Trade Unions and the Pension Crisis: Defending Member Interests in a Neoliberal World

Journal:	<i>Employee Relations</i>
Manuscript ID:	ER-11-2012-0078
Manuscript Type:	Research Paper
Keywords:	Pensions, Trade Unions

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1. Introduction

This article takes as its starting point the position that neoliberalism has become the hegemonic ideology of the current era (Harvey 2005, 2010; Brownlee, 2005). It goes on to examine the extent to which trade unions have been influenced by neoliberal ideological hegemony. It does so, first, by analysing the hegemonic construction of the pension crisis and, second, by then exploring, through the use of interviews, how leading British trade union general secretaries understand the pension crisis, and how they have responded to the hegemonic construction of the UK pension crisis.

In doing so it examines why the neoliberal construct of the crisis reached hegemonic status over the past 10 years (despite claims like Blake's (2000) to the contrary), but also why trade unions (under a New Labour government) often found themselves becoming unlikely collaborators in supporting the neoliberal construct.

2. Literature Review

This paper ties together themes from various literatures in order to advance a new understanding of the pension crisis. To engage with this synthesis, it is first necessary to analyse the constituent parts of the literatures that have given rise to it. Whilst the literature discussed below was intended by its respective authors to provide a particular contribution, a review of this literature that is orientated towards developing an understanding of the ideological aspects of the pension crisis swiftly reveals the utility of linking together various approaches to neoliberalism, pensions, and labour organisation in order to present an account of the pension crisis that runs contrary to the hegemonic one now dominant. This alternative account can be used as a lens through which to analyse the challenges that the dominance of neoliberal ideology has presented not only for pensions, but also for trade unionism. Thus it allows us to examine the growing dominance of neoliberal ideology, and in doing so to ask why it has been so difficult to challenge neoliberal hegemony. Finally, we begin to understand better the reasons why organisations like trade unions have become unlikely collaborators in neoliberalism.

2.1 Neoliberal Ideology and Discourse

This article relies on the concept of ideology to provide an alternative analysis of the pension crisis. In short it argues that the pension crisis, as widely understood in the UK, is based on a number of misleading and/or narrow discourses. Building on the argument put forward by Grady (2010), this article argues that the dominant (hegemonic) narrative of the pension crisis is based on a neoliberal

construction of the crisis (rather than upon empirical fact), and that this construct is supported by a number of narrow, and often misleading, discourses. The reason that the concept of ideology is important is because, further to the above, this article also argues that these discourses are constructed for, and work towards, ideological ends, principally the support of neoliberalism which represents contemporary capitalism's ruling ideology.

According to Thompson (1990), ideology seeks to legitimate the power of a dominant social group or class. For Thompson, to study ideology is to study the ways in which meaning (or signification) serves to sustain relations of domination, and it is this understanding of ideology that this paper employs. Furthermore, Eagleton (1991: 5-6) outlines the process through which ideologies are legitimated and argues that a dominant power may legitimate itself through six different strategies. A dominant power may legitimate itself by (1) *promoting* values and beliefs congenial to it; (2) *naturalizing* and, (3) *universalizing* such beliefs so as to render them self-evident and apparently inevitable; (4) *denigrating* ideas which might challenge it; (5) *excluding* rival forms of thought, perhaps by some unspoken but systematