.1	1.9	11.7†
<b>Affiliation fees</b>	7.1	6.9	6.7	6.8	6.9	6.4	40.8
<b>Donations</b>	3.5	3.0	3.7	4.2	10.1	14.5	39.0
<b>Commercial</b>	0.3	0.4	0.4	0.5	0.6	0.4	2.6
<b>Other</b>	0.7	0.8	1.0	1.1	1.8	0.9	6.3
<b>Total</b>	<b>13.2</b>	<b>12.8</b>	<b>13.7</b>	<b>15.1</b>	<b>21.5</b>	<b>24.1</b>	<b>100.4</b>

\* Estimate † Accounting conventions for subscriptions changed between 1992 and 1997.

Source: Neill (1998: 30, Table 3.1)

However, the resources made available to Labour by the unions are more than simply financial. Until 1918, Labour's local campaign network consisted entirely of local union branches and they continued to play an important role long after that, supplying personnel to the party during election campaigns and permitting the use of union buildings and offices. It is difficult to quantify these 'gifts in kind', as the Neill committee discovered when it questioned union leaders in 1998. Furthermore, Labour can also benefit from union campaigns that are formally independent of the party. In its submission to the Neill committee, the Conservative Party claimed:

[T]he trade unions contribute substantially more to the [Labour] Party's finances than is suggested in the Party's accounts. Donations in kind – in terms of staff, equipment, advertising and

campaigning – are worth millions of pounds a year to the Labour Party. According to our estimates, in the six months up to 1<sup>st</sup> May 1997, the trade unions spent £7.3 million campaigning for Labour yet none of this needs to be declared in Labour's accounts. In 1996, trade unions affiliated to Labour spent over £14 million on political activities – £7.7 million was given directly to Labour but more than £6 million was spent by the unions themselves (Neill, 1998: 238).

It may be that these estimates are inaccurate and that much of the money spent by the unions on political activity would not have been beneficial to Labour. Nevertheless, there is little doubt that Labour benefits to some extent from donations in kind and from union political campaigns: in the election year of 1997, UNISON ran a public campaign for a national minimum wage, a policy supported by Labour and the Liberal Democrats but opposed by the Conservatives. (Though the present Labour government is also currently the target of campaigns by unions regarding the use of the private sector in the running of public services.) In their evidence to the Neill committee, union leaders defended their right to engage in political campaigning, including advertising, during election campaigns and insisted that caps on party spending should not prevent them from undertaking such campaigning. The committee eventually recommended that individual unions be permitted to spend up to £1.5 million during general election campaigns.

### **State funding**

There is no generalised state funding of parties' organisations in the UK – for the most part, parties have relied on individual subscriptions and donations, and donations by the factors of production, capital and organised labour. Nevertheless, since 1975 there have been limited state funds available for *opposition parliamentary parties* to enable them to engage in research and thus 'shadow' the government. This 'Short money' (see Chapter 5, note 6) is calculated on the basis of seats and votes won, and initially was capped at an upper limit, though this cap was removed in 1987. In 1998, the Neill committee recommended raising the value of Short money by a factor of 2.7, though by then Labour was in government and no longer eligible to receive it. Short money was a valuable source of funds to Labour under Kinnock (see Table 8.3). He used it to fund his leader's office and provide research support

for frontbenchers. An attempt by the left-dominated NEC in the early 1980s to put Short money under NEC control was successfully fought off by the shadow cabinet.

**Table 8.3 'Short Money' to the Parliamentary Labour Party, 1980-97**

Year	State subvention (£)	Year	State subvention (£)
1980	227,500	1989	839,709
1981	290,000	1990	839,709
1982	290,000	1991	839,709
1983	296,497	1992	946,250
1984	317,056	1992-4*	1,577,344
1985	440,355	1994-5	1,331,173
1986	440,355	1995-6	1,408,542
1987	436,669	1996-7	1,446,771
1988*	883,136	1997 (Apr) †	121,959

\* Formula changed. From 1993 funding years ran from 1 Apr to 31 Mar (previously, 1 Jan to 31 Dec). From 1993, funds were also made available for travel expenses (totalling about £100,000 p.a. for all parties). These sums are not included in the above figures.

† Payment for 01-04-97 to 30-04-97 only. After that date Labour was no longer eligible for Short money, having entered government on 01-05-97.

Sources: Webb (1994: 123, Table 5.3); Winetrobe and Clements (1993: 16); Walker (2001: 34). This latter source provides the formulae from which the figures for 1995 onwards were calculated by the present author.

The notion of state funding of parties has been highlighted by recent discussions of 'cartel' parties (Katz and Mair, 1995). From the perspective of the exchange model of parties, state funding is a crucial development because it involves the provision of valuable resources without the requirement for party leaders to provide policy concessions or other benefits to the donor. For this reason, state funding became an attractive potential long-term goal for some Labour modernisers and has again recently been floated by Labour's General Secretary and some ministers in the light of heavy membership loss since 1996 (see below) and increasing allegations of 'sleaze' regarding the undue influence of wealthy donors (Wintour, 2002b). However, the major constraint has been that the public may not tolerate it. The UK possesses an entrenched political culture that encourages scrutiny of public expenditure and outcries over perceived waste. The public might tolerate parties 'wasting' their own money on extravagant campaigns but not that of

taxpayers. Nevertheless, Short money was a useful addition to PLP finances, enabling it to begin overhauling Labour's policies in the 1980s. The recent increases will prove useful to the next Labour opposition leader though even this would be nowhere near sufficient to reduce Labour's reliance on individual and organisational donors.

## Conclusion

At the start of the 1980s, Labour was a largely trade union-based party, financially and organisationally. That has now changed. Webb (2000: 237) states that '[i]n 1983, some 96% of all central party income (including General and General Election Funds) could be traced to the unions ..., but within a decade no more than two-thirds could and by 1997 the figure stood at just 40%...' This conceals a lot of other factors, as mentioned above, yet there is little doubt that Labour's financial reliance on the unions has greatly reduced to the extent that rather than being a largely union-based party, it is now a party with a significant though minority union financial base. Even Labour's general election fund is no longer reliant on the unions to the extent it once was. The Electoral Commission reported that Labour received donations for the 2001 general election campaign totalling £6.1 million from three wealthy individuals (as well as other large donations from other individuals in business and the arts),<sup>6</sup> while the unions collectively donated £6 million for the campaign. The unions' contribution was expected to fall to 35 percent of Labour's total election spending – half the figure for 1992 (Hencke, 2001). Large donations, together with more small donations, have provided a sorely needed boost to party income. Furthermore, Labour's status as the governing party makes it attractive to corporate donors, who have played an increasing role in offering sponsorship for Labour's annual conference and other events run by the party, all presumably in the hope of obtaining access to, and a sympathetic ear from ministers. Although ministers are sensitive to charges that wealthy donors and big business can 'buy' policy outcomes, there would appear to be little incentive for such donations to be made unless favourable outcomes were the intention. The head of Formula One, Bernie Ecclestone's £1 million donation to Labour was followed by an exemption for Formula One from the ban on tobacco advertising in sport (though the ensuing controversy led to the donation being returned). More recently, the steel magnate

Lakshmi Mittal, a Labour donor, was the beneficiary of prime ministerial lobbying of the Romanian government for British access to the Romanian steel market.<sup>7</sup>

However, union funds are not surplus to requirements. Donations from individuals and business donors may dry up as the Labour government loses popularity or moves into opposition. The benefit of union funds is that they have been reliably secured for a century. The party's fair-weather friends may desert it when the going gets tough but the unions have always been there. A realisation of this perhaps quietened demands by modernisers for a party-union divorce, though dissatisfaction with government policies has led a number of unions to call into question the money they give. Indeed, in July 2001, the GMB decided to cut its funding to the Labour Party by £250,000 per year (from £650,000 to £400,000) for the coming four years (Maguire, 2001b).

However, the demand for funds may not grow as exponentially as in the past given the new legal cap on campaign spending following the recent *The Political Parties, Elections and Referendums Act 2000*. The new legislation prevents the main parties from spending more than £20 million on general election campaigns, perhaps dampening the growth in demand for finance.<sup>8</sup> This has the potential to level the playing field between Labour and the Conservatives; it could also reduce the need for Labour to rely on unions funds – providing that alternative supplies are available, and we have already indicated that this cannot be relied upon. Nevertheless, these changes could significantly impact on Labour.

### **8.3 MEMBERS AND ACTIVISTS**

Individual members are a vital resource to parties, providing money in the form of subscription fees and donations<sup>9</sup>, voluntary labour (in quantities that would be prohibitively expensive in labour markets), and links to ordinary voters, to whom they can communicate party policy. The members keep local party organisations running and provide parties with a pool of potential candidates for elective office (see Scarrow, 1996: 40-6). However, like many other parties in both the UK and other Western democracies, Labour has experienced membership decline during the post-war period. There are a number of reasons for the general decline in party membership in Western Europe. Among the most important include a long term

trend towards partisan dealignment, as the old social class boundaries break down and individuals no longer feel bound by a sense of identity to individual parties, whether as voters or members.<sup>10</sup> Furthermore, with the increasing privatisation of people's leisure activities, individuals no longer need to rely on parties for access to cultural resources or social clubs, i.e. there are fewer solidary incentives to join parties. These are supply-side reasons for membership decline (Scarrows, 1996; see also Webb, 2000: 221-3), which explain decline in terms of the supply of recruits drying up. There are also demand-side explanations, in which membership decline is interpreted as a reluctance of party leaders to recruit members, e.g. because they are too 'extreme'. Webb (2000: 225-6) observes that this does not tally with the UK's experience, where leaders of all parties have sought to recruit members. However, Labour has attempted to reduce its *reliance* on members in campaigns. A further demand-side factor that could be important in the future is the availability of comprehensive state subventions to parties, which would ease the need to recruit members for financial reasons (unless the level of state funds were linked to party membership levels, in which case they could provide an incentive for recruitment).

The general pattern of decline has been particularly evident in the UK and especially so in the Labour Party. In Labour's case, it is important to be clear what we mean by 'party members'. Labour has traditionally counted among its members not only those individuals who join CLPs but also the much larger number of people affiliated through unions (and socialist societies). Even when Labour's individual membership was at its peak in the 1950s, its affiliated membership was five times greater. The affiliated membership peaked in 1979, after which unemployment reduced union membership and thereby Labour's affiliated membership (Webb, 1994: 114). Individual membership continued to fall through to the early 1990s though the extent to which it had fallen earlier was masked by the requirement until 1980 that all CLPs affiliate a minimum of 1,000 individual members. When that was changed, a truer picture of membership levels emerged (see Table 4.1 in Chapter 4).

Labour's affiliated membership provided the party with the consoling myth of a mass membership, which existed only on paper. (Tom Nairn described the affiliated members as the 'dead souls' of labourism, after Gogol's novel while Gregory Elliott called them phantom industrial armies.) Some union activists have worked for the party but these people are also usually individual party members. The

bulk of the affiliated membership is not active in any way in the Labour Party – even in the leadership election of 1994 when individual levypayers could cast postal votes, barely one-fifth did so. Despite this, affiliated members brought the party money and largely obviated the need for serious membership drives in the Labour Party. This is one reason why little was done to stem membership decline in the 1960s and 1970s, leaving many CLPs vulnerable to take-over by the ‘bedsit left’ (see Chapter 6).

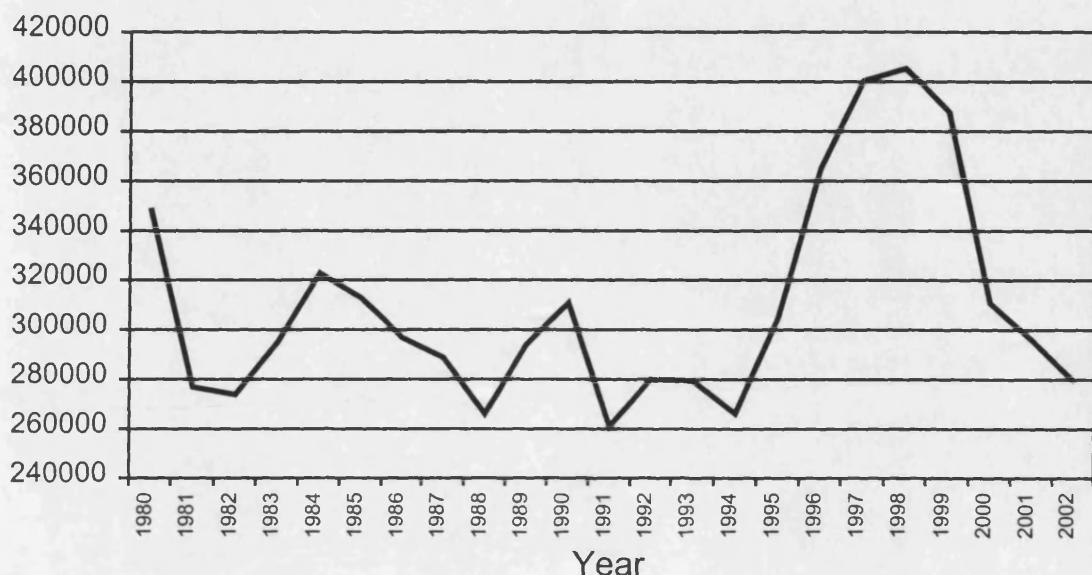
However, the picture began to change in the 1980s. As part of the attack on the activist left, Kinnock wanted to recruit a mass of moderate members, who would impose fewer electoral costs in terms of policy and who could help solve Labour’s financial problems. A membership drive was undertaken in 1989 (along with the computerisation of membership records and the provision of facilities to join the party at the national rather than local level) and reduced fees were introduced for members of affiliated unions. Kinnock rashly stated that his aim was to push membership to the one million level but despite a brief surge over 300,000 there was little real prospect of reaching such an ambitious figure. Given the persistent post-war tendency in Britain of membership decline, it would have been surprising had Labour’s drive resulted in a long-term reversal of an inexorable decline. Moreover, the membership drive, although intended to increase numbers, was not meant to increase grassroots control of the leadership but reduce the influence of the activists and later to dilute Labour’s links with the unions.

After Labour’s defeat in 1992 and the inauguration of the union links review group, the new leader, Smith sought to increase the CLPs’ votes at the party conference. However, given that union block votes reflected affiliation levels, union leaders demanded that before any more increases in the CLPs’ share of votes could take place, the CLPs would have to carry a greater financial burden, which implied an increase in individual membership. It was agreed the CLPs could take 50 percent of the conference votes only when individual membership passed back above 300,000. A ‘levy plus’ scheme was also introduced to enable affiliated levypayers to join the party for just £3, compared to the normal £15 (Alderman and Carter, 1994).

These schemes had some initial success but they were not responsible for the remarkable surge that took place in Labour’s membership level in the mid-1990s. From a trough of 266,000 in 1994, membership soared to 405,000 just four years later (Figure 8.3). This increase coincided with the first years in charge of Tony

Blair, a leader with a favourable media image and broad electoral appeal. Intensive advertising was carried out in the press and signalled in party political broadcasts, with the new leader imploring people to join the party, with considerable success. Labour seemed to have bucked the historical trend and presented itself as the fastest growing party in Western Europe.

**Figure 8.3 Labour Party Individual Membership 1980-2002**



Sources: 1980-99: Tanner et al. (2000: 396-7); 2000-02: Wintour (2002a) – no figures for 2001

However, this dramatic surge was followed by an equally dramatic slump. By 2000, membership had fallen back to 311,000 and by January 2002, the party's General Secretary admitted it had fallen to 280,000 – back at the levels of the 1980s – prompting him to float the idea of state-funding (Wintour, 2002a). There has been some debate about whether those exiting are disgruntled activists angry with the Blair government or fair-weather supporters who failed to renew their subscriptions (probably a combination of both). Unsuccessful spells in government often lead to activist exit. When Harold Wilson entered government in 1964 Labour's individual membership stood at 830,000, having risen from 751,000 in 1961 but it had fallen to 680,000 when he left office in 1970. Labour's membership also fell somewhat during the years of the 1974-79 government, though the tumultuous years of 1980-1 saw a

bigger slump. A problem with centralising power in a party to such an extent that there are few outlets for dissent is that disgruntled members, unable to exercise voice, may decide to exit instead. I return to this in Chapter 9.

Other members are probably failing to renew their subscriptions after the novelty of a new leader and new government have worn off. The members recruited since 1994 are considerably less active than longer standing members (Whiteley and Seyd, 1998a: 200-04). A membership recruited mainly for purposive reasons tends to have a high turnover rate as issues and personalities lose their salience. Those who joined Labour because they liked its leader or wanted to see it replace an unpopular Conservative government would have had less reason to stay once Labour was in government. Fair-weather supporters are the last to join and the first to leave.

A large and stable individual membership seemed to be a prerequisite for turning Labour into a direct membership unitary party. At first, a large membership was thought necessary because there had to be a way of providing an alternative financial base if the unions were to be edged out. It was eventually realised that Labour would not ever likely be in a position where it could depend principally upon individual members for finance. Katz and Mair (1995) have suggested that large memberships today are valuable to party leaders mainly as a legitimising device, to suggest to voters that the party has a large following and that its decisions are internally backed by party members in specially arranged plebiscites (a tactic employed by Blair – see Chapter 5). However, are the members still valued as a labour resource, as activists who can campaign for the party and mobilise voters? I return to this question in the second part of this chapter.

#### **8.4 PARTY STAFF**

An important trend over the past two decades has been the professionalisation of central party workers (Panebianco, 1988). In the Labour Party, professionalisation has characterised its new communications structure (see below). In common with other parties (though more dramatically), Labour increased its paid central HQ staff while there has been a long term decline in the number of employed local party staff (Table 8.4). These figures are in addition to the many individuals who work as volunteers for the party HQ during elections.

**Table 8.4 Party Staffing Levels in the Labour and Conservative Parties, 1964-98**

<b>Year</b>	<b>Labour Party</b>		<b>Conservative Party</b>	
	<b>Central</b>	<b>Sub-national</b>	<b>Central</b>	<b>Sub-national</b>
1964	50	248	97	580
1970	50	167	95	431
1979	n/a	128	n/a	350
1983	n/a	104	n/a	n/a
1987	71	95	100	291
1993	90	n/a	148	240
1998	179	150	167	221
<b>Change 1964-98</b>	+258%	-40%	+72%	-62%

Source: Webb (2000: 243, Table 8.2)

Webb (2000) observes an increase in the number of regional officials employed by Labour in recent years. He points out that regional staff are employed by, and answerable to the party HQ, unlike CLP officials who must answer to GCs and party members. This has facilitated central coordination of local campaigning in elections, which has been crucial to the success of targeted campaigns in general elections. Webb says that in 1998-9, Labour increased its regional payroll staff from 75 to 142 – an increase of 90 percent – and he concludes: ‘central coordination is one means by which parties adapt both to technological change and to the loss of staff and members at the local level’ (2000: 244).

## 8.5 CONCLUSION

It is important to know where a party’s resources come from because these supply lines affect the nature of internal exchange relations, and with them the shape of institutions. This has always been true in the Labour Party: the fact that the unions affiliated principally on a national basis was important in directing resources to the centre and thus strengthening it (Fisher, 1995: 191). The fact that individual members can also now join the party nationally, together with fundraising exercises that specifically target them (e.g. mailshots) also increases central control as money flows nationally rather than locally (Seyd, 1999: 401-2). More generally, however, the new financial relationships emerging in the party will affect institutions because

the considerable reduction in Labour's dependence on union money inevitably brings into question their institutional prerogatives in the party. Indeed, the relative decline in the importance of union donations has trekked the decline in their organisational power in the Labour Party. Even the affiliation fees paid by the unions no longer possess the significance they once did. Whereas in the past, each affiliation fee bought one vote at the party conference, nowadays each affiliation fee buys one vote weighted by the unions' overall share of the conference vote (currently just below 50 percent). Union affiliation fees are less than those paid by the CLPs but the latter now have 50 percent of the conference votes while they do not contribute anything like 50 percent of party revenue. In a sense, this is a moot point because the power of the conference has itself been curtailed but it is reflective of a double trend over the past decade: the shift of power away from the unions towards individual members and upwards to the party HQ and the PLP leadership.

Resources are deployed most obviously during election campaigns so it is here we can gauge the relative importance of different resources. Thus far we have looked at the supply of resources to the Labour Party but not at its demand for, and its deployment of them. That is the subject of the remainder of this chapter, providing a fuller picture of where the party's organisational development is heading.

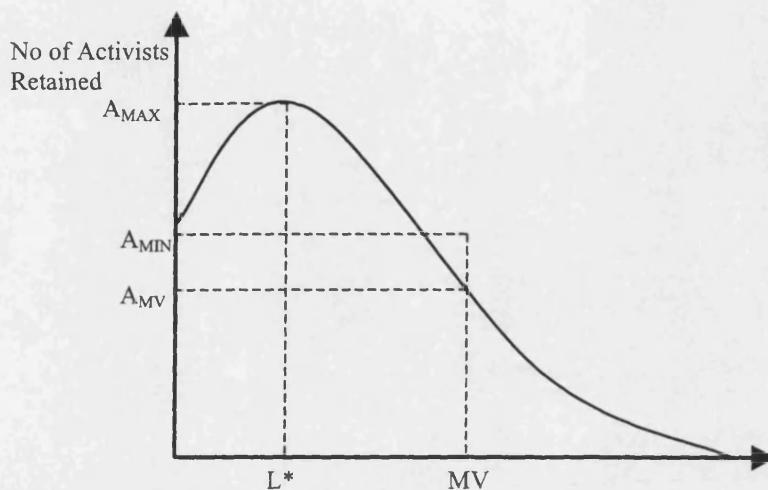
## **Part II. Political Communications**

### **8.6 PARTY RESOURCES AND POLITICAL COMMUNICATIONS**

Historically, the benefit to parties of activist labour was that it provided a means of political *communication* between party leaders and voters, as activists organised local campaigns, delivered leaflets, and performed other party work for no financial reward. Such campaigning was decentralised and labour-intensive in that it was usually local rather than national in scope and relied on the exertions of the activists. However, relying on activists to undertake political communication is not costless because activists require the inducement of social and purposive benefits to perform these tasks. Giving them influence over policy and candidates might keep them active but it could alienate the voters if unpopular policies are chosen. Thus, politician-activist exchange may be a (necessary) cost of politician-voter exchange. The problem for politicians is that if too many policy concessions are made to

activists, voters may be scared away; yet if not enough concessions are made, some activists will exit and there may not be enough remaining to run an effective campaign. Figure 8.4 illustrates this dilemma for the party leaders.<sup>11</sup>

**Figure 8.4 Trade-off between Activist Retention and Electoral Support**



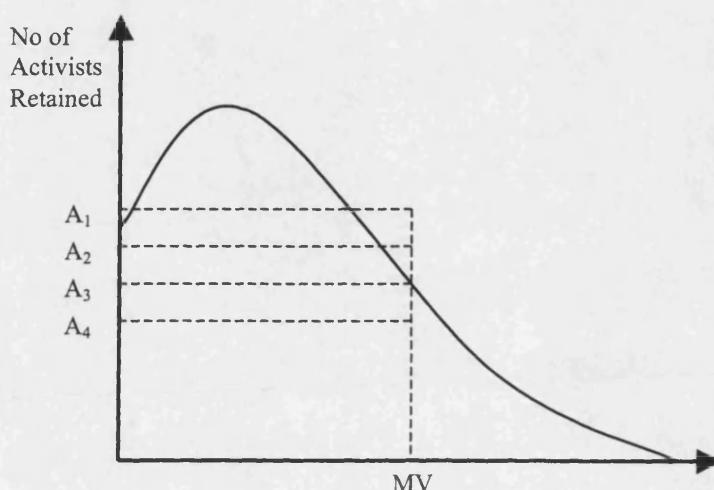
Policy preferences are plotted along the horizontal axis with the median voter position at MV, while the number of activists in the party is plotted along the vertical axis. The problem facing party leaders is that unilaterally shifting party policy to the office-winning position of MV risks provoking activist exit (and activist voice, though for simplicity that cost to the leadership is ignored here). The maximum number of activists ( $A_{MAX}$ ) is retained at policy position  $L^*$  but this is a considerable distance from MV and may result in electoral defeat. If policy were set at MV, disgruntled activists would exit until only  $A_{MV}$  activists were left. Now let us assume that if a party is to campaign effectively in order win an election, it requires a minimum of  $A_{MIN}$  activists. In this example,  $A_{MV} < A_{MIN}$  so the party will fail to mobilise sufficient support despite having electorally optimal policies. One way out of this dilemma is for parties to 'becloud their policies in a fog of ambiguity' (Downs, 1957: 136), making vague promises to convince voters they are moderate while holding out the hope of radical measures for activists. This strategy will generally work best when the distance between  $L^*$  and MV is fairly small, but the greater the gulf between activists' and voters' preferences, the harder it is to bridge the gap through ambiguity, and the possibility of a credibility gap emerges.

There is evidence that Labour Party activists in the 1970s and 1980s conformed to a radical outlook. In their survey of Labour Party members in the early 1990s, Seyd and Whiteley (1992: 59-68) found two-thirds of Labour's members joined the party for purposive benefits (see Table 3.1). Furthermore, we have also seen that the ideological distribution of the membership is skewed to the left (Table 6.2), with the hard left being more active than any other ideological grouping in the party. However, office-seeking politicians need to capture the median voter, suggesting activists could impose considerable constraints on party leaders. In fact, party members in this survey also indicated a willingness to grant autonomy to the party leadership, as we saw earlier. However, particularly during the mid-1980s it is arguable that the extent of this willingness would have been less than it was in 1990 when the survey was undertaken. Moreover, even then the hard left activists were much less likely to support autonomy for the leadership.

However, politician-activist exchange is not static. An important step that rational politicians can take is to change the *technology* of political communications so as to minimise activist-induced costs (e.g. the imposition of 'extreme' policies) while maintaining an effective level of campaigning. If politicians can develop communication techniques that are less dependent on activist labour, the bargaining power of the activists may decline and this affects the intraparty distribution of power. Capital-intensive communication generally involves centralised campaigns conducted through the electronic mass media, including broadcasts and political advertising, and increasingly it involves IT. Television broadcasts by politicians can reach millions of voters on a more regular basis more efficiently than an army of activists. The party may still require some activists but perhaps not to the extent that damaging policy trade-offs need to be made, depending on how great the reliance is on media campaigning. In principle, various combinations of capital (media) and labour (activists) can be forged to give different levels of communication technologies. Figure 8.5 depicts four different technologies employed at the optimal policy position of MV. Technologies A<sub>1</sub> and A<sub>2</sub> are fairly labour-intensive but with its policy at MV, the party would not be able to retain sufficient activists to do the work of mobilising voters. By contrast, technology A<sub>3</sub> needs fewer activists and could just about withstand activist exit to capture the median voter. Technology A<sub>4</sub> is capital-intensive and could be used to communicate to enough voters to win at MV. Indeed,

with this technology, the party would have a 'surplus' of activists in the sense of more activists than the minimum level it requires to be both electorally competitive (policy at MV) and electorally efficient (i.e. having the ability to inform and mobilise those voters who prefer it to the other party). Other things being equal, parties may prefer the most capital-intensive technology to avoid policy dilution.

**Figure 8.5 Communication Technologies**



However, other things are not always equal. Capital-intensive techniques may facilitate office-seeking but they are financially costly. Before they allow their activist base to run down, politicians must consider activists' financial contributions. If activists are the major source of party funds, leaders must either continue to offer benefits to activists or seek new sources of funding. In fact, the latter is likely to happen regardless because capital-intensive communications and media-based campaigns push up election costs. Labour's election expenditure trebled in real terms between 1979 and 1997 (Table 8.1), reflecting greater reliance on advertising and the services of pollsters and focus group organisers. Parties' need to raise ever more funds can impact on or even transform intraparty exchange relationships. We have seen that Labour has undertaken a diversification of funding sources.

The use of sophisticated techniques for gathering information about voters' preferences and relaying information about policies requires a corps of professionals rather than amateur volunteers. This vision of parties less reliant on bureaucrats and activists, and more dependent on specialists has been forcefully argued by

Panebianco (1988), who claims we are witnessing the rise of 'electoral-professional' parties. These professionals are responsible for specialised tasks rather than administrative or overtly political tasks. Such parties require spin doctors, press officers, pollsters, media consultants, advertising agents, marketing experts, designers, image consultants, and a host of other specialists. Many of these areas of expertise involve presentation and the control of information about the party. This too is a feature of the new Labour Party.

The simple model sketched above illustrates the attractions to politicians of developing capital-intensive and professionally-run communications. The potential pitfall is that the financial costs are high. Nevertheless, on becoming Labour leader, Kinnock quickly identified party communications as an area in desperate need of reform. He was lucky in that Labour's shambolic election campaign of 1983 created a consensus on the need for fundamental reform in this area. The remainder of this chapter offers a brief overview of the transformation. The intention is not to provide an exhaustive analysis of modern communications techniques but to assess the extent to which Labour's new campaigning methods have eased its dependence on activists.

## 8.7 LABOUR'S POLITICAL COMMUNICATIONS REVOLUTION

In the mid-1990s, Labour gained a reputation – often self-promoted – of being the most fearsome election-fighting machine in Western Europe. The party's Millbank HQ was and still is – a byword for political machinations and ruthless efficiency. It was not always thus. Labour's landslide defeat in 1983 followed what was widely recognised as 'one of the worst led, most unprofessional campaigns of [the party's] history' (Hewitt and Mandelson, 1989: 49; see also Butler and Kavanagh, 1985). Its spokesmen made too many mistakes, there was a lack of coordination and the party leader, Michael Foot was more at home making stirring speeches to rallies of the party faithful than he was communicating via television to the watching voters. The entire communications edifice needed reforming.

The weakest aspect of Labour's campaign was its use of the media. This was recognised by the new leader Kinnock, who appreciated the growing importance of the media in modern election campaigning. Kinnock wanted a structure that utilised the services of communications professionals, and emphasised marketing and

advertising. A capital-intensive communications system and a professionalisation of personnel, who now possessed technical skills, would also mean less dependence on activists and thus fewer policy concessions to them. There was certainly a wide receptivity to an overhaul of Labour's communications in the light of the 1983 defeat. The existing communications structure was ramshackle, with responsibility for campaigns and communications divided between different departments and committees. Lines of control and authority were unclear and there was a lack of cooperation and coordination between the head office at Walworth Road, the NEC and the shadow cabinet (Shaw, 1994: 55). Kinnock's response was to establish a campaign strategy committee (CSC) in October 1983, consisting of NEC and shadow cabinet members, PLP representatives and leaders of the major unions (in their capacity as representatives of TULV). It was charged with overseeing all campaigns-related activities, including party political broadcasts and polling. It was formally answerable to the NEC but took all the important campaign decisions and generally allowed Kinnock to by-pass the NEC (with its strong leftwing representation) on campaign matters (Butler and Kavanagh, 1988: 50). The CSC's formation was an early expression of Kinnock's desire to accord a higher priority to communications and ensure it came under central (but not NEC) control.

A CSC subcommittee proposed a reorganisation of the party's HQ, which saw a myriad of departments reformed into three directorates: policy, organisation, and campaigns and communications. The latter (CCD) took control of all campaigns and communications matters, and would, as Shaw (1994: 56) put it, 'operate as a clearing-house for all contacts between the Party and the media'. Peter Mandelson, a television producer at London Weekend Television, was appointed the first director of the CCD in October 1985. One of Mandelson's first acts was to commission an advertising executive, Philip Gould, to prepare an audit on the state of Labour's communications. The report, presented to the NEC in December 1985, argued for 'a shift in campaigning emphasis from "grassroots"/opinion forming to influencing electoral opinion through the mass media' (cited in Gould, 1999: 56). This dovetailed with the desire of many in the PLP to reduce the power of activists. Gould considered hiring the advertising agency, BMP, to work for Labour but there was resistance on BMP's board to being associated with Labour. Therefore, Gould suggested the establishment of a shadow communications agency (SCA), which would tap the

professional and technical expertise of Labour supporters in marketing, the media and advertising, who were willing to volunteer their services to the party. The SCA was structured round BMP personnel, particularly the latter's managing director, Chris Powell, and was, to all intents and purposes, a front organisation for BMP (Gould, 1999: 315). Only Gould and his business partner, Deborah Mattinson, would be paid for their services. Gould later estimated that two hundred people, including writers, broadcasters, art directors, and other professionals,<sup>12</sup> worked for the party free of charge during the 1987 election campaign, saving it £500,000 (Webb, 1992b: 270). The SCA would also conduct quantitative and qualitative research, though Labour continued to employ the paid services of the pollsters, MORI. Despite its voluntary and revolving membership, the SCA proved a permanent fixture in Labour's new communications network. Officially, it had a purely advisory role and was answerable to the NEC but in practice its research and ideas had important policy implications and it answered to Mandelson. At the time, the NEC had a strong leftwing contingent, which was hostile to the methods of modern communications so the SCA had to give little away (Gould, 1999: 48).

Between annual conferences, the NEC is the authority to which all extra-parliamentary bodies are accountable but this was only formally true of the new communications bodies. Communicators require considerable autonomy in order to be effective; their functions are not conducive to anything but the most general forms of NEC control, particularly with the shift to 24-hour news and the 'permanent campaign' (see Kavanagh, 1995: 108). This explains why Labour's communications came to be dominated by a few trusted lieutenants loyal to the leader, most notably Peter Mandelson (and later, Alastair Campbell). Kinnock could not oversee everything so he built up a sizable<sup>13</sup> staff in his own leader's office, including media advisors, political fixers and policy specialists, who could liaise with the CCD and the SCA. The leader's office was a considerable weapon in the leader's armoury and is not subject to any constitutional controls in the Labour Party. Successive Labour leaders have used officials in their office to help develop policy and strategy, as well as gathering information and disseminating the leader's opinions and wishes.

## 8.8 THE NEW COMMUNICATIONS: TECHNIQUES AND *MODUS OPERANDI*

From 1985, Labour's communications underwent a revolution. Constituency campaigning was downgraded in importance. Party campaigns were largely divorced from campaigns run by unions, such as mass demonstrations against the Conservative government. In 1981, with strong backing from the leftwing NEC, the TUC had organised a 'People's March for Jobs' to pressurise the government on rising unemployment. Kinnock, however, wanted to move Labour away from such methods, and after the defeat of the miners' strike in 1985, extraparliamentary campaigns were dead in the water, as far as the party was concerned. From now on, media campaigns assumed new significance. It would be wrong to say media campaigns were hitherto unimportant because ever since the 1950s, the major parties have recognised the importance of television. What was new was the extent to which media campaigning displaced other methods and the degree to which it became entangled with policymaking and power relations within parties. In this section, I describe some of the techniques used by Labour's political communicators since 1983, assessing their implications for the party's organisation and power structure.

Some of the changes were purely presentational though they were intended to project a professional image of the party. These included image consultants, who advised MPs on their appearance. The party acquired a corporate image with the adoption of the red rose as its symbol in 1986, replacing the red flag. Bowls of red roses adorned party conferences and the rose symbol was printed on party stationery. Art designers improved the backdrop at the conference, while party documents became glossier and professional looking. These changes did not affect the functioning of the party though the left was suspicious of this new 'glitznost' and complained style was being elevated above substance. However, many new techniques had implications for power relations, including advertising, the rise of spin doctors, and the compilation of quantitative and qualitative research.

### Political Advertising

Labour's use of political advertising in the press and on posters in the 1980s was nothing new either to British politics or to Labour itself. Labour had

concentrated on posters, particularly during elections, and this was coordinated from the centre (it formed a press and publicity department in 1917). In the 1950s, television ownership spread and Labour ran its first television-based election campaign in 1959 using innovative election broadcasts, though there was unease among politicians about the emphasis on presentation (Wring, 1996: 112-4). The left in particular developed a long-standing hostility to glitzy communications (McNair, 1999: 115-7). It was not until 1964 that both main parties relied significantly on advertising professionals and by the late-1970s, the Conservatives were setting the pace with their hiring of the Saatchis' agency. In the 1979 election, Labour relied on volunteers instead of employing an agency though they were beset by coordination problems. Labour first hired an agency in 1983, though the venture was not successful, largely because Labour's policies were unpopular but also because the agency was not integrated into the decision-making structure as politicians retained a tight rein. From 1986, Labour relied on the SCA to produce its advertisements but in 1997 it hired the BMP agency (the SCA was dismantled in 1992).

Advertising is not always decisive enough to alter election results but it is useful in helping to set the agenda (Gould, 1999: 314). Unlike in the USA, parties in Britain are not allowed to buy advertising time on television, being restricted instead to the specific form of the party political broadcast (PPB) and the party election broadcast (PEB). These are one-off broadcasts, usually lasting about five minutes nowadays (though they were considerably longer in the past). Sometimes they can have dramatic effects, as did certain Labour broadcasts in 1987 and 1992. These are no substitute for televised advertisements, which are shorter and can be played over and over again for greater impact. British parties use poster and press advertisements, though the latter are declining in importance. Posters require more than just a propaganda message if they are to succeed. Research must be conducted on what sort of words, images and even colours affect the viewer. The use of specialist designers and marketing experts is a necessity.

## **Spin Doctors**

The rise of spin doctors is one of the most noted features of 'new' Labour. Spin doctors are commonly regarded as media advisors acting on behalf of certain

politicians but their remit is much more political than this. They are ‘courtiers who serve leaders rather than the party’ (Heffernan and Stanyer, 1997: 177). McSmith (1996: 250) provides a useful thumbnail description of what they do:

Spin doctors are a product of the age of instant communication, operating in the tiny space between when a political event takes place and when it is first reported to the wide public. It is now an axiom of political journalism that the public must be given more than the bald facts. Every event must be placed in a context. It must be a victory for someone in the public eye, or a setback for someone else. If it is an internal development within a political party, it must either be good news or bad news for the party leader. Spin doctors try to be the first to put their interpretation, or ‘spin’ on events, preferably by having a quiet word with correspondents on the spot, before they have even reported back to their newsdesks.

A good example of this was the interpretation offered by Labour spin doctors of Blair’s first conference speech as leader, in 1994. Blair implored delegates to ‘say what we mean and mean what we say’ and offered to produce an ‘up-to-date statement of the objects and objectives of our party’. After the speech, spin doctors briefed journalists that the leader’s words were code for an attack on Clause IV, the party’s almost sacred constitutional commitment to public ownership. This was a big enough gamble by Blair because it risked re-opening internal divisions in the party but he dared not ‘say what he meant’ because the reaction from delegates would have been uncertain. The spin doctors enabled the leader to drop his bombshell while enjoying a good reception for his set-piece speech (see Jones, 1995: 163-6; McSmith, 1996: 340-1; Rentoul, 1995: 416-7).

It has been a persistent claim (usually by those on the receiving end) that spin doctors are often used in intraparty battles, not only against factions but also individual (shadow) cabinet members. The acrimonious pre-contest to succeed Smith as leader in 1994 is only the most famous occasion, when Mandelson, Labour’s most famous spin doctor, was accused of working to promote the candidacy of Blair and to denigrate the chances of Gordon Brown. The episode left a bitter aftertaste and was one of the tensions underlying the internecine warfare between Blairites and ‘Brownites’ that would explode in December 1998 resulting in the resignation from

the government of Mandelson (who by now was Secretary of State for Trade and Industry), and Geoffrey Robinson, a friend of both Brown and Mandelson, as well as Brown's spin doctor, Charlie Whelan (Jones, 1995: 150-8; McSmith, 1996: 276-82; Rentoul, 1995: 353-80; Routledge, 1998: 189-210).

Spin doctors are important political operators and their close links with journalists are the source of their power. The manipulation of news content is a skill that requires an eye for what journalists look for when they write their stories and knowledge of decision-making structures inside media companies so that pressure can be applied at the right level. It requires a cool head to deal with crises and the necessary temperament in turn to bully and flatter journalists. Good spin doctors are a valuable asset for politicians. However, it is a mistake to view them as 'running' parties because they remain dependent on the politicians they serve. They possess no constitutional position in parties and instead rise and fall with their political sponsors, unless they move on to serve new masters. For example, despite being elected an MP in 1992, Mandelson's career stagnated after Kinnock resigned and Smith became leader, because Smith distrusted spin doctors and the SCA (Gould, 1999: 161-82). Mandelson returned to the fray with the accession of Blair to the leadership.

### **Quantitative Polling and Qualitative Research**

The importance that parties attach to polling is not surprising because polls provide information about voters' preferences. Labour's commitment to polling has varied over the years. The period of leftwing ascendancy during the 1970s and early 1980s saw less importance placed on polling. This was part of a general leftwing suspicion of polling methods, the belief being that Labour should shape public opinion rather than just accommodate it. Throughout the 1983 election campaign, Michael Foot persistently brushed aside Labour's poor showing in the polls, convinced that the party would do much better come polling day. Moreover, polling often provided unwelcome evidence of how unpopular many leftwing policies were. Despite Foot's confidence, Labour went down to a heavy defeat and one consequence was that Kinnock assigned greater importance to polling in the 1980s along with a new significance to qualitative research. For most of the 1980s Labour

relied on MORI for its private polling though the extent to which the pollsters were integrated into Labour's communications structure varied.

Pollsters do not have as much influence within British parties as they do in America: as Kavanagh (1995: 144) glibly puts it, 'Pollsters in Britain are not campaign consultants; they are on tap, not on top.' Nevertheless, the findings they present are important. Private polls contain information for parties that helps influence important decisions, including timing an election, defining a party's image, testing old and new policies, tracking voters' preferences, targeting voters and ultimately, changing the party (Kavanagh, 1995: 135-9). Poll results can affect the conduct of election campaigns, influencing, for example, Kinnock's late interest in proportional representation in the 1992 general election. Polling data was also important in persuading many activists and unions to back Kinnock's repositioning of Labour during the policy review of 1987-9. The control of information is a power resource within parties. It is easier for leaders to persuade activists to abandon cherished policies if they can present convincing evidence that those policies are electorally damaging. However, crucially importance is the question of who dominates decision-making over polling. In the Labour Party, it was traditionally the NEC that allocated funds and commissioned polls. If the leader and his allies did not control the NEC, they could find themselves in trouble: in 1978, the leftwing NEC denied Prime Minister Callaghan funds for polling (Kavanagh, 1995: 134), perhaps worried it would reveal the left's unpopularity. Kinnock wrested control of polling from the NEC and assigned it to communications professionals. In 1992, the SCA was responsible for polling, commissioning NOP, which answered to the SCA.

However, the increased used of polling also presents problems for party leaders since those who live by polls may also die by them. Kavanagh notes that not only parties but leaders too are continually polled and bad polls can undermine a leader's authority. The low personal rating of Mrs Thatcher and the Conservative Party's depressed support were key factors in her ejection from office by her own MPs in 1990. Kinnock's persistently low personal ratings undermined his efforts to make Labour electable (Kavanagh, 1995: 123-4). On the other hand, personal popularity among voters was a key reason for Blair's accession to the Labour leadership in 1994. The present government spends considerable public money on polling so as to keep its policies in tune with public opinion.

Polling is increasingly important for modern party campaigning, but the biggest change to take place in Labour's communications since 1983 was the rise of qualitative research, in particular, 'focus groups'. The guru of focus groups, Philip Gould, was a key strategy adviser to Labour during this period and he used them extensively to gauge the attitudes of floating voters. Focus groups consist of eight people talking in a room about issues of interest to the convenor. Most of Gould's focus groups consisted of swing voters who had supported the Conservatives but who might switch to Labour. People are able to talk at length and their underlying feelings can be ascertained. 'In a [focus] group it is possible to test out the strength and depth of feeling around an issue, which can be more difficult, although not impossible, in a conventional poll' (Gould, 1999: 328; cf. Worcester, 1998: 56-7). Focus group findings first systematically informed Labour's general election campaign in 1987 (Gould et al., 1989: 72-3; Gould, 1999: 74), and by 1997 Gould organised focus groups six nights a week for the whole campaign, interpreting the data and writing reports for Blair. It is clear from his account that these data affected campaign decisions and how much emphasis was placed on issues.

Even more than conventional polling, the interpretation of data from focus groups is very subjective so it follows that whoever has the task of organising and interpreting it controls an important power resource (Shaw, 1994: 148). In 1992, it was top SCA officials (Gould and Patricia Hewitt – both Kinnock allies) that performed this task, and in 1997, Gould played an even greater role in that his own company had been specifically hired by Labour to conduct and interpret focus groups. Just how important a power resource this is can be seen by considering two contrasting responses to adverse data coming out of focus groups.

In the aftermath of the 1992 general election, Gould conducted a number of focus groups to ascertain the reasons for Labour's defeat. He argued that voters did not fully trust Labour and that they were still worried about the possibility of trade union tyranny under a Labour government. He claimed that floating voters revealed in these groups lurking fears about the party, that it had not changed sufficiently: 'The polling was clear: Labour lost because it was still the party of the winter of discontent; union influence; strikes and inflation; disarmament; Benn and Scargill' (Gould, 1999: 158). This appeared to fly in the face of conventional polling results, which suggested Labour lost for other reasons, such as tax, with the unions low down

the list. Clare Short (1992: 14) asserted: 'There is no serious political commentator who believes that Labour's link with the trade unions explains our appalling electoral performance'. However, Gould insisted the existence of the link contributed towards voters' general unease about Labour and what was lacking was the elusive quality of 'trust'. (Union influence imposed commitment costs on political exchange between Labour and the voters.) It was difficult for Gould's opponents to challenge his findings because they did not have access to them, seeing only his own interpretations (Webb, 1995: 7-10). Such is the nature of qualitative research though Gould might claim subsequent events proved him right. Indeed, his findings provided much of the basis for Blair's assault on 'old' Labour when he became leader and the justification for modernising reforms such as the revision of Clause IV.

Yet the power of advisors such as Gould is dependent on their political masters in the same way that spin doctors cannot survive unless journalists believe they are talking for their bosses. Kinnock's period as leader was dogged by persistently low personal poll ratings and within the media and the party, it was widely suspected that had Labour replaced him with John Smith, the party might have won, or at least, not lost, the 1992 general election. Kinnock's main problem was that he was widely perceived to have changed his mind on every substantive issue and could not therefore be trusted to keep his election promises. This came through clearly in quantitative polling and Gould encountered it regularly in his focus groups. Gould seemed to accept Kinnock was an electoral liability and one of his colleagues sent him a memo in March 1991 stating: 'The worst thing that happened to Labour was the ousting of Margaret Thatcher. With Kinnock as the candidate, Labour cannot win the next General Election' (cited in Gould, 1999: 141). Yet SCA presentations routinely excluded data on perceptions of Kinnock because it was so bad (Hughes and Wintour, 1990: 62). Gould recounts how John Prescott questioned the role of the SCA in not revealing all:

His most consistent criticism was: why did you not present polling about Neil Kinnock to the Shadow Cabinet? There is still, today, a feeling that the SCA and I [Gould], in particular, represented the leader rather than the party; that by withholding information in some way we interrupted the democratic process. If they had had the full information, they could have acted against him (Gould, 1999: 144).

Gould admitted he 'put loyalty to Neil first' but suggested that Kinnock already knew the public did not warm to him and so '[t]here was no need for me to tell him' (Gould, 1999: 144). Yet quantitative and qualitative confirmation of this would surely have put enormous pressure on Kinnock. It is not fanciful to suggest that some members of the shadow cabinet would have concluded Labour could not win with Kinnock as leader. Moreover, the man widely tipped to take-over in the event of a leadership contest, John Smith, was much more sceptical of the usefulness of the methods employed by the SCA. Indeed, when Smith finally became leader in 1992, the SCA was disbanded and Gould, Mandelson et al. found themselves out in the cold (though they subsequently came back with Blair's accession to the leadership). It would be highly speculative to suggest that Gould did not reveal the data about Kinnock because he knew the latter's resignation would leave Gould himself out of a job. Nevertheless, it does highlight the degree of mutual interdependence between advisers and their sponsoring politicians. Spin doctors, campaign advisors and other professionals without a constitutionally prescribed position in the party rely on their access to the leader for their own power, and once their patron has gone, they may find themselves surplus to needs. However, while they are *in situ*, they exercise considerable influence and to the extent that they operate on behalf of their political masters at the top of the party, the inescapable conclusion is that the rise of spin doctors and campaign professionals is indicative of the increasing centralisation of power in parties in general. The rise of the SCA (and Kinnock's ultimate control over it) was another dimension of Labour's centralisation.

### **Communication Technology and General Election Campaigns**

The revolution in Labour's communications was reflected in the election campaigns it conducted after 1983. The intention here is not to recount those campaigns in full but to highlight certain features that illustrate the transformation of the party's electioneering.<sup>14</sup>

Labour's campaign of 1987 marked its coming of age as an exponent of modern electioneering. Although Labour suffered another defeat, it was widely acknowledged to have run the most competent and professional campaign of the

main parties. It was meticulously planned in advance, with a theme for each of the 28 days of the campaign, to be carried to the voters by press conferences, visits, PEBs and photo-opportunities (Hewitt and Mandelson, 1989: 52). Advertising was tied in with press conferences and speeches, and the campaign was informed not only by MORI's quantitative work but also by data from focus groups (Gould et al., 1989: 72-3; Gould, 1999: 74). The campaign was geared towards television, which required a centralised command structure and partly explained Labour's decision to focus on the perceived strengths of Kinnock. The epitome of this near presidential campaign was the PEB on Kinnock, a personal profile of the leader, which became the first PEB to be repeated. Produced by the film director, Hugh Hudson, the PEB presented a more human image of the leader and produced a surge in his approval ratings, though it failed to transform the party's fortunes (Rosenbaum, 1997: 71-2).

Constituency activists continued to be needed but it was clear they were in the process of being progressively supplanted. Shaw (1994: 67) writes:

With the arrival of Mandelson and the [SCA], the role of the constituency machinery was heavily down-graded in favour of the mass media, especially television, and maximum favourable TV coverage became the end to which much of Labour's campaigning was geared.

Nevertheless, rather than being abandoned completely, the CLPs were integrated into the new centralised structure. Labour HQ utilised British Telecom's 'Telecom Gold' system to send information quickly to candidates and thereby was able to coordinate a national campaign on the voters' doorsteps (Swaddle, 1989: 34). Together, these techniques helped Labour run its most professional campaign ever, though there were murmurs from internal opponents that substance was sacrificed to style. This became a major issue in 1992, when there were persistent complaints after Labour's eventual defeat that the 'admen' had taken over from the politicians and sacrificed substance for glitz. The so-called 'War of Jennifer's Ear' – an emotive Labour PEB on health that badly backfired – called into question the role of the SCA and the wisdom of handing over communications to non-political professionals.

Nevertheless, Blair's period as leader saw a further professionalisation of campaigning, influenced by techniques developed by the American Democrats in

Bill Clinton's presidential campaign in 1992. Many of these techniques addressed problems and opportunities arising from increasingly media-centred elections. The most obvious difference with the past was the trend towards the 'permanent campaign'. Although campaigning before the official election campaign gets under way is nothing new, Labour took a quantitative and qualitative step forward after 1994 (Kavanagh, 1997: 540). The idea is that elections are not won or lost in the four weeks of the official campaign but over the months and years prior to the election. With the contemporary omnipresence and diversity of the electronic media, it is possible for parties to spend considerable time between elections campaigning for the next election, especially if they are in opposition and unencumbered with the burden of governing. The development of satellite and digital television, 24-hour news, and the internet,<sup>15</sup> has accelerated the news cycle and made it imperative that parties be able to respond quickly to attacks from opponents and adapt to (and try to set) the news agenda (Norris, 1998: 126; Gould, 1999: 295). This increases the importance of spin doctors because it is essential to have experts who understand decision-making structures within the electronic news media and who can attempt to manipulate news for their party's advantage. It also led to innovations such as Labour's Rapid Rebuttal Unit, an idea borrowed from Clinton's Democrats, which was used to offer detailed responses to Conservative attacks within the same 'news cycle' and neutralise anti-Labour stories. This relied on 'Excalibur, a computerised database of facts, figures and research, providing further evidence of the shift towards capital-intensive technologies (Butler and Kavanagh, 1997: 59). This was coordinated by a core of planners and advisors from a new media centre at Millbank Tower. Labour's 'inner core elite' (Heffernan and Stanyer, 1997) of leader, spin doctors, strategists, pollsters and advisors, formed a 'war room' at Millbank, from where, with the help of 200 staffers, they coordinated the national campaign, maintaining contact with candidates and campaigners on the ground by telephone, fax, email and pager (Gould, 1999: 298-309; Norris, 1998: 126-7).

Labour also undertook intensive polling and qualitative research during these years. Polling was conducted by NOP, which regularly surveyed throughout the parliament and twice-weekly during the election campaign. The results were reported to Gould, whose agency was hired by Labour to undertake qualitative research. This consisted of focus groups of floating voters; Gould met about 70 such groups during

the official campaign of 1997, having conducted 300 in the pre-election months (Butler and Kavanagh, 1997: 129-30; Gould, 1999: *passim*). Gould used quantitative polling evidence to test themes in the focus groups. It is clear from his book that great store was put on the output of these focus groups, with Gould writing nightly memos during the campaign to Blair. In total, Labour spent £500,000 on NOP surveys from 1993, and £180,000 on focus groups conducted by Philip Gould Associates (Butler and Kavanagh, 1997: 242).

The 1997 election campaign also saw a return to constituency campaigning, though in a more centrally controlled form. There were two key differences with the past, one strategic and one technological, though the latter underlay the former. Strategically, Labour adopted an aggressive system of targeting, not only of key seats but also of key voters. Millbank officials drew up a list of 90 key marginal seats and they became the focus of campaigning from late 1995. Activists then undertook 'voter identification' by telephone in the 18 months before the election, ascertaining voters' party identity, current party preference and other pertinent information. The data was used to identify voters by category, e.g. 'reliable Labour', 'weak Labour', 'switchers', 'first time voters', etc. The aim was to contact 80 percent of voters within these constituencies and use the information to target direct mail to voters depending on the category into which they fell. Although the Conservatives and the Liberal Democrats also targeted seats and voters, the process was carried furthest by Labour (Denver, Hands and Henig, 1998: 176-80).

This new focus on the constituencies depended on technological advances. Cheaper telephone calls enabled telephone canvassing to begin supplanting doorstep canvassing, and some of this was conducted outside the constituencies, often from Millbank. A survey found that of Labour's target seats in 1997, 80 percent did a 'substantial' amount of telephone canvassing (36 percent in non-target seats), 88 percent had telephone canvassing from outside the constituency (4 percent for non-targets), and 79 percent sent a 'substantial' amount of targeted mail (39 percent for non-targets) (Denver, Hands and Henig, 1998: 183, Table 4). Email also became important, enabling instant communication between Millbank and candidates and the transmission from the centre of party literature (Butler and Kavanagh, 1997: 211-3). The biggest impact was made by the increased use of IT. Not only could PCs be used for printing address labels; they were essential for the targeting strategy, as they

could sort information quickly. PCs were common in 1992 but became near ubiquitous in 1997 and Labour concentrated them in its target seats (Tables 8.5-6), in contrast to the Conservatives, who concentrated them in seats they were defending.

**Table 8.5 Use of Computers by Constituency (percent)**

		Very safe	Comfortable	Marginal	Possible	Hopeless	All
Labour	1992	73	73	97	97	67	77
	1997	82	89	99	100	88	90
Conserv- ative	1992	87	90	93	71	45	79
	1997	99	100	97	82	61	88

**Table 8.6 Mean Number of Computers used, by Constituency**

		Very safe	Comfortable	Marginal	Possible	Hopeless	All
Labour	1992	1.5	1.8	4.2	3.5	1.4	2.3
	1997	1.9	3.7	4.8	4.5	2.6	3.2
Conserv- ative	1992	1.4	1.4	1.5	0.9	0.5	1.2
	1997	2.0	2.0	1.8	1.0	0.9	1.6

**Table 8.7 Mean Number of Campaign Workers by Constituency (per day)**

		Very safe	Comfortable	Marginal	Possible	Hopeless	All
Labour	1992	43	70	78	77	30	50
	1997	55	72	76	73	39	56
Conserv- ative	1992	134	113	78	30	15	91
	1997	99	77	62	21	13	58

Source: Denver and Hands (1998: 82-3, 79, Tables 7.7, 7.8 and 7.4).

There is a clear shift to capital-intensive technologies in the constituencies, yet telephones need people to dial them and PCs require operators. In short, there is still a need for local activists though these more efficient technologies require fewer workers to operate them. In their survey of local campaigning in the 1997 election, Denver and Hands found Labour had an average of 56 campaign workers within each constituency per day though there was some concentration in marginal seats (see Table 8.7). This would mean Labour had 35,000 campaign workers nationally per day, representing less than 10 percent of its total membership though there was probably some turnover of workers throughout the weeks. It has long been estimated that Labour's activists comprise no more than a sixth of its membership, though Denver and Hands estimate an average of 127 volunteers per constituency worked on

polling day – about one in five, and Whiteley and Seyd (1998a: 195-6) claim a quarter of members helped out on polling day. The latter also claim only 9 percent of members worked in a constituency other than their own during the campaign. This queries claims made for targeted campaigning though they suggest it explains why targeting did not produce greater swings to Labour, answering those who claim targeting had no effect (Butler and Kavanagh, 1997: 312).

It would seem parties still require activists to run constituency campaigns, man the telephones and operate the PCs. However, that once again raises the problem of incentives for activists to participate. Since 1983, decision-making power has been centralised to such an extent that the influence of activists has been greatly curtailed. Institutions that centralise power too much may alienate activists, encouraging them to reduce their activism and eventually leading to membership decline. This was precisely the charge levelled at Labour's leaders in the 1990s. Moreover, Seyd and Whiteley have provided evidence that activists were indeed reducing the amount of work they carried out for the party. The authors asked party members in the early 1990s how active they were compared with five years earlier: less than 20 percent said they were more active while 42 percent said they were less active (Seyd and Whiteley, 1992: 227; see also Whiteley and Seyd, 1998b). They also found that many ex-members blamed their decision to exit on Labour's 'shift to the right' though the latter was also a symptom of their own declining power. By 1997, Labour had been out of office for 18 years and there was desperation at all levels of the party for an election victory. This may have encouraged many activists to swallow their disagreements with the leadership and continue campaigning. However, it remains to be seen whether they will be equally anxious now that Labour is in government. In particular, if Labour adopts policies that anger its activists causing a decline in political activity at the local level, its strategy of targeting individual constituencies may be hit.<sup>16</sup> One factor that (temporarily) softened the consequences of this was the large increase in party membership in the first five years of Blair's leadership. However, Whiteley and Seyd (1998a: 200-204) have demonstrated that these new members are qualitatively different from the existing ones, being significantly less active. This suggests that the long-term fate of the party is to become increasingly 'de-energised' at the grassroots level. This could be compounded if union officials, who traditionally offer local support during election campaigns (Minkin, 1986, 1989;

Webb, 1992b) reduce their efforts in response to government policies. Labour may suffer in the future if it does not replenish its stock of volunteers, though the age of media campaigning ensures it will never be as beholden to activists as it once was.

## 8.9 CONCLUSION

In terms of resources, Labour's communications are now much more capital-intensive than they were in 1983. Labour is not unique in this respect – indeed, it used many techniques devised by the American Democrats. However, party leaders adopted these out of a conscious desire to improve the party's electoral performance. One element of this is a desire to use those techniques that can most effectively relay the party's message to the voters. However, another element is that capital-intensive techniques reduce the leadership's dependence on policy-seeking activists. This latter aspect should not be under-estimated, though Labour's new constituency-based campaigning requires a core of activists. Electoral professionals recruited by the party do not impose policy 'costs' on party leaders; on the contrary, to the extent that their own prospects are bound up with those of the politicians they serve, electoral professionals assist in office-seeking. Policy costs imposed by the unions have diminished in line with the unions' standing in the party. However, relying on wealthy donors may involve policy concessions in particular areas and these may come back to haunt parties if the public perceive that governmental favours have been purchased, the Ecclestone saga being the most obvious example.

The greater reliance on electronic media-based communications, the growing importance of polling and focus groups, and the employment of specialists is reflected in the spiralling cost of electioneering. This means fundraising will not go away as a problem. In Labour's case, it has meant the modernisers' early calls to end the party-union link have died down as they realise such a project would, in the absence of alternative stable funding arrangements, leave the party in a precarious financial position. Corporate funders cannot be relied upon when Labour goes into opposition and problems confront any attempt to introduce state-funding. However, the trend has been towards a reduced union presence in Labour's organisation that has shadowed the financial change. In the final chapter, I examine the constraints on outright divorce and assess the extent to which Labour really has changed.

# 9 Conclusion: Labour's Transformation

## 9.1 INTRODUCTION

In Chapter 1, I asked how and why a trade union-funded party would transform its power structure to the extent that the paymasters' own interests were harmed. The answer offered was that even unions cannot ignore the electoral imperatives facing the party and so, grudgingly they permitted some reforms, the cumulative effect of which transformed Labour. The unions were moderately conservative, providing a brake on the speed and extent of reform – more would have changed faster had it not been for their opposition – but they realised all-out opposition to every reform would have greatly harmed the party. Modernising politicians provided the initiative while the unions scrutinised, criticised, opposed but eventually acquiesced in many reforms. In this final chapter, I overview the conclusions of the foregoing analysis. Section 9.2 gauges the extent of the reforms as a whole, identifying two principal stages and assessing the propositions of party change generated in Chapter 3. Section 9.3 looks at what the changes mean for Labour today, in particular the incentives for members – individual and corporate – to remain in the party. Sections 9.4-5 look in turn at objections to the model developed here and some of its principal strengths, as well as the main contributions of the present study. Finally, section 9.6 concludes.

## 9.2 EXPLAINING ORGANISATIONAL CHANGE IN THE LABOUR PARTY

The purpose in developing the exchange model was to understand parties' internal dynamics and the forces that promote change. In Chapter 3, I provided eight propositions on party change, three of which are relevant to Labour since 1983:

- C.1 *Electoral failure creates pressure for organisational change that promotes policy flexibility and/or makes vote-gathering less costly.*
- C.2 *Redistributive change instigated 'from above' by party leaders is usually intended to increase their autonomy from party members.*
- C.7 *Institutional change can be introduced if voters are repelled by a party's existing institutional structure.*

C.2 captures Labour's successive waves of centralisation while C.7 covers the loosening of the party-union link. Meanwhile, C.1 provides the ultimate motive for both types of change: the desire of Labour's leaders – and eventually its members – to have a party capable of winning elections. I argued that while unions, in their capacity as interest groups, may be policy-seekers, when they organisationally and financially dominate a major party in a two-party system, electoral considerations are fundamental. No policies can be implemented in opposition so doctrinal purity is an irrational posture to strike. Imperfect information in the political arena means the party might be able to appease some union demands but the unions' pure policy preferences are ultimately more likely to constrain than determine party policy.

Vote-seeking party leaders measure their success in terms of electoral performance. When performance is poor, change that increases the autonomy of party leaders becomes more likely. That was the lesson of Labour's years in opposition, with each successive election defeat adding new impetus to the process of centralisation. Normative critiques of electoralism rebuke leaders who sacrifice ideology on the altar of electoral expediency. This is a charge often made by leftists within the Labour Party, though *Marxisant* critics say it illustrates the incompatibility of socialism and electoralism (Miliband, 1972; Panitch and Leys, 1997; Coates and Panitch, 2001). However, my position is that accusing politicians of electoralism is like condemning firms for maximising profits. In each case, it is the behaviour we anticipate from rational actors. Getting into government requires electoral success, which requires offering an attractive package of policies and gaining voters' trust.

Everyone in the Labour Party wants to win elections; they sometimes differ over how to achieve that end. It is those that value office-seeking above all else who gain the upper hand inside a party the longer it is in opposition. An unsuccessful

party is like a plummeting hot-air balloon: if initial attempts to regain height are unsuccessful, items must be thrown overboard until the fall is halted and height regained. The longer a party is out of office, more policies must be changed and often a prerequisite for this is organisational change that undermines those groups that cling to the old policies. The personalities associated with those policies may also have to go, which is why Foot resigned as Labour leader in 1983 and his successor, Kinnock resigned in 1992, both doing so after election defeats.

To say electoral considerations weighed heavily in the minds of party reformers is fairly uncontentious but reveals little about the *kinds* of change that occurred. However, C.2 and C.7 reveal that in Labour's case, centralisation and legitimisation were the substance of party change. Although Labour's organisational transformation was not a smooth process following an original blueprint for reform, nevertheless two broad stages can be identified:<sup>1</sup> the attack on the left in the 1980s, resulting in centralisation, and the dilution of the party-union link in the 1990s as successive leaders sought to legitimise the party's structure (combined with more centralisation). Each has consequences for the nature of exchange relations.

**Figure 9.1** Simple Membership Structure of the Labour Party

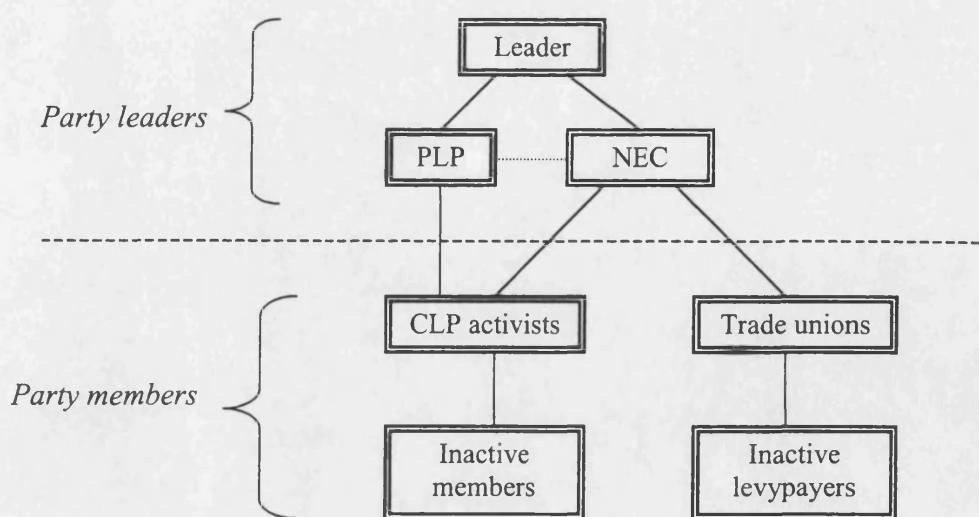


Figure 9.1 provides a simple illustration of the Labour Party's structure. Party leaders sit on the NEC and/or are in the PLP, while party members are individuals (CLPs) or corporate (unions). In 1983, the main linkages were between the NEC and

the intermediate-level bodies, such as GCs (home to the activists) and nationally affiliated unions. There were no links between the NEC and low level party members, such as inactive CLP members and union levypayers, with whom any contact came from intermediate-level bodies. Links between the NEC and PLP were fairly weak and not institutionalised. However, CLP activists, via GC selection meetings, could influence the composition of the PLP. Labour's structure was thus hybrid at the membership level and pluralistic at the leadership level.

The reforms weakening the hard left were straightforwardly redistributive. These included the early moves towards OMOV in candidate selection, NEC and leadership elections, together with the creation of the by-elections panel. In each case, the aim of the proponents of change (the party leadership) was to reduce the power of CLP activists by centralising power up to the NEC or decentralising it down to individual members. In Figure 9.1, this would be represented by the erosion of links between party leaders and intermediate level bodies controlled by the activists, and the creation of links between leaders and low-level inactive members. OMOV was partly about changing the way in which members' preferences were aggregated giving more power to (it was envisaged) 'moderate' members. Yet the success of Ken Livingstone in the 1997 NEC elections, and the failure to use OMOV in the selection of Labour leaders in the devolved assemblies in the face of certain defeat for leadership loyalists illustrates that the median Labour Party *member* (as opposed to activist) is a creature of the centre-left. This is where the second, and arguably more important aspect of OMOV kicks in. Most Labour members are politically inactive. They may vote for centre-leftists if given the chance but in between membership ballots they are hard to mobilise. Where GCs were once power bases for the activist left, enabling radicals to meet and plot, atomised members rarely if ever meet face to face. Their aggregated ballots occasionally frustrate the leadership but they mostly remain impotent. They are not a powerful bank of organised opposition to party leaders. Thus, the overall effect of OMOV was to increase the discretionary power of the politicians – not surprising given that it was initiated 'from above'.

By the late-1980s the left was a spent force and Labour's leaders enjoyed considerable policy flexibility, abandoning unilateralism in 1989 and, with union approval, accepting Mrs Thatcher's trade union legislation. Yet Labour's electoral performance barely improved, culminating in the catastrophic defeat of 1992. Policy

changes were not enough because Labour's problems ran much deeper: the crucial swing voters did not *trust* it. Moderate policies were worthless if too many people suspected that moderation in opposition would be abandoned in government. Distrust of Labour was fed by a number of factors, all played up in the media, including the 'winter of discontent', the traumas of the year-long miners' strike, growing concern about the 'loony left', and a perception that Kinnock had changed his mind on most important issues in British politics. The replacement of Kinnock might have eradicated one source of public mistrust though it is unlikely to have significantly altered Labour's standing in the 1980s. Some successful attempts were made to counter the 'loony left' image, notably the attack on Militant in 1985-6 though problems later emerged during the Greenwich by-election. That left the trade union 'problem', exposed at every party conference with regular denunciations of the block vote by Labour's opponents. The persistence of union power, represented by the block vote, meant that more than policies had to change. In order to restore Labour's credibility among voters, the party had to reform its own organisation, freeing it from perceived illegitimate control by sectional interests.

Thus, the second stage of reform pursued by Labour's leaders was the reduction in the power and visibility of the unions in Labour's decision-making structures. The unions' perceived domination of Labour's organisation together with memories of the 'winter of discontent' combined to create a *commitment problem* for Labour leaders vis-à-vis voters. The identification of this generic form of party change represents an important contribution of the present study. Party structures are rarely thought to be an important factor in determining a party's level of support. However, institutions and preferences are the joint determinants of party policy. Voters can observe a party's institutions and the stated preferences of powerful intraparty actors, and compare the preferences of the latter to official party policy. If there is a discrepancy they may estimate that control of the institutions by a certain group may lead in the post-election period to a revising of party policy. Anticipating such policy change, voters will discount the likelihood of a party's stated policies being pursued in government. The institutions thus burden the politicians with a credibility problem. This was particularly problematical for Labour since its institutions were dominated by trade unions, which are organised interest groups in their own right and whose interests may appear threatened by 'moderate' policies,

especially when ‘moderation’ was defined by a status quo in which unions had been popularly stripped of many of their old powers. The message hammered home by the Conservatives and their press allies was that Labour could not be trusted to keep its promises because union paymasters would look for a return on their investments and would return Britain to the strikes, disruption and high tax rates of the 1970s. Labour leaders felt that only organisational reform would show that the unions were not in control of the party. The party-union link had not always been a liability. Labour entered the election campaign of February 1974 arguing that its institutional links with the unions would uniquely allow it to end the industrial disputes that bedevilled the 1970-4 Conservative government. Labour won the election but the ‘winter of discontent’ in 1978-9 exploded the myth that Labour politicians could control the unions – indeed, the conclusion widely drawn was that the unions were in control. The next two decades saw repeated attempts by Labour leaders to overcome the resulting commitment and legitimacy problems.

Nevertheless, there remained important constraints on the modernisers. Labour’s continued dependence on union funds ruled out the prospect of an immediate divorce between party and unions. Loosening rather breaking the link was the order of the day, as modernisers pursued the dual strategy of trying to legitimise the link by defederalising it while at the same time keeping union leaders out of public sight during elections. Yet even here the modernisers did not get it all their own way because the attempt to build an internally legitimised party inevitably entailed distributive consequences. In the electoral college, there were two forms of distributive change: the reduction of the unions’ share of the college from 40 percent to 33.3 percent, and the enfranchisement of individual party members and levypayers (OMOV-OLOV). Different methods of preference aggregation can have different distributive consequences. OMOV redistributed power downwards, away from the hard left activists and middle-ranking union delegates who gave Benn such solid support in 1981, to moderate inactive members and levypayers, considerably defederalising the party’s structure in the process (consult Figure 9.1). However, by far the greater impact of the enfranchisement of levypayers lay in the greater legitimacy it bestowed on elected party leaders. Machinating union barons were shorn of their ‘kingmaking’ role and instead almost a million party members, levypayers, MPs and MEPs cast ballots in the 1994 leadership contest. The new

procedures helped dispel fears that a future Labour Prime Minister would be beholden to union barons. Nevertheless, the modernisers' preferred option of an electoral college without *any* union involvement was rejected.

The interaction of redistributive and legitimacy considerations also characterised the reform of candidate selection. When Kinnock first sought OMOV in 1984, many saw it as a means of undermining hard left CLP activists. It was only narrowly defeated at the party conference, suggesting that the rightwing unions did not view it as an assault on the party-union link. In the years that followed, this perception changed and there was a much greater feeling among unions that OMOV was the thin end of a wedge designed to lever them out of the party. It is perhaps ironic that the hardest battle for organisational reform that Labour's leaders fought in this period was not over the electoral college or the block vote at the party conference, the two areas where the party's procedures were highly visible and which brought it into disrepute, but over candidate selection. Although Labour activists had been involved in highly publicised deselection attempts in the 1970s, the issue was less visible than block votes wielded at the national level. OMOV assumed huge symbolic importance for the party leadership too. The very notion of 'one member – one vote' evokes democratic values and popular legitimacy, which were watchwords of the party leadership as it sought to throw off the image of a union-dominated party. Indeed, it is remarkable how television news reporters seemed to confuse the battle for OMOV with the battle against the block vote. This simply emphasised that OMOV was about establishing an internally legitimised party structure and regaining voters' trust.

This was also seen, though to a lesser extent, in the reforms to Labour's internal policymaking process. The problem here had been the unions' dominance of the party conference through their block votes. Given the reduced authority of the conference, most of the changes were geared towards improving its public image. Modernisers were wary of increasing its legitimacy *per se* because that might imply that it did indeed have authority over party policy. From 1986 the conference underwent an image overhaul and became a set-piece occasion for shadow ministerial speeches directed at the watching television audience. The aim was to use the conference for the party's electoral benefit and avoid the sort of arguments that regularly occurred during the early-1980s. These changes were supplemented with

others, such as the reweighting of conference votes and the formal abolition of unit voting, which had distributional consequences but which were also largely about managing public perceptions. However, the major change in the realm of policymaking was the establishment of the NPF, which siphoned off many of the powers of the conference and allowed ministers to dominate intraparty policymaking away from the gaze of television cameras. Policy documents could then be presented to the conference on a take-it-or-leave-it basis. Although the Blair government had a few run-ins with the conference over contentious policies, these were nothing compared to the sort of rows that engulfed Labour in the 1970s. Leadership control was increased with the establishment of the joint policy committee and the reform of the NEC. The occasional use of membership referendums also bypassed activists and unions while the PLP leadership controlled the agenda. The result is a considerable centralisation of power.

The twin aims of centralisation and internal legitimisation on the basis of OMOV characterised all of the major organisational reforms Labour undertook after 1983. In each case, the motive was electoral: the desire to make the party outwardly more attractive and internally more pliable so as to develop the sort of policies it needed to win elections and, importantly, to convince voters that after an election victory its moderate policies would not be at risk from leftwing activists and union barons. On the basis of the 1997 general election, it would appear voters were sufficiently convinced Labour was no longer under the union yoke. The effect of having a new leader was probably significant, especially as it became clear from 1994 that Blair wanted to offer the unions 'fairness, not favours' (Blair, 1996: 136; see also Mandelson and Liddle, 1996). The battle over Clause IV in the face of union opposition was symbolic in this respect, signalling to voters that Labour was consigning old shibboleths and the privileging of sectional interests to history (see Jones, 1996, 2000; Smith 2000; Kenny and Smith, 1997).

The transformation of the unions' position has important consequences for the pattern of future intraparty conflicts. Historically, Labour's dominant coalition has consisted of PLP and union elites but that is likely to be less so now. For example, Blair sought an alliance with party members over the reform of Clause IV. This does not mean Blair has always been able to rely on the members (many continue to support the left in NEC elections) and he has even had to rely on the

unions to clinch victories at the party conference. However, the striking thing about a PLP-individual membership coalition is that it will inevitably be dominated by the PLP. The old coalition of PLP and union leaders entailed two sets of elites who could negotiate with each other and co-manage internal party affairs. By contrast, the individual members have no separate elites who can bargain with the PLP on their behalf. Unlike social democratic parties in Europe, Labour does not have separate parliamentary and organisational leaders, though between 1994 and 1997 the deputy leader, John Prescott, appeared to play a role somewhat akin to an organisational 'leader'. Similarly, in the 1970s the left saw the NEC as a means of representing the preferences of the wider party but now it is a greatly emasculated body. The result is a party in which individual members are invited to renew their annual subscriptions, receive occasional party literature, are permitted to vote in postal ballots and attend occasional local policy forums but where the key decisions are taken at the centre. Members have been enfranchised but they are largely powerless.

### **The Limits of Exogenous Shocks on Party Change**

There is little doubt that Labour's poor electoral performance created the conditions for organisational change. Furthermore, it was inevitable that the unions, as the party's major stakeholders, would sanction some changes if they were deemed a *sine qua non* of improved electoral performance. However, this is not to suggest that organisational change was an automatic adaptation to 'environmental' pressures. If all party actors had reacted reflexively to electoral defeat then Labour's 1983 defeat would have been the catalyst for a dramatic transformation. Instead, the unions chose a leader from the centre-left of the party, whom they thought – wrongly in the event – would defend their interests. Even more obviously, Kinnock's reform agenda was constantly resisted to the extent that OMOV, his overriding reform aim, was not achieved during his nine-year period as leader despite strenuous efforts. Between the election defeats of 1983 and 1987, very few organisational changes were secured, while leftwing policies remained. The 1987 defeat did spur a major policy review but again, progress on organisational change was slow. Even after the historic fourth defeat of 1992, there were powerful voices resistant to change, as shown by the willingness of the big unions to try to defeat Smith over OMOV – it is important to recall how narrow Smith's victory was, as well as the fact that he had

made it a confidence vote in his leadership. Arguably, it was not until the 1994 election of Blair, possibly the most rightwing leader in Labour's history, that the majority of party members and union leaders agreed that far-reaching changes were required, and even then, powerful forces tried to stop the re-writing of Clause IV. Thus, the environmental (electoral) imperative did finally assert itself among a majority of party members but not before four election defeats. The existence of an environmental imperative may *suggest* the need for change but it still requires a coalition of reformers (enthusiastic or otherwise) to push through the changes. Organisational changes to produce an efficient electoral machine cannot be 'read-off' from election defeats because institutional changes have *distributive* consequences, which may prompt potential losers to resist change. Thus, the unions and leftwing activists resisted change in the Labour Party because their own powers were threatened. This can prolong the period that actors are willing to spend resisting change. Rather than the emergence of an ideal-typical organisation perfectly suited to its electoral environment and mapped out in advance, what we saw was a series of shifts, sometimes halting, sometimes dramatic, often convoluted and stamped with compromise. The battle for organisational reform in the Labour Party was nested in the broader context of electoral competition but its rhythm reflected power struggles.

As if to underline the dangers of talking too glibly about party structures ideally suited to their environments, the problem facing Labour today is that while its organisational structure enables an office-seeking electoral strategy, power has been centralised to such an extent that channels for intraparty voice have disappeared and disgruntled members – including unions – may desert the party. This could seriously damage its campaigning ability as it loses funds and activists. As long as parties require activists to campaign for them, there will always likely be disputes about the intraparty distribution of power, even if such disputes lay dormant for stretches of time. It is therefore difficult to talk about 'equilibrium institutions' with regard to parties being suited to their electoral environments because institutions must also be internally 'efficient', i.e. provide members with incentives to remain in their parties. A centralised party suited to producing policies preferred by the median voter might not be so attractive to party members. If members decide to exit in large numbers, the party may not be in a position to get its vote out. I return to this in section 9.3.

## Other Dimensions of Change in the Labour Party

We have seen that propositions **C.1**, **C.2** and **C.7** form the crux of the explanation offered for Labour's transformation. Three other propositions of change have a role in the explanatory narrative of Labour's transformation:

- C.5** *Institutional change can be introduced to increase the supply of resources to the party.*
- C.6** *Institutional change can be introduced to facilitate new communication technologies.*
- C.8** *Leadership change can be a spur for party change.*

An example of **C.5** would be the idea that OMOV was partly introduced as a selective incentive to encourage individuals to join/remain in the party (Scarrow et al., 2000). More obviously, subscription discounts were devised to recruit levypayers into CLPs, though the scheme met with limited success and it is questionable how many people joined Labour to participate in internal ballots. **C.6** was confirmed by the new communications structure that was largely autonomous of the NEC and which entailed centralisation. Moreover, the greater reliance on capital-intensive communications reduced Labour's reliance on activists and permitted a downgrading of the CLP machinery, particularly activist structures such as the GCs. Finally, **C.8** was confirmed by the way in which Kinnock, Smith and Blair each sought to crystallise a given balance of forces on coming to power. Especially interesting was the transition from Smith to Blair in 1994. Labour had not suffered any electoral reverses during Smith's brief tenure – indeed, it was riding high in the polls. However, a sense of urgency and the availability of new leadership selection structures saw the victory of Blair and an abrupt change of direction and tempo. Blair led an intraparty coalition of forces different from that represented by Smith and ensured he was not beholden to union leaders.

These then were the main explanations of Labour's transformation. Of less significance for the period under review were propositions **C.3** and **C.4**:

- C.3 *Redistributive change instigated 'from below' by party members is usually intended to reduce politicians' opportunities to shirk by shrinking their autonomy from members.*
- C.4 *A perceived government 'betrayal' of party members, followed by electoral defeat, increases the likelihood of attempts 'from below' to introduce 'new deal' institutions and/or reduce leadership autonomy.*

Evidence was provided for these propositions during the period 1979-83. After Labour's defeat in 1979, it was convulsed by a civil war that resulted in the left winning support for reforms that restricted the autonomy of MPs and party leaders. Despite some important supporters in the PLP and on the NEC, this coalition for change came largely 'from below', consisting of the CLPD (and other leftist groups), CLP delegates at the party conference, and leftists in middle-ranking positions in the party and the unions. Many unions supported these reforms because they believed the Labour government shirked on its obligations under the initial terms of the 'social contract'. In the light of such 'betrayals', the left is able to prosper by gaining wider sympathy for a reduction in leadership autonomy: unions and activists remain policy-seekers, and if the government ignores their preferences, electoral success is less meaningful. However, these reforms failed to improve Labour's performance and the defeat of 1983 paved the way for a reassertion of leadership control.

All eight propositions on party change are relevant to the Labour Party since 1979. The most useful models are those capable of explaining change, not least because they can explain a broader range of facts. The model presented earlier explained change in the Labour Party and could be extended to other parties.

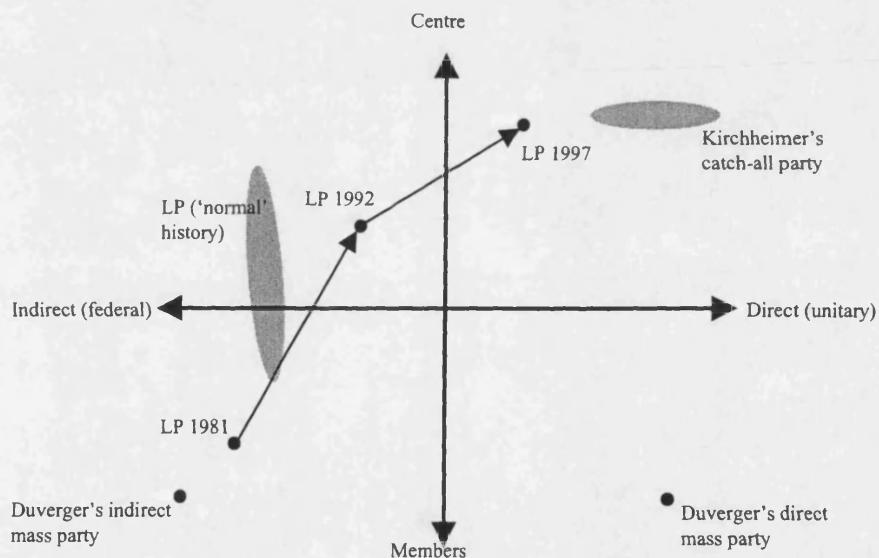
### 9.3 THE NEW LABOUR PARTY

#### **Unitarism and Labour's Catch-all Structure**

We are now in a position to assess the structure of exchange relationships in the Labour Party post-1997. The fundamental shifts have been, at the membership level, from a largely union-based party to an increasingly direct party, and vertically, with a centralisation of power. The reforms up till 1992 were predominantly but not

wholly about centralisation while the reforms after 1992 were about moving away from the federal structure, together with further centralisation. These shifts are illustrated in Figure 9.2. The shaded strip on the left shows the normal historical range of Labour's organisational structure, firmly federal but varying in the degree of centralisation, with the latter being greatest when Labour was in government. In the bottom left of the diagram is Duverger's ideal-typical indirect mass party, which Labour often approximated. In the bottom right is the ideal-typical direct mass party, with both ideal-types characterised by bottom-up control. The shaded area at the top is the range of Kirchheimer's catch-all party, a leadership-dominated party structure more likely to be based on individual membership and unlikely to have strong links with a *classe gardeé* (e.g. trade unions) though some linkage may remain for a while.

**Figure 9.2 Labour's Two Phases of Modernisation**



*Horizontal plane: Direct (unitary) versus indirect (federal) membership structure*

*Vertical plane: Distribution of power between centre and party members*

LP = UK Labour Party

It is the latter model Labour increasingly resembles though it arrived there by a circuitous route. The reforms of 1979-81 increased the degree of federalisation through the establishment of the block vote-based electoral college but also devolved power downwards away from MPs to party activists and trade unionists. During the Kinnock years, there were numerous moves to centralise power yet by 1992, Labour was still a mainly federal party<sup>2</sup> – hence, the efforts Kinnock had to make to manage

the party, particularly the NEC (see Kinnock, 1994). However, under Smith's leadership OMOV was finally achieved and block voting was ended in the electoral college. These reforms represented a big shift towards unitarism, reinforced by the later use of membership ballots. Further centralisation meant that by 1997 Labour resembled a catch-all party, emphasised by its increasing tendency to seek donations from wealthy individuals and non-union interest groups. (See Appendix 1 for a summary of Labour's main shifts from federalism to unitarism.)

The principle of OMOV altered the very nature of the Labour Party. Since 1918, Labour has had a hybrid organisational structure, and this remains true today. However, whereas it was for long a mainly federal party with some unitary features, in the 1990s the federal features were eroded (though not abolished) and the unitary features were extended. Labour is a hybrid of direct and indirect features, with the balance tipping decisively in favour of the former. Yet it is not simply becoming a conventional mass party with an old-fashioned branch structure. When Duverger contrasted the mass party with the cadre party, he claimed the main differences were structure and function, not size. The mass socialist parties were designed to recruit and mobilise members, and educate the working class. Financially, the party's organisation and campaigns would be financed by its members, rather than wealthy donors. In the contemporary Labour Party electoral strategy is 'catch-all' rather than class-based and it does not seek to educate politically members or voters. Local branches persist but they do not mobilise local members. Many branch meetings attract fewer than a dozen members, with councillors and local *notables* dominating proceedings (the same is often true of local all-member policy forums).

The basis of exchange relations has been transformed as capital-intensive campaigning obviates the need for a mass active membership. Local activists are still required but there is no pressing need to undertake mass recruitment. Local parties are not essential for recruiting and organising new members because people can now join the party at the national level. For many, this may be the limit of their contact with the party. Financially, there was never any realistic possibility of Labour's membership drives of the 1980s and 1990s creating an individual membership base sufficient to supplant the unions as the party's principal source of funds. Labour is becoming more dependent on corporate donations and wealthy individuals (though union funds are still essential) but the party does not expect its members to solve its

funding problems, particularly if in return they demand real influence in decision-making. Far from becoming a classic mass party, Labour retains members for reasons of legitimacy, decoration, a bit of finance, and some free labour, but with the latter two functions mainly being bonuses. In their taxonomy of party organisations, Katz and Mair (1995: 18) argue that in catch-all parties, 'members are organized cheerleaders' for the leadership. In cartel parties, the emphasis is on 'members as individuals rather than as an organized body' and members are valued mainly for contributing to the party's 'legitimizing myth'. This captures the reality of Labour's members today, the best illustrations being the 1996 membership referendum on the draft election manifesto and the 1995 abolition of Clause IV.

Nevertheless, whether for reasons of legitimacy or the perceived necessity to retain even a diminished stock of activists on the ground, the problem of membership recruitment and retention is one that has been taken seriously in the Labour Party. Membership drives had some temporary success but attention after 1997 shifted to the structures and functions of CLPs. There has been some appreciation that endless centralisation has progressively diluted institutional incentives for participation and academic observers have argued that the party's grassroots have become 'de-energised'. Some modernisers have suggested a restructuring of CLPs to turn them into strong campaigning forces, thereby encouraging people into the party and giving it a local presence, which might improve Labour's electoral performance. In a recent Fabian Society pamphlet, Paul Richards (2000) recommended Labour become what he called a 'communitarian party'.<sup>3</sup> Richards' pamphlet provides a trenchant critique of CLPs, describing how they are characterised by endless meetings that deal with correspondence, minutes, treasurer's reports, etc., that are of interest solely to committed activists but which are extremely off-putting for most members. Richards argues for the abolition of GCs, the wider use of local policy forums and the formation of local 'task forces' to organise members into local campaigns (pp 34-6). In place of the traditional party structure, Richards advocates a communitarian structure, named after the strand of social thought developed by writers such as Amiati Etzioni, in which the emphasis is on collective action by local communities. Richards claims, '[t]he incentive for new members to join, and for existing members to become more active, would be huge if they could see a real benefit ensue from the energy they personally expended' (p.28), and he gives a number of examples of such

community action, including setting up local crèches, removing graffiti and rubbish from housing estates, etc. Richards notes that Labour used to provide many services and social functions in the 1920s and 1930s, such as cycling clubs. His proposals are presented as a way of re-integrating Labour into local communities. The publication of this pamphlet was heralded in the national press as a signal to party activists that things would soon change. Sure enough, Labour sent out a consultation document, *21<sup>st</sup> Century Party* (Labour Party, 1999) in 1999/2000 and local policy forums were organised to discuss the options for change.

There are a number of problems with this set of proposals. The old mass parties were able to provide successful social and cultural functions to party members and the wider community because they were filling a gap in service provision. Before the war, public services were less extensive than they are now. Furthermore, the provision of leisure services depended much more on local groups and clubs. Nowadays, people can obtain leisure in many other ways that do not depend on joining clubs (e.g. television, computer games, clubbing, etc.). The pursuit of leisure is an increasingly privatised affair and individuals lead more atomised lives than in the past. Furthermore, when they do want to become involved in campaigns, there exists a whole host of single issue groups that they can join or support.

This does seem to constrain the space available for the kind of communitarian party Richards envisages. Importantly, he fails to provide any account of how the local collective action problem will be solved by a party that spends much of its time performing local chores. There appears to be a significant mismatch of incentives in the communitarian party. For example, there is surely a very low limit to the amount of time that politically motivated activists will be willing to spend on removing graffiti from the walls of council estates. I have argued that activists are motivated by a combination of strong purposive incentives buttressed by social incentives and institutionalised rights in the local decision-making process. Thus, although the abolition of GCs can be justified on the grounds that they are largely redundant and enshrine a two-tier membership structure (Richards, 2000: 34-5), they are also the focal point for the party's activist core. Without them activists may become more atomised, which would erode social incentives for activism (e.g. monitoring by one's peers) and perhaps speed up activist exit. The fact that largely inactive members do not participate in them may be beside the point if one accepts that political activists

face different incentives than inactive members or individuals contemplating joining the party. While new or inactive members are often mainly motivated by purposive incentives, social incentives are a fundamental component of activist participation, in terms of the enjoyment of participation, commitment to the group and social sanctions against shirkers. If the GCs were abolished, there would need to be an alternative institutional structure in which social incentives could be embedded otherwise the activists might simply shirk and drift away.

Activists also require a role in decision-making as the price for the time they devote to party work. Labour is heading in the opposite direction, with power centralised. Whiteley and Seyd (2001) claim an attraction of a campaign-oriented communitarian party to party leaders is its amenability to leadership control and its removal from the policymaking process:

Opposition and dissent require organisation and if the grassroots organisation is transitory and linked only to campaigns, it would lack the continuity and institutional memory required to challenge the status quo. From a party manager's point of view the ideal party would consist of a sales force who are willing to go out and promote policies which have been decided elsewhere, while at the same time supporting the party with generous donations of money (Whiteley and Seyd, 2001).

The problem with this is that it is like expecting employees to work hard while foregoing their wages. It is unlikely to provide a stable equilibrium but will instead prompt activist voice or exit. Whiteley and Seyd say that most members oppose a campaign-oriented model of party organisation in which leaders make decisions over policy and conclude: 'Members join the party and are active in part because they want to change policies and have influence over the future development of the Labour government. Take away that motivation and party activity will decline and members leave.' No amount of institutional alchemy is likely to persuade members to devote time to activism if their views are going to be ignored.

Even the recruitment of inactive members will become increasingly difficult. Blair's ascendancy to the leadership prompted an influx of new members attracted by the new image projected by Blair. However, membership has since fallen back, which is the usual pattern when Labour is in government. Membership retention is

also problematic in the case of members that join for purposive incentives: once the salience of the issue that prompted them to join has died down or if they have come to the conclusion that it is difficult to exert influence in the party, exit becomes likely. The increasing reliance of all major West European parties on purposive incentives for membership recruitment, and the relatively weak staying power of such incentives mean that Labour's problem is not unique.

It would appear that Labour's long-term future as a purely direct membership party is problematical, particularly if decision-making remains centralised. It would also appear incapable of providing Labour with a solid financial base. However, none of this is to suggest that Labour necessarily faces huge problems in the future because unlike the mass party structure of old, the catch-all structure relies on media-based campaigns so a degree of activist exit may not harm the party's campaigning abilities to any fatal extent. Activists are still required to operate computers and telephones and Labour's general election strategy of targeting marginal seats requires activist input. Thus, activists cannot simply be abolished but there is no doubt that Labour, like many other parties, will continue to explore new campaign techniques that revolve around the electronic media and, increasingly, the internet.

### **Labour and the Unions: Prospects for the Future**

When the key Labour moderniser, Philip Gould called his recent book on the party, *The Unfinished Revolution* (1999), the implication was that the modernisers saw the reformed party of 1997 as merely another stage in its transition rather than its end point. Gould hinted that the party-union link should be further reformed or even ended yet it seems clear that there are important obstacles in the way of a divorce initiated by the party.<sup>4</sup> Most obviously, Labour would struggle without union funds unless comprehensive state funding of parties is introduced – and that still looks some way off. Some modernisers have even tried to make a virtue of necessity, with Blair defending the link at the 1999 TUC. One of the old uses of the link, which was also its most neuralgic point, was the habitual request by party leaders to union leaders for wage restraint. Labour's adoption of neo-liberal economics and the unions' acceptance of the end of the old tripartite structures has removed this source of tension and to that extent made the party-union link less objectionable to

modernisers,<sup>5</sup> though recent union opposition to public sector reforms and an upsurge in strikes could rekindle their objections. Moreover, the government's economic competence has shown it need not be regarded as untrustworthy simply by dint of the party-union link. Provided there is no return to industrial unrest, the unions need not present Labour with a credibility deficit. Finally, Blair has rediscovered one of the benefits of the link for party leaders, viz. its use as a means of party management (Ludlam, 2001b). Unions at the NPF have proved particularly helpful to the leadership, frustrating attempts to mobilise support for leftwing policies. The unions also used their block votes to help Millbank shoehorn favoured candidates into position to run for the London mayoralty and the leadership of the Labour group in the National Assembly of Wales. These baronial favours ultimately backfired though not before we observed the strange spectacle of 'new' Labour ministers and party officials *justifying* union block voting in internal elections.<sup>6</sup>

As predicted by the exchange model, the financial aspects of the relationship are the major constraint on the party abandoning the unions. However, the exchange approach also directs our attention to what the unions are getting from the party. This had been raised in 1992, when even moderate union figures such as Tom Sawyer rallied under the banner of 'no say, no pay' in response to the iniquity of being asked to continue funding the party while having less power. A decade later, the unions are unlikely to win back their former institutional prerogatives in Labour's organisation so one may ask what incentive they have to remain in the party. Some in the unions have started to ask themselves this, most notably Ken Cameron, general secretary of the fire brigades' union in 1999. It is not surprising that such sentiments should arise after Labour had been elected because the point of funding the party is for it to win office and implement favourable policies. Yet while conflicting preferences arose under previous Labour governments, they did not lead to murmurs about a party-union divorce. What is different now?

There are many differences. The position of the unions in the economy has changed dramatically since Labour was last in office, with deindustrialisation, an end to corporatist structures and a considerable reduction in union membership.<sup>7</sup> This has reduced the unions' political and economic status and raises questions about the extent to which a modern party can allow itself to be dominated by 'old' industrial interests. The unions' constitutional position in the party is also much weaker so

there appears less hope of recapturing it. Party institutions do not offer the promise of great influence over policy. Yet what are the alternatives to the party-union link? Some unions have started allocating money from their political funds to campaigns outside of the Labour Party – or even against it in the case of recent opposition to proposed private sector involvement in public services. As yet, the unions have not seriously considered diverting funds to other parties. It must be recalled that many unions belonging to the TUC are not affiliated to the Labour Party so arms-length relations with the government and other forms of campaigning are facts of life.

Labour's reform of the UK constitution since 1997 has dispersed state power and created sites other than Westminster where unions can seek to influence policy (Ludlam, 2001b). However, many unions have opposed changes such as executive mayors and proportional representation out of concern for their prerogatives. The AEEU leader, Sir Ken Jackson connected the attack on the party-union link with the battle for electoral reform in UK parliamentary elections. One of the most consistent claims of opponents of proportional representation (even the mild proposals of the Jenkins commission) is that it empowers small parties and leads to coalition governments, the latter being deemed 'weak' and 'unstable'. This is not the place to assess these arguments (see Farrell, 2001) but what is interesting is that unions' political and policy objectives are assumed to be best achievable through the existing 'first-past-the-post' electoral system (FPTP). This system best enables two-party systems and single party majority governments (Duverger, 1964: 217; Riker, 1982). Presumably, such governments are deemed best able to implement their policy promises while participants in multiparty coalition governments are compelled to bargain away some of their promises in coalition negotiations. By contrast, under FPTP policy negotiations take place *within* parties *before* elections (Mair, 1994: 152). Again, this is a (contentious) gloss but the point is that many union leaders believe a majority Labour government offers more for them than multiparty coalitions.<sup>8</sup>

This is perhaps a clue as to why the unions remain in the Labour Party. Labour remains significantly dependent on the unions and now that the crucial electoral breakthrough of 1997 has been banked and a second-term achieved in 2001, union leaders hope their influence will grow now they are no longer deemed an electoral albatross. The unions can mobilise MPs and party members to oppose undesirable policies and use party institutions to restrain party leaders. Ministers may

be willing to offer concessions to the unions for fear of evoking opposition like that encountered in 1978-9. One reason why Labour was punished so severely by the voters after the 'winter of discontent' was that it was seen as culpable due to its institutional links with the unions. A party-union divorce might reduce this feeling of culpability in any future disputes because a besieged Labour government could credibly claim that unions were completely separate entities and it might be less restrained in its moves against them. However, I have suggested that a divorce instigated by the party is not presently likely in which case party leaders have incentives not to antagonise the unions too deeply because the fate of the Labour government – and the next Labour opposition – could be closely linked with the climate of industrial relations. To the extent that union leaders have made these calculations, they may be inclined to believe they are better off in the Labour Party – particularly one that is not reliant on coalition partners.

However, this is not the whole story. The unions have secured some policy gains under the Blair government (Ludlam, 2001b; cf. Dorey, 1999) as well as considerable *access* to ministers (always an important aspect of the party-union link – Fisher, 1995: 190) but they do not possess the strength they enjoyed in the 1960s and 1970s, and are unlikely to recoup it. Indeed, many in the unions have accepted the shift from voluntarism and industrial conflict towards a rights-based workplace culture (Ludlam, 2000: 235). Besides, the re-election of the Blair government in 2001 came on the back of popular dismay at the state of public services and the government will be judged at the next election on its progress in improving service delivery. For this reason, the government sees public sector reform and greater use of the private sector as essential to its aims, even if it entails antagonising public sector unions. The government may be anxious to avoid a 1970s-style showdown but its continuation in office may depend on taking on vested interests in the health, education and public transport sectors. The government's plans have already evoked an angry response from the unions and looked set to dominate the conference season in 2001 before the terrorist attacks of 11 September in the USA transformed the political agenda. More unions are questioning what they get in return for their affiliation fees and in June 2001 the GMB announced it was reducing its affiliation level to the Labour Party, amounting to an annual funding cut of £250,000. In Chapter 4 I argued unions would be reluctant to reduce their affiliation levels for

purely factional reasons but the present dispute is not factional – it impinges on all public sector unions. It represents a dispute between the PLP elite and the party's members (corporate and individual) and marks a worsening of the terms of political trade within the party for the unions. Labour's internal institutions do not appear to offer many opportunities to make a real impact on government policy. For example, the head of the Fabian Society recently complained of the new policymaking structure centred round the NPF: 'It sounds sensible. But it is now almost universally regarded by the membership as a sham, hijacked by the party HQ at Millbank. Agendas are set, papers drafted and minutes written by party staff; and real arguments about the direction of policy are snuffed out. And then the entire process is ignored anyway' (Jacobs, 2001). This last remark was a reference to the government's plans for public services, a major change of policy and opposed by most of the party and the unions but never discussed at a policy forum.

For these reasons, talk of a party-union divorce is nowadays more likely to come from union officials than government ministers. They may have secured some concessions from the Blair government but as one union-friendly journalist has observed, the non-affiliated Royal College of Nursing and British Medical Association have more influence over health policy than affiliated UNISON or the MSF (Maguire, 2001a). The affiliated unions still believe there may be advantages in their party membership but the longer they feel their voices are ignored, the louder the calls for disengagement with the party will become. The government's problem is that its policy programme may necessitate trampling on union prerogatives: steering a course between electoral pressures and the need for union money will not be easy and could impose the greatest strain on the party-union link in Labour's history. There is a real possibility that some – or all – unions could depart the party during the next decade if they feel they are getting a raw deal; or if the government loses power during that period, there could be another backlash against the 'shirking' PLP leadership. A 'third way' might be a looser relationship, perhaps marked by the abolition of national affiliation and an end to the unions' existing constitutional rights in the party. Alongside this would inevitably be a reduction in union resources supplied to the party so any such settlement will require real movement on the difficult issue of party financing and state funding.

## 9.4 OBJECTIONS TO THE MODEL

In the final two parts of this thesis, I turn to the broader question of the usefulness of the models deployed earlier. The exchange approach can in principle be extended to any party (though modifications would be required before applying it to parties in multiparty systems). In section 9.5 I pinpoint some of the contributions made to the exchange approach in this thesis as well as advances in the analysis of the Labour Party. Before that, it is necessary to look at some likely objections to the rational choice approach to the Labour Party. Many of these objections revolve around the general issues of leader-follower relations, and office-seeking versus policy-seeking. In this section, I examine the claims of those who advocate a 'sociological' approach to the study of the Labour Party. I argue that this approach, while not without some merits, is often too vague and unable to explain change, while the exchange approach fares much better.

A standard criticism of rational choice analyses of organisations is that it is too simplistic to see individuals as the embodiment of *homo economicus*. Such critics believe that viewing individuals as utility-maximisers pursuing their self-interest makes for narrow and unsatisfactory explanations; that the 'economic approach' to human behaviour leaves out too many important aspects of individuals and groups, and a more 'sociological' approach is required. Many opponents of rational choice assume that rational choice theorists deny the importance of social norms, values and culture. In fact, there have been a number of rational choice analyses of these phenomena. Kreps (1990b) offers an account of corporate culture (in principle, generalisable to non-corporate settings) in which conventions and organisational reputations provide imperfectly informed actors with focal points (Schelling, 1960) on which to coordinate their actions. Even somewhat anachronistic cultural practices may represent actions that were once rational but perhaps are no longer so. Binmore's (1998) game theoretic account of the social contract views norms of fairness as equilibria of repeated games. Finally, Chong (2000) combines individuals' material incentives with their social and moral dispositions (seen as psychological and social investments acquired over time within communities and groups) to produce a broader based rational choice model of value formation and value change.<sup>9</sup> Chong shows that introducing incentives into the discussion of norms and values gives the rational choice approach an advantage over sociological and

psychological theories in explaining how and why such deeply rooted phenomena can often change. The difficulty of explaining change within a purely norms-based framework is evident in the literature on the Labour Party. This ‘sociological’ approach is closely identified with the work of Minkin, who has recently been championed by Shaw (2001b) for demonstrating that ‘*homo sociologicus* ... has much more to offer than *homo economicus*’ in the study of the Labour Party. Minkin’s mode of analysis of party-union relations is so widely accepted by academic specialists on Labour that it is worth further examination.

Minkin adduces what he calls five ‘rules’, which regulate the relationship between Labour and the unions. These ‘rules’ are freedom, democracy, unity, solidarity and priority (Minkin, 1992: 26-48). Minkin holds that these ‘rules’ explain the *mutual restraint* that has traditionally governed relations between the two wings of the labour movement. *Freedom* referred to the mutual autonomy of the party and the unions and implied that the party should not interfere in industrial matters while the unions should not use party sanctions to force the politicians to adopt their preferences. *Democracy* referred to a respect for majority decision-making and was reflected in the almost dewy-eyed respect for the party conference.<sup>10</sup> *Unity* referred to the desirability of consensus, essential in collective action and embodied in the steadfast support offered by union representatives on the NEC to the PLP leadership. *Solidarity*, a fundamental value of the union movement, involved the party backing unions in industrial disputes and the unions lining up alongside party leaders to provide internal stability by neutralising threats from the left. Finally, *priority* involved union leaders making a case to the politicians for those interests of greatest concern to them but ceding autonomy to the party on other matters.

Minkin’s choice of the term ‘rules’ is unfortunate since this term is usually reserved by political scientists for formal institutional rules rather than the informal understandings Minkin has in mind (he usually puts the word inside inverted commas). Shaw (2001b) describes Minkin’s ‘rules’ as social norms but this is not entirely satisfactory either. Social norms tend to be much more prescriptive, ranging from simple ones like ‘Do X’, to more complex ones like ‘If others do Y, then do X’ and even ‘Do X if it would be good if everyone did X’ (Elster, 1989b: 98). Now, in some specific instances Minkin’s ‘rules’ do translate into norms, such as that against unions mandating their delegates at parliamentary candidate selection meetings

(which he derives from the ‘rule’ of ‘democracy’). More generally, however, these ‘rules’ are better seen as *values*, a more generic term (Minkin himself sometimes describes them as such). Thus, Minkin’s argument is that a set of pervading values has guided the unions and the PLP in their dealings with each other. Moreover, these values manifested themselves in Labour’s institutional structure and have been the major source of stability in the party over the course of its history.

Now there are some obvious problems with this kind of analysis. The main problem concerns establishing causality between values on the one hand and institutions, stability etc. on the other. Even if one accepts that certain values exist, there is the possibility that the values that supposedly explain ‘restraint’ between Labour and the unions were themselves a product of the need for restraint historically, i.e. the relationship of causality is reversed. For example, Minkin describes a norm (falling under the generic ‘value’ of ‘democracy’), that the unions did not explicitly link the provision of money with the selection of certain parliamentary candidates by CLPs or the adoption of given policies by the party conference. This norm crystallised after the 1933 ‘Hastings agreement’ reformed sponsorship rules. However, in the realm of candidate selection, it was often ‘more symbolic than effective as an attempt to make finance less important’ (Minkin, 1992: 33) because selectors knew which candidates carried the promise of sponsorship and what sort of help would be forthcoming. As Minkin observes, the unions have often felt uneasy about being seen as the party’s paymasters because it looks bad to ordinary voters. Yet there, perhaps is the real explanation. If unions make financial threats, it can harm Labour’s electoral prospects if voters see the party as a Trojan horse for union interests. Furthermore, I showed in Chapter 4 that linking finance to policy outcomes at the party conference could destabilise the party by creating free-riding among unions. More generally, the restraint between the politicians and the unions is often in their *interests*. These norms and values may have emerged in response to this reality, as in the case of finance, and thus represent an equilibrium.

The norm against mentioning finance in selection meetings was explicitly discussed in the party and even found its way into the NEC’s Memorandum on the Selection of Candidates though it was never formalised in the party’s rules. However, many of Minkin’s norms were never or rarely explicitly stated. For example, he observes that the unions have always refrained from unilaterally altering

Labour's constitution, and generally intervened only when requested to do so by the party leadership (Minkin, 1992: 38-9). He concludes that this must be an intraparty norm. The problem with this is that since the norm in question was not explicitly stated, it has to be inferred from actual *behaviour*. However, once a norm is inferred solely from behaviour it cannot logically be used to explain that behaviour. The evidence gathered for the existence of the norm might be merely a description of the behaviour the norm is supposed to explain (Barry, 1978: 89-92). The mere existence of such an empirical regularity is not by itself sufficient to demonstrate the existence of a norm or value. One could think of rational reasons why the unions might adopt this position, e.g. an unwillingness to be viewed by voters as 'bossing' the party, the lack of necessity of changing the constitution given that they already controlled the extraparliamentary party, etc. Once again, none of this is to deny norms and values exist, only that the business of finding evidence for them is not straightforward.

Even if we accept that a value exists and that the direction of causality runs from values to actions to institutions, there remains the problem of establishing the weight of their explanatory role. This is no easy task. Is the existence of Minkin's party-union values a necessary condition for restraint between the two bodies, a sufficient condition, or a necessary and sufficient condition? Presumably these values are not sufficient because there have been occasions when restraint has been absent, most notably during the 1970s when Labour governments sought to undermine the traditional 'freedom' of the unions in the industrial sphere. More recently, some in the unions have threatened a reduction in union finance in response to the policies of the Blair government. In which case, are Minkin's values necessary? He argues they are, though much of his evidence consists of empirical regularities. It may be that they are neither necessary nor sufficient – the provision of rational accounts of institutions and underlying mechanisms would lend support to this view. But even if values are necessary, the question remains *how* necessary? Do they account for most of the explanation, some of it, or just a small part? Minkin does not say.

There is one final feature of Minkin's schema that is analytically and explanatorily problematical. If so much of the party-union relationship is structured by enduring norms and values, and so little by interests, why do we ever observe institutional change? Any account of the Labour Party since 1983 needs to explain the causes of change. If it was a 'rule' of the party-union relationship that the party

respected union 'freedom' in the realm of collective bargaining, why have Labour governments often violated this 'rule'? (Indeed, how can we tell whether a violated 'rule' is simply violated or no longer operable?) If there is a norm against the unions mentioning finance, how do we explain the traditionalists' rallying-cry of 'no say, no pay' in 1992, or the GMB's reduction of its affiliation level in 2001 in anger at government policies? Much of the time, Minkin's response is to deny that the violation of a 'rule' is as great as believed. For example, his discussion of the left's constitutional reforms of 1979-81 puts the major emphasis on the role of the leftwing NEC and stresses the unease felt among many in the unions. Yet mandatory reselection and the electoral college *were* approved by the union-dominated party conference. Both reforms sought to reduce the autonomy of PLP personnel. Rather than questioning the extent to which 'restraint' had broken down, it is better to ask why union restraint weakened at this point. Sometimes, Minkin accepts there were violations of the 'rules' but his explanations are external to those 'rules'. Thus, he agrees that Kinnock's acceptance of the Conservative government's trade union legislation, a major incursion into union 'freedom', was driven by electoral factors (Minkin, 1992: 623-4). This is an unremarkable conclusion but electoral failure is not a systematic element of Minkin's schema in the way it is in the exchange model. Minkin's 'rules' guide actors in their *responses* to change but they do not *explain* why change is initially undertaken. Such explanations must be sought outside his 'rules'. The suspicion is that Minkin's 'rules' are often descriptions of regular patterns of behaviour, and when the latter change the 'rules' appear to be violated.

Shaw (2001b) claims organisational change can be understood within Minkin's schema. He argues that throughout Labour's history, the 'rules' have been

constantly revised as circumstances, pressures, political alignments all mutated. Role-playing [between politicians and unions] was not a matter of passively following role prescriptions but of constant renegotiation and mutual adjustment ... Norms, roles and relationships, in short, were constantly being revised as differing interests were reconciled, new challenges met, new bargaining arrangements evolved and new compromises struck (Shaw, 2001b).

This sounds more like instrumental rationality and the clash of interests. 'Constant renegotiation' is not something we usually associate with norms and values, and if

the latter were ‘constantly being revised as differing interests were reconciled’, it would seem they are merely descriptive concepts rather than explanatory ones. The explanatory work is being done by self-interest and rationality.

It is noteworthy that the same inability to explain change is found in the most famous analysis of power in the Labour Party, that of McKenzie (1964). It will be recalled that the McKenzie thesis posits a relationship of PLP dominance over the extraparliamentary Labour Party owing to the British constitutional convention that outside bodies (other than the electorate) cannot impose their will on parliament. McKenzie claimed this freed the PLP from control by the party conference but he went further and suggested the unions were normally willing to offer their support to the PLP. In fact, the 1960s and 1970s illustrated the limits of union acquiescence. The major problem with the McKenzie thesis is that it is insufficiently flexible and that by positing a single outcome (PLP dominance) it is unable to explain change without either downplaying its importance or importing new explanatory factors external to the original theory. This is not a problem with the exchange approach, which systematically integrates electoral performance into explanations of change.

These are some problematic features with ‘sociological’ approaches to the study of the Labour Party. Nevertheless, that there are weaknesses in alternative approaches does not by itself demonstrate the superiority of the rational choice approach. That has to be demonstrated on its own merits, and while the whole of this thesis is offered as evidence for the utility of the approach, a few points ought to be said about one of the most persistent criticisms of exchange models. This is what Bale (1999: 6) has recently dismissed as its ‘impoverished view of leaders as office-seekers and followers as human resources’. This distinction provided the principal driving force for the models presented earlier, directing our attention to the dual exchange in which politicians engage: internally with party members and externally with the electorate. The approach allowed us to separate two distinct categories of change: the centralisation of power as party leaders marginalised the activists; and, the shift from a form of internal exchange based on PLP-union relations to one in which the unions were marginalised and individual members enfranchised. Despite these analytical gains, some observers might question the distinction between the office-seeking PLP and policy-seeking unions. The description of the PLP leadership as office-seekers would probably arouse less controversy nowadays, as even Minkin

might concede. I shall not discuss this assumption further, having already set out my reasons for adopting it. However, critics of rational choice might still dispute the assumption that the unions are guided by instrumental rationality in their dealings with the Labour Party. This would be the position of those who believe norms and values offer the best interpretation of the party-union link.

However, there is a misunderstanding about what rational choice implies in regard to the unions. Shaw (2001b) believes that a rational choice analysis must necessarily view the unions as power-maximisers who try to 'maximise their interests' in the party and use their institutional power 'to pressurise party leaders to conform to their preferences'. Against this view, Shaw offers Minkin's examples of the unions refusing to use financial leverage to obtain favourable policies and the inhibited behaviour of union representatives on the NEC. Yet this is too simplistic. I argued that rational union leaders would cede some autonomy to party leaders and refrain from seeking to impose their most preferred policies if the latter entail electoral costs. Maximising their influence in the party is not identical to maximising the size of their block votes. Threatening financial sanctions might be counter-productive if it undermines Labour's capacity to campaign. Union representatives on the NEC are indeed 'restrained' on issues of little direct interest to them but they intervene when those interests are threatened (as Minkin acknowledged).

The rational choice approach is thus capable of explaining 'restraint' (as well as explaining the limits to it) rather than deriving it from norms and values. Moreover, the rational choice approach can account for what Shaw acknowledges to be a weakness in Minkin's account – the observation that the unions have tended to be more restrained in their dealings with the PLP than *vice versa*. Shaw disputes Minkin's claim (Minkin, 1992: 47, *passim*) that the politicians are equally bound by ties of restraint, a proposition lacking credibility after the recent programme of 'modernisation'. Shaw explains this in terms of the old union right and left being inculcated in a culture of 'labourism' whereas the Blairites are a new middle-class right, alien to the culture of 'labourism' and its notion of 'restraint'. However, this does not tell us how the Blairite interlopers were able to assume such a dominant position in the party in the face of such labourist hegemony and how they were able to overthrow the old values. A rational choice account has no such problem in explaining this asymmetry in the party-union relationship. Viewing the unions as

constrained policy-seekers captures the way in which they have definite interests in the party but are inhibited from pushing them too hard lest they harm its electoral prospects – which explains not only their ‘restraint’ but also the fact that they have tended to play a ‘negative’ role, setting limits to the autonomous politicians rather than prescribing policy. For their part, the office-seeking politicians have electoral considerations at the top of their agenda but are constrained by the preferences of unions and activists. However, if they can extend their autonomy they will do so because this facilitates policy flexibility and the pursuit of electoral success. The unions often appear restrained because they operate within an organisation where votes are the criterion of success. In turn, the politicians are office-seekers constrained by intraparty policy-seekers. Where the unions have historically been *self-restrained*, the politicians have faced institutional and resource *constraints*. The exchange model predicts these constraints are loosened when the party suffers poor electoral performance, after which the politicians often gain more autonomy. This was precisely the case with the Blairites in the 1990s.

## 9.5 INTELLECTUAL CONTRIBUTIONS OF THE THESIS

In this final substantive section of the thesis, I wish to highlight some of the contributions made in the course of this work to the study of the Labour Party and to the theory of party organisation. I look at each in turn.

### Contributions to the Study of Labour Party Institutions

Relatively little has been written on Labour’s organisational reforms (in contrast to its policy changes). Interesting papers have appeared on various aspects of these reforms but there was hitherto no book-length work specifically devoted to the party’s organisational transformation. The present study fills this gap in the Labour Party literature. Rational choice theory provided a systematic method of inquiry into individual reforms and the programme of reforms as a whole, leading to some non-trivial intellectual contributions.

First, the **block voting** system was shown to be rational and efficient. Despite its widespread notoriety the block vote had never previously been systematically analysed. Most of this thesis has been about party change but the models also

explained stability and the equilibrium institutions that underlie it. Institutions are stable when the dominant coalition has no incentive to change them and actors outside the dominant coalition are unable to form a new coalition for change. I showed that the block vote represented an equilibrium institution within the Labour Party given the organisational domination of the latter by the affiliated unions. I also explored the distributive consequences of block voting and showed why it is inaccurate to view the unions as ‘power-maximisers’ in the Labour Party. This was also related to the distinction between parties and interest groups, and the notion of ‘constrained’ policy-seeking. The model showed not only why the system survived so long – due to its efficient and distributive qualities – but also why it eventually came under strain, as the PLP-union dominant coalition broke down in the 1970s, and the system created a credibility gap between Labour’s promises and voters’ anticipations of a Labour government. The exchange model was crucial in explaining the block vote. It was the focus on the exchange of resources for influence with institutional guarantees that was the basis for understanding the system’s rationality.

Second, rational choice shed light on OMOV, by focusing on the different kinds of collective action problems facing activists and non-active members. It has been widely remarked that democratisation has been the vehicle for centralisation, not just in Labour but in other parties too. I explained this in terms of ‘horizontal’ and ‘vertical voice’, whereby the lack of opportunities for horizontal voice between atomised individuals prevents individual members from mobilising against party leaders (vertical voice). This was rarely a problem for activists bound together in the institutional shell of the GC. However, *pace* those observers who believe OMOV is almost purely about centralisation, giving members ballot papers eases their mobilisation costs and has resulted in some success for the left in internal ballots. I argued that whereas under the old selection system, GCs would be concerned about NEC sanctions in the light of deselections, such dissuasive reputational power is less effective under OMOV because ordinary members are unlikely to be concerned about (or even aware of the possibility of) NEC sanctions against deselectors. This explains why OMOV is always accompanied by greater veto powers for the centre and/or pre-selection rules that short-circuit the entire process, such as ‘affirmative nomination’. The latter also puts the focus back on the activists and could serve as a means by

which the NEC signals to them that anything other than automatic reselection will invite central scrutiny of the local party.

Third, contributions were made to the understanding of Labour's **electoral college**. Curiously, the college has received little attention from academics. Existing accounts assess given leadership contests and speculate whether the system benefits certain types of candidates. By contrast, I examined it as a means of accountability and control over party leaders – which, we should recall, was the reason it was introduced in the first place. This emphasis was a consequence of using a model that focused on principal-agent relations between leaders and followers. I showed there are considerable obstacles to using it for purposes of control, and that *legitimacy* is now a more important consideration in changing leadership selection mechanisms. I also showed why the unions were able to dominate leadership contests despite controlling less than 40 percent of the votes. This was due to the concentration of voting power embodied in block votes. By abolishing block votes, the reforms of 1993 strengthened the unitary nature of the party, which had consequences for its structure and the distributive qualities of its institutions.

Fourth, insofar as policymaking is concerned, the major debate had centred round the McKenzie thesis of PLP domination. This thesis came under attack in the 1970s but looked more convincing in the 1980s. I argued that the key issue was the lack of any **enforcement** mechanisms between the party conference and the PLP. However, I specified the conditions under which the conference might be expected to exercise more control, such as during periods of opposition. The fact that this did not happen in the 1980s and 1990s reflected the desperation at all levels of the party for electoral success. It was shown that the new policymaking structures have led to a centralisation of power but by using rational choice methods of analysis of legislative institutions (looking at agenda-control, veto powers, etc.), and contrary to the claims of internal critics of the system, I showed it is quite possible for organised minorities to use the NPF to inflict defeats on party leaders.

Fifth, throughout this thesis, institutions have been understood as structures for governing exchange relationships. Sometimes the terms of exchange change and this was acknowledged in the discussion. For this reason, attention was devoted to shifts in resource supply and demand within the Labour Party and the consequences this has for likely (dis)equilibrium institutions. It also entailed an examination of

Labour's shift towards capital-intensive communications technologies and the remaining incentives for individuals to join the party and participate in its campaigns. This adds **dynamism** to the exchange model and is an important part of the story that is often left out of other accounts.

Sixth, reflections were offered on the nature of the Labour Party today. The exchange approach directed attention towards this shift from a federal to a **unitary** structure, as exchange relations tilted away from activist and corporate bodies towards party members and levypayers. Federalism dispersed powerbases and resources in the party but unitarisation has eroded this plurality of resource sites. Labour is now a more direct membership party, with the union link increasingly expressed in *individual* rather than corporate relationships. This is often neglected in favour of a focus on centralisation. However, the thesis showed that excessive central domination of institutions may present problems for recruiting and retaining members, who might feel they have few incentives to remain – hence, Labour may have **disequilibrium institutions**.

### **Contributions to the Exchange Approach to Party Organisation**

An exchange model of party organisation was employed in this work because such models potentially offer a way of combining intraparty conflicts, electoral shocks and party resources in an explanation of party institutions. However, existing work using the 'exchange approach' tends to look at these areas in isolation. An important aspect of this thesis has been its contribution to the development of the exchange approach. My model integrated various aspects of previous contributions, including Schlesinger's (1984) focus on intraparty incentives, Strøm's (1990) emphasis on the institutions through which party members control leaders and Aldrich's (1983a, 1983b, 1995) attention to members' preferences in the context of party competition. The present thesis has combined all of these factors and others to produce a set of tools for examining parties' organisational structures. It has also gone beyond these accounts in several ways. For example, Ware (1992) criticises exchange models for ignoring social incentives but the model developed here regards such incentives as crucial for *activists*. Purposive incentives are collective in nature and rational individuals require selective incentives if they are to contribute towards

a public good. Social incentives provide these private benefits though they are less important for inactive members, explaining the higher rate of turnover of the latter. Further developments were made in respect to actors' preferences. Previous exchange models have tended to treat members as 'pure' policy-seekers (e.g. Aldrich, 1983a, 1983b; Robertson, 1976) but I relaxed this assumption so that they are now 'constrained policy-seekers', with the constraint being that any party must win an election before it can implement its policies. This is part of a broader integration of the exchange approach into the Downsian model of party competition, whereby intraparty conflicts can inhibit in the short to medium term party convergence on the median voter position. Also on actors' preferences, a modification was offered of May's 'law of curvilinear disparity' whereby the low organisational level focus turns from the preferences of partisan supporters to those of the median voter. This undermines some critics of May's law.

Advances were also made on exchange accounts of party institutions. Again on the issue of members' preferences, it was argued that preference heterogeneity among members is inevitable and that this has consequences for the exchange approach. Since only one set of policies can be offered by party leaders to the membership as a whole, incentives need to be provided to stop dissatisfied members exiting. Institutions provide such incentives by offering 'losers' the chance to try again to get their policies or candidates adopted. Thus, it is not simply policies that politicians offer to their members in exchange for resources but also institutions – indeed, for most members, the institutions substitute for policies. This idea has been absent from previous exchange models but it provides an explanation for factional cleavages inside parties. Following Panebianco (1988), the strength of factions inside any given party depends in part on the distribution of decision-making powers among party institutions. I also argued that divisions between leaders and followers ultimately retain explanatory primacy because factions tend to be unevenly distributed among high- and intermediate-level bodies (May's law).

Institutions were described as *efficient* responses to the commitment problems that plague exchange between leaders and followers, largely following Strøm. However, linked to the assumption of constrained policy-seeking members, it was argued that party leaders require some autonomy from members if they are to square the circle of membership preferences and the preferences of the median voter. This

goes beyond Strøm's account of institutional controls by showing that elite discretion inevitably means that commitment problems between leaders and members can be reduced by institutions but never completely eradicated. This was the explanation for why most institutional change in parties tends to be 'redistributive', enhancing or reducing leaders' autonomy from followers. However, as we saw in the case of Labour, too much elite autonomy reduces the efficiency of institutions, sometimes to the point where members may not have sufficiently strong incentives to continue participating, in which case membership voice and exit may follow.

A feature of the model developed here is that it is dynamic, offering propositions on when party **change** becomes more likely – an advance on previous exchange models. These propositions follow from the nature of intraparty political exchange. Thus, if activists impose policy constraints on leaders, the latter may have incentives to adopt capital-intensive communications. The most important precipitant of change is electoral failure. This is not simply an *ad hoc* form of explanation. Intraparty exchange is nested in party-voter exchange and the model developed here systematically incorporates inter-party competition into the explanation rather than treating it as an 'external shock'. Intraparty conflict and organisational change have consequences for a party's electoral performance and the latter in turn affects internal conflict and the likelihood of change. The systematic integration of party competition with party organisation was reflected in the derivation of the very need for party organisation and resources from imperfect information in the electoral arena. Again this was an advance on previous exchange models.

A further advance was in identifying the importance of party change arising from unpopular internal institutions. It was pointed out that this especially pertains to 'externally legitimised' parties such as Labour parties, which institutionalise interest group participation. This type of change differs from typical redistributions of power within parties because it is *directly* concerned with electoral factors. This idea has been implicit in debates about Labour's modernisation of its links with the unions but to my knowledge has not been explicitly spelt out as a specific type of motivation underlying party change.

In summary, the present thesis has extended the exchange approach in a number ways. The simple leader-follower dichotomy was developed in such a way as to permit leadership autonomy and factional divisions. The importance of electoral

factors, stressed by Duverger and Epstein, is integral to the model but so are intraparty factors, as emphasised by Panebianco. Parties' need for resources was also a fundamental aspect of the model. The tools developed here are applicable to the study of any party, though extending them to parties in multiparty systems would require a different conception of party competition, which could have consequences for intraparty factors. The point, however, is that the tools developed here are not restricted to an analysis of the British Labour Party but can in principle be applied to other parties. This is perhaps the ultimate strength of the model developed here. Exchange relationships are ubiquitous in all parties. Thus, just as organisational economists can use their tools of analysis to examine any enterprise, so students of political parties can use the exchange approach to analyse any party, or indeed many in a comparative analysis.

## 9.6 CONCLUSION

I indicated at the beginning of this study that rational choice work on the theory of party organisation is relatively underdeveloped, notwithstanding useful contributions from a number of authors. This thesis has sought to contribute further to the rational choice body of work and show how it can shed light on parties. However, rather than just some general remarks, the models developed were applied systematically to a party that has undergone enormous organisational change over the last two decades. It was shown that the rational choice approach can explain institutional structure and institutional change in parties, and a number of new insights were offered, which sprang directly from the models. Further theoretical development and more applications to real life parties can help build up the rational choice corpus of work on the subject. When political scientists share a common body of analytical possessions, as rational choice theorists do, it is easy to add to it at low cost (Barry, 1991: 191). This is not to advocate the colonisation of political science by rational choice theory but it does demonstrate that rational choice theorists have the advantage of being able to draw on particular concepts in order to apply them to new areas and shed light on them. The present thesis has sought to do this, with the hope that its own insights can be built upon by others.

# Appendix 1

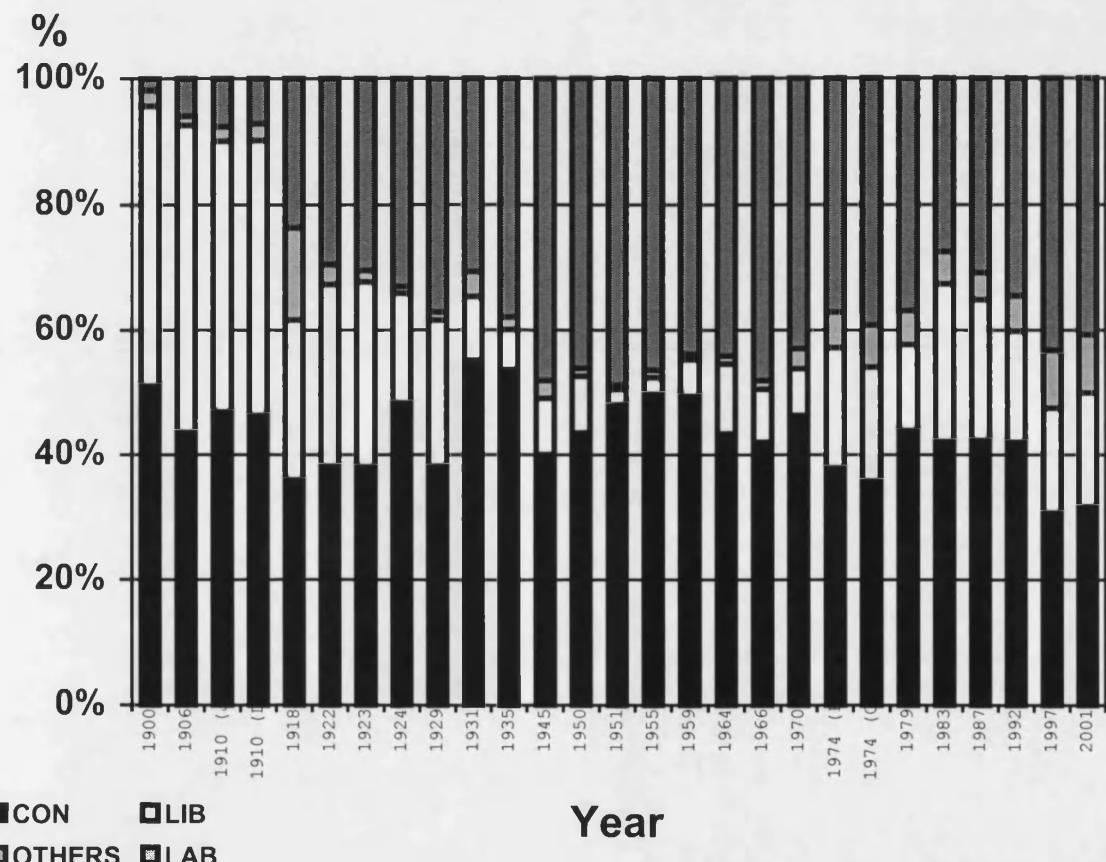
## From Federalism to Unitarism in the Labour Party

Year	Event	Details	Effect on Labour Party
1900	Formation of LRC	Largely an extraparliamentary party dominated by unions. No individual members. Unions and socialist societies elect separate sections to NEC. Unions finance party out of normal union (industrial) funds without members' permission	Strongly federal party structure with completely indirect membership structure
1909	Osborne judgement	A railway worker, W.V. Osborne objects to his union's funds going to Labour party. Wins court injunction, upheld by House of Lords.	Union funding to Labour virtually collapses and the party's survival is at risk
1913	Partial repeal of Osborne judgement	Liberal government introduces Trade Union Act 1913, allowing unions to spend money on political activities providing that (a) political and industrial funds are kept separate, and (b) union members have the right to 'contract out' of paying political levy	Shift towards a more direct relationship between individual union members and Labour party – principle of consent means levypayers can 'contract out' (but apathy ensures not many do – 'negative' consent)
1917	NEC reform	Entire NEC elected by the annual conference (socialist societies allowed exclusive right to nominate candidates for their section)	Undermined federalism by ending exclusive voting rights for affiliated bodies to their own NEC sections
1918	Labour's new constitution	Permitted individual membership for the first time (via CLPs). NEC reform of 1917 upheld	Strong shift towards direct membership elements
1927	Introduction of 'contracting in'	Conservative government introduces Trade Union Act 1927 – now union levypayers must state they wish to pay political levy	Increased direct nature of party-union link (requirement of 'positive' consent) and decreased affiliated membership
1937	NEC reform	CLPs permitted exclusive right to vote on NEC candidates for the CLP section of the NEC	Increased federal nature of the party and reversed NEC reform of 1917
1946	Reintroduction of 'contracting out'	Labour government repeals Trade Union Act 1927 and reintroduces 'contracting out'	Increased indirectness of party-union link and raised affiliated membership

1981	Electoral college for leadership elections	Separate union (40%) and CLP (30%) sections (block voting) as well as PLP section (30%)	Federalisation of leadership elections by giving votes to all party stakeholders
1985-86	Political fund ballots	Unions obliged by law (Trade Union Act 1984) to ballot all members on whether to maintain political funds	Strengthened direct link between levypayers and party (because ballots were won); legitimised Labour's union funding
1987	Reform of candidate selection	Introduction of local electoral colleges for selecting parliamentary candidates: min. 60% share for individual members (by OMOV); max. 40% share for unions	Considerable strengthening of direct nature of individual party membership (but not affecting continuing indirect nature of party-union relationship)
1989	Computerised national membership list	Establishment of computerised national membership list enabling individuals to join party at the national level	Strengthening of unitarism – centre can communicate with individual members, including distribution of ballot papers
1989-91	NEC and electoral college reform	Mandatory OMOV ballots for CLP sections in NEC and leadership elections; selection of CLP delegates to annual conference by OMOV	Strengthening of unitarism and reduction in power of GCs
1993	Rule changes introducing OMOV and abolishing union block votes	(a) Union votes removed from parliamentary candidate selection (pure OMOV). (b) Electoral college – OMOV and OLOV in CLP and union sections. (c) Formal abolition of block voting at party conference and reduction of unions' vote share to 70% (50% in 1996)	Very strong shift towards direct membership structure among both individual and affiliated members; considerable undermining (though not abolition) of federal structure
1995	National membership ballots	Provision for membership ballots on policies or issues decided by the NEC (reform of Clause IV in 1995; draft election manifesto in 1996)	Further shift to unitarism but this time at the national level. NEC control of agenda-setting implies greater central powers
1997	<i>Partnership in Power</i>	(a) Reduction of union power on NEC; (b) confirmation of new power of NPF (lower union membership than party conference)	Reduced power for affiliated organisations

## Appendix 2

### UK General Elections, 1900-2001



Sources: Butler and Butler (2000: 233-9); Morgan (2001: 11).

*Notes:*

1918: Figures for Conservatives include 'Coalition Unionists'. Figures for Liberals include 'Coalition Liberals'.

1922: Figures for Liberals include 'Coalition Liberals'.

1931: Figures for Liberals include 'National Liberals'.

1983-2001: Figures under 'Liberal' are for SDP/Liberal Alliance (1983-7) and Liberal Democrats (1988-2001).

# Notes

## 1 Introduction

- 1 On disputes over the selection of candidates for the devolved assemblies and for the European parliamentary elections of 1999, see Bale (2000), Bradbury et al. (2000), Shaw (2001a), Flynn (1999).

## 2 The Rational Choice Approach

- 1 For discussions of the rational choice approach, see Dowding (1991: 1-29), Dowding and Hindmoor (1997), Tsebelis (1990: 18-47), Shepsle and Bonchek (1997: 5-35), Elster (1986), Monroe (1991), Green and Shapiro (1994), Friedman (1996), Cox (1999) and Opp (1999).
- 2 For sociological critiques of rational choice see Hindess (1988, 1989) and Udehn (1996).
- 3 Moreover, King et al. (1994: 43) have observed that 'the difference between the amount of complexity in the world and that in the thickest of descriptions is still vastly larger than the difference between the thickest of descriptions and the most abstract quantitative or formal analysis'.
- 4 The erroneous focus on politicians' personal policy preferences vitiates Norris' (1995b) critique of the 'law of curvilinear disparity', which asserts activists are more extreme than office-seeking politicians and ordinary voters (see Ch. 3). Norris collected data on the self-professed personal preferences of MPs, party activists and voters during the 1992 British general election and found MPs to be as radical as activists. However, subsequent events in the Labour Party proved that politicians would abandon radicalism in the hunt for votes. The law of curvilinear disparity relates to types (politicians, activists and voters), not tokens.
- 5 Before 1997 there were no regional assemblies (as there are in federal systems) that opposition parties could capture to implement policies and dispense patronage.
- 6 On the 'new institutionalism', see March and Olsen (1984), Moe (1984), Peters (1999) and Goodin (1998). For rational choice discussions of institutions, see Pettit (1998), Shepsle (1979, 1989, 1998) and Dowding (1994).
- 7 Hay's list of the authors who have referred (sometimes *en passant*) to Downs in this respect, includes Blyth (1997), Gavin and Sanders (1997: 127), Heath and Jowell (1994: 199-201), Heath and Paulson (1992), Kenny and Smith (1997: 224-5), Sanders (1998: 216-24), and Shaw (1994: 171-5).
- 8 The median voter theorem applies only to unidimensional policy space; multidimensional space almost never permits such equilibria (McKelvey, 1976).
- 9 Nowadays, the left-right scale would range from high taxation/government spending (leftwing) to low taxation/government spending (rightwing).
- 10 Strøm and Müller (1999: 8-9) use the term 'vote-seeking' for two-party systems and reserve the term 'office-seeking' for multiparty systems, where office-seeking need not involve seeking to increase votes.

11 Among other simplifications of the Downsian model, it assumes a single national constituency whereas in the UK there are 659 constituencies, while the existence of the Liberal Democrats complicates the assumption of a two-party system (though this assumption is justifiable when we look at seats rather than vote shares). Most important, regarding parties as unified teams assumes away internal conflicts (see Ch. 3).

12 Another term of abuse often deployed against vote-seeking parties is ‘electoralism’, though any party that commits itself to political change mainly through the parliamentary route engages in ‘electoralism’ since only by winning votes can parties win power.

13 Dowding and Hindmoor (1997: 453-4) examine preference formation within a ‘battle of the sexes’ game, in which strategic interaction between individuals can encourage them to re-evaluate their preference rankings.

14 Like Hay, Heffernan offers a leftwing critique of ‘new’ Labour.

15 My thanks to Keith Dowding for emphasising the importance of this distinction.

16 Similarly, Heffernan’s account of Dunleavy and Ward’s preference-shaping model claims that it ‘assumes that voters can be *persuaded* to alter their electoral preferences’ (2001: 121; emphasis added).

### 3 An Exchange Model of Party Organisation and Party Change

1 For an attempt to link rational choice and sociological approaches see Mulé (1997).

2 For critiques of the cartel thesis, see Koole (1996) and Kitschelt (2000).

3 However, note that only assumptions 1, 3 and 4 are required for the MVT to hold.

4 Though it is increasingly being relaxed, e.g. see Berger et al. (2000), Enelow and Hinich (1984: 115-30), and Hinich and Munger (1997: 117-35).

5 The following discussion of politician-activist exchange relations relates to a two-party system with a unidimensional ideological scale. The conclusions derived apply to systems conforming to these restrictions.

6 See Wright (1971), Aldrich (1983a, 1983b, 1995), Robertson (1976).

7 The following paragraphs are a condensation of Schlesinger (1984: 380-9).

8 Parties may employ some professional specialists, such as pollsters, designers, etc. but these are limited in number. The ordinary foot soldiers – the envelope-stuffers and pavement pounders – are unpaid volunteers.

9 In the old days of party ‘machines’, politicians could secure services through patronage (and in the UK, there are still claims that there are ‘going rates’ for honours). Moreover, despite parties’ public goods output, party donors can sometimes secure *private* goods from politicians, e.g. a construction firm being awarded building contracts by a governing party to which it donated money. (My thanks to Professor Kenneth Shepsle for making this point and offering this particular example.) Nevertheless, for most of their supporters, politicians have limited ability to offer patronage or material benefits and must rely on purposive and social incentives.

10 Social and purposive incentives are also important in Aldrich’s model of party activism (1983a, 1983b), which revolves round a calculus of individual participation for prospective activists.

11 And not simply as a convenient add-on – in Chapter 9, I argue that a major problem with recent suggestions to reform the local structures of the Labour Party is that they ignore the importance of social incentives for activists.

12 In fact, we still might expect *ideologically-motivated* activists to be fairly radical. Hinich and Munger (1996: chs 1 and 4) argue that ideologies tend to be politically non-centrist because they often initially arise as justifications of or reactions against the status quo. Centrist ideologies are often a mish-mash of leftwing and rightwing ideas, lacking any great coherence. Ideologies offer views of the world based on principles rather than middle-of-the-road compromises characteristic of centrist politics.

- 13 Given the presence of two or more parties on each side of the median voter position and the absence of a clear incentive for parties to converge on this position (see Shepsle, 1991; Kitschelt, 1994: 114-30), there is no systematic tendency for May's law to operate in multiparty systems.
- 14 This section follows closely arguments presented in Quinn (2002: 208-12).
- 15 For an early appraisal of the relevance of 'new institutional economics' to political science, see Moe (1984).
- 16 Forerunners of the same argument are Coase (1937) and Alchian and Demsetz (1972). On the transactions cost approach in politics, see North (1990a, 1990b).
- 17 For further reflections on factionalism in parties, see Heidar (1984), Hine (1982), Medding (1970), Rohrschneider (1994) and Zariski (1960).
- 18 Laver and Shepsle (1990) make a fairly similar argument for the preference-aggregating nature of parties at the *elite* level.
- 19 The term 'evolutionary' is Panbianco's though this use of it would probably look unfamiliar to a Darwinian. A better term might be 'teleological'.
- 20 Though it is not impossible: the dominant coalition may seize the opportunity to buttress its position, perhaps in anticipation of later problems.
- 21 This was especially true of Labour's constitutional revolution of 1979-81, which came at the expense of lost opportunities to attack a deeply unpopular Conservative government.
- 22 Here and later in this section, I have provided an example from the British Labour Party to illustrate a formal proposition on party change. However, these propositions are not tautologous because they have not been derived solely from observation of the Labour Party. They are largely derived from the exchange model with the exception of C.8 (taken from the HJ model) and C.7 (identified as a rare form of party change applicable mainly to 'externally legitimised' parties). Examples from numerous other parties could be offered for propositions C.1-6 and C.8, e.g. see Koelble (1987, 1996) and Katz and Mair (1994).
- 23 See note 22 to this chapter (above).

## 4 Political Exchange in the Labour Party (pre-1990)

- 1 For accounts of Labour's formative years, see Lovell (1991), McKibben (1974), Moore (1978), Tanner (1990), Bealey and Pelling (1958), Miliband (1972), Taylor (2000a) and Chadwick (2000).
- 2 The use of the political system by organised interests is particularly emphasised in the public choice literatures on rent-seeking (Buchanan et al., 1980; Olson, 1982) and regulation (Stigler, 1971; Peltzman, 1976; Noll, 1989; Posner, 1974).
- 3 For further details on the election of the NEC, see Appendix 2 to Chapter 7.
- 4 Fisher (1992: 116) estimated that about one in seven levypayers contracted out between 1987 and 1989.
- 5 The Trades Union Act of 1913 overturned the 'Osborne judgement' (see above) and established the right of unions to hold political funds. However, it stipulated that all unions must immediately hold one-off ballots of their members to establish whether the latter wanted their unions to possess political funds, and provisions had to be made to entitle members to 'contract out' if they so desired (see Reid, 2000: 226). In 1928, the Conservative government changed the law so that union members had to 'contract in' to pay the political levy otherwise their dues would not be deducted. Inertia and ignorance now worked to the disadvantage of the Labour Party, and its affiliated membership duly fell. The Attlee government reintroduced 'contracting out' in 1946 and it remains to this day though Margaret Thatcher's Conservative government introduced the Trades Union Act 1984, which made it mandatory for unions to hold 10-yearly ballots for members to decide whether their unions should maintain political funds.
- 6 Affiliation fees went into Labour's 'general fund' but the unions also contributed heavily to its separate 'general election fund' (see Webb, 1992a: 21-4). Contributions to the latter by individual

unions normally roughly reflected the pecking order of affiliation size, with the large unions contributing more.

- 7 Labour's rules stipulate that a union can send one delegate to the conference for every 5,000 affiliated levypayers.
- 8 Another institution, the secret ballot, increases enforcement costs when the organisation's votes are divided among its delegates, irrespective of mandates. This is because information costs are extremely high – it is very difficult to find out which way individual delegates have voted. If delegates had to record their votes to the leader of the delegation or declare them publicly before casting them, these costs would fall.
- 9 A similar thing happened at the 1993 annual conference when the divided MSF delegation narrowly decided to abstain in the crucial vote on OMOV despite being mandated to vote against it. I return to this in chapters 6 and 7.
- 10 The dominance of the large unions has been reduced since 1996 when the CLPs were allocated half of the conference votes.
- 11 However, as I argue in Chapter 9, unions may have fewer inhibitions in withdrawing funds if they are *all* being antagonised by the party.
- 12 For the most part in this thesis, when I refer to 'the PLP', I am speaking about the parliamentary leadership. This is a useful shorthand though strictly speaking the two are not identical. Backbench Labour MPs do not always obey their leaders through the whipping system in the House of Commons, together with leadership control over patronage (e.g. frontbench appointments) *normally* ensures general backbench compliance with party leaders' wishes (McKenzie, 1964; Heffernan, 2000).
- 13 See Beer (1982); Brand (1989); Epstein (1962); Garner and Kelly (1998); Kavanagh (1985, 1998); McKenzie (1964, 1982); Miliband (1958); Minkin (1980, 1992); and Rose (1956).
- 14 In his book, McKenzie often appears to suggest that Labour leaders are *unable* to violate the British constitution but in his 1982 article, his argument is normative, suggesting they *should not* violate it. This article appeared in the aftermath of the left's reform of Labour's constitution.
- 15 Webb (1992a: 126, Tab. 5.1). Chapter 5 of this source provides an extensive discussion of the relationship between union membership and Labour's electoral performance between 1964 and 1987. See also Taylor (1987).
- 16 On the link between decentralisation and free collective bargaining, see Crouch (1982) and Taylor (1991, 2000b).
- 17 A further reform, to allow only the NEC to decide the contents of Labour's election manifesto, was narrowly defeated at the party conference.
- 18 For this reason, I have not followed the trend to capitalise both words in the term, as in 'New Labour', not least because it may turn out to be transient and look faddish in later years.
- 19 The key modernisers at this early stage were Kinnock and his office, joined later by younger MPs such as Tony Blair and Gordon Brown.

## 5 Policymaking

- 1 An impressive account of which already exists in Minkin (1980).
- 2 The CAC previously had recourse to the 'three-year rule', allowing it to remove resolutions on policies debated within the previous three years' conferences. After 1979, the rule applied only to constitutional amendments.
- 3 Affiliates can send delegates to the compositing meeting at which their resolutions are being discussed by the CAC. They can refuse permission for their resolutions to be composites but this reduces the chances of their resolutions being debated at all, leading to remittance to the NEC and likely oblivion (Minkin, 1980: 143).

- 4 At least not until 1997, when it applied to the rolling programme of the national policy forum (see below).
- 5 Tsebelis (1990: 180-1) presents similar arguments about special majority rules in consociational institutions.
- 6 Interestingly, the government has since promised a review of the policy, though mainly in response to voter disquiet evident before the 2001 general election.
- 7 'Short money' was named after Edward Short, the then leader of the House of Commons who introduced the measure in 1975.
- 8 On the role played by one prominent advisor in the reconstruction of Labour's economic policy, Henry Neuburger, see Wickham-Jones (2000b).
- 9 For example, there was a 'contact group' between the NEC and the TUC, in which Kinnock built support for his policies among the major union leaders.
- 10 The stipulation that proposals included in the party programme require a two-thirds majority remained.
- 11 The following analysis of the new policymaking procedures relies considerably on Shaw (2000b) and Seyd (1999).
- 12 For simplicity, the JPC has been ignored in this illustration but its role would involve trying to influence the position of the NPF's bliss point through its policy-shaping powers in the policymaking process.
- 13 In the same way that national referendums in the UK seem to offer a *de facto* breach of the principle of the sovereignty of parliament.

## 6 The Selection of Parliamentary Candidates

- 1 For simplicity, I henceforth refer to politicians as 'MPs', though not all CLPs have a Labour MP.
- 2 In 1988, a rule change stipulated that union branches were entitled to a maximum of five delegates per GC, though only the heavily-concentrated NUM was significantly affected by this (Minkin, 1992: 245).
- 3 However, in a survey of 202 CLPs carried out in 1986, only 18 reported that union delegates comprised a majority on the GC, probably reflecting the deleterious effect of mass unemployment on union membership in the 1980s (Minkin, 1992: 246). Nevertheless, if union delegates acted as a cohesive bloc, they could still wield considerable power on a GC.
- 4 There are exceptions as the case of the Conservative MP, Neil Hamilton, demonstrated in 1997. Hamilton lost the safe Conservative seat of Tatton after allegations against him of financial impropriety.
- 5 The following discussion of Labour's selection process is based on Norris and Lovenduski (1995: 53-76), whose division of the process into application, nomination, shortlisting, selection and endorsement is used here. See also Janosik (1968: 113-55), Garner and Kelly (1993: 165-8; 1998: 130), and Geddes et al. (1991).
- 6 See Tsebelis (1990: 138). I have modified Tsebelis's version to take account of mandatory reselection. I have also changed some of the terminology, e.g. 'radical' instead of 'extreme'. For accounts of selection pre-OMOV, see Denver (1988), Janosik (1968: 113-55), McKenzie (1964: 549-58), Ranney (1965) and Rush (1969).
- 7 Though Tsebelis argues that even if the NEC is rightwing, GCs may sometimes deselect rightwing MPs in order to send a political message to the NEC that they are unhappy with the status quo.
- 8 Another dimension of political exchange, between MPs and trade unions, is examined in section 6.6.
- 9 Dutiful attention to constituency affairs would also go in MPs' favour during reselection contests.

- 10 The high number of members claiming to be active should be treated with caution since nothing like a half of Labour's members are so active. Activists probably account for about a sixth of the party's membership.
- 11 A special issue of the journal, *Party Politics* has recently been devoted to the subject of candidate selection. See *Party Politics* 7 (3), 2001. See also Scarrow et al. (2000: 129-53).
- 12 Issues of power were not wholly absent as the policy did generate conflict between some CLPs and the NEC. On the issue of gender and selection in the Labour Party, see Lovenduski and Norris (1991), Norris (1995a), Norris and Lovenduski (1995) and Perrigo (1995).
- 13 Much of the information in this and the next paragraph is from Minkin (1992: 242).
- 14 In February 2002, the RMT union mooted the withdrawal of sponsorship from the CLPs of half-a-dozen MPs in the light of their failure (in the eyes of the union) to stand up for the RMT in its industrial action. That union had come increasingly under the control of the left.

## 7 Electing the Leader: The Electoral College

- 1 See Kreps (1990a: 577-614) for an introductory discussion of principal-agent relationships.
- 2 Strictly speaking, it was the affiliated organisations that controlled 40 percent, i.e. unions and socialist societies. The unions' share of the 40 percent was about 39.5 percent.
- 3 A quantitative study using power indices to measure unions' power found that each 1,000 votes cast by the big unions in the electoral college were worth up to 10 percent more than each 1,000 votes of the CLPs (Leech, 1992: 254-7).
- 4 That much is clear from Clive Jenkins' own account of proceedings (see Jenkins, 1990: 209-213).
- 5 In his autobiography, Gould estimated that 'the true extent of my support in the party was much nearer 35 percent or even 40 percent' (Gould, 1995: 263). A further account of this election can be found in McSmith (1993: 203-215).
- 6 Silken was a TGWU-sponsored MP whose candidature was pushed heavily by many officials in that union.
- 7 In fact, a TGWU resolution largely reaffirming support for the existing arrangements for candidate selection (and thus contradicting OMOV) was also narrowly passed by the conference but the vote was academic because NEC rule amendments take precedence over ordinary resolutions.
- 8 Key members of the MSF delegation were persuaded that the defeat of OMOV would hinder the adoption of all-women shortlists in parliamentary candidate selection, a cherished union policy and included among the rule changes in the NEC's OMOV resolution.
- 9 On the other hand, blandness is not a certainty in OMOV campaigns, as the Conservative Party's contest of 2001 demonstrated. The problem here was that a fierce and tight battle necessarily involved public mud-slinging because most ordinary participants in the ballot could be reached only over the airwaves.
- 10 On Mandelson's role in the contest, see Sopel (1995); McSmith (1996: 276-82); MacIntyre (2000: 286-310); and Routledge (1998: 189-210; 1999: 154-60).
- 11 Though one of Blair's biographers argues rather unconvincingly that he could have won even under the old block voting system (Rentoul, 1995: 345).
- 12 Another recent change will see a modification of the NEC's standing orders to end the tradition of policy motions being tabled at NEC meetings, with all such resolutions in future being automatically referred to the relevant policy commission. The change followed leadership concern that leftwingers were using NEC meetings as a platform from which to attack government policies (Maguire, 2002).

## 8 Organisational Resources: Supply and Demand

- 1 This applies to national election campaigns. There continue to be strict limits on local spending in elections, typically ranging from £7,000 to £8,000 per party per constituency in 1997. For information on the income and expenditure of local parties, see Fisher (2000b).
- 2 For more historical details on party funding in the UK, see Pinto-Duschinsky (1981, 1985, 1989). See also Fisher (1995, 2000a).
- 3 For example, Fisher (1992: 122) reports that on average, Labour-affiliated unions gave 64 percent of their political funds to the party (including 45 percent on national affiliation) during 1984-9. The public sector union, UNISON currently has two separate political funds: an affiliated fund for contributions to Labour and a separate general political fund for its own campaigns. This innovation came about as a result of UNISON's formation in 1992 out of the merger of three unions, two of which (NUPE and COHSE) had previously been affiliated to Labour and one (NALGO) that had not.
- 4 For further discussion of the work of TULV and TUFL, see Minkin (1986; 1992: 485-582) and Webb (1992a: 44-53).
- 5 *Report of the Committee on Standards in Public Life on the Funding of Political Parties in the UK* (2 vols), Cm 4057 (London: The Stationery Office, 1998).
- 6 The three individuals were the Labour peer and supermarket magnate, Lord Sainsbury (£2 million), the publisher, Lord Hamlyn (£2 million) and the philanthropist, Sir Christopher Ondaatje (£2.1 million). Webb (2000: 237) claims part of the reason for Labour's recent success in fund-raising lies with its professional approach and its employment of external specialists on fixed-term contracts.
- 7 The exchange of political donations for favourable policy outcomes is a staple feature of the literatures on rent-seeking and regulation (see note 2 of Chapter 4 for bibliographical details).
- 8 See Fisher (2001) for the effect of the new legislation on campaigning in the 2001 general election.
- 9 Fisher (1999) develops a model of political donations by party members in the UK.
- 10 For an overview of the debate, see Webb (2000:38-83). See also Sarlvik and Crewe (1983), Franklin (1985), Heath et al. (1991), Dalton (2000), Dalton et al. (2000). In relation to the Labour Party, see Crewe (1982, 1991).
- 11 A similar version of this illustration is used in Robertson (1976: 33) except that the author plots financial contributions rather than number of activists retained along the vertical axis.
- 12 This included a number of people from the BMP advertising agency (see Hughes and Wintour, 1990: 55).
- 13 By 1989, under Kinnock the Leader's Office had 12 members, compared to five under Foot (Minkin, 1992: 417, n.19). Blair expanded the Leader's Office to about twenty members.
- 14 Detailed accounts of British general elections between 1983 and 1997 can be found in Butler and Kavanagh (1985, 1988, 1992, 1997, 2001); Crewe and Gosschalk (1995); Crewe and Harrop (1986, 1989); Crewe et al. (1998); Denver et al. (1998); King et al. (1993); and Norris (2001).
- 15 The internet played more of a role in the 2001 general election (see Coleman, 2001).
- 16 The consequences of this were brought home to the party during the London mayoral election of 2000 when much of the London Labour activist base effectively went on strike, refusing to campaign for Labour's official candidate, Frank Dobson, against the activists' favourite (and newly independent candidate), Ken Livingstone. Livingstone won the election convincingly while Dobson limped in a poor third, behind the Conservative candidate and only narrowly ahead of the Liberal Democrat.

## 9 Conclusion: The Transformation of the Labour Party

- 1 For another debate over the stages of Labour's reforms see Lent (1997) and Heffernan (1998).
- 2 An important shift to unitarism in the 1980s was not prompted at all by intraparty reforms: the trade union political fund ballots involved *individual* union members affirming their unions' links with the Labour Party, and thereby affirming their own status as affiliated members.
- 3 For a normative taxonomy of party types, see Pomper (1992).
- 4 The debate started in 1992 after Labour's election defeat. For early contributions, see Tindale and Walsh (1992), Sawyer (1992), Linton (1992), Manwaring (1992), Crine (1992) and Sassoon (1993).
- 5 For differing perspectives on the extent of Labour's acceptance of the neo-liberal economic agenda, see Coates (1996, 2001), Coates and Hay (2000), Driver and Martell (1998), Hay (1997, 1999), Hay and Watson (1999), Heffernan (2001), King and Wickham-Jones (1998, 1999), and Wickham-Jones (1997, 2000a).
- 6 Among others, Labour's General Secretary, Margaret McDonagh and the Minister for London, Nick Raynsford, both justified the use of a tripartite, block vote-based electoral college for selecting Labour's London mayoral candidate, claiming that the same system had been used to elect Tony Blair as party leader. In fact, as we saw in Chapter 7, Blair was not elected by any block votes.
- 7 See Howell (2000) and Farnham (1996).
- 8 There was more support for PR among trade unionists before 1924 when Labour was a minority party but opponents stressed the opportunities to build up support under the existing system in areas with concentrated working class support (Chadwick, 2000: 324-5).
- 9 For earlier discussions of norms and values as explanations for social action, see Barry (1978), Elster (1989a, 1989b).
- 10 Often manifested in the omission of the definite article before, and capitalisation of the word 'conference'. Many academic specialists on the Labour Party also follow this practice.

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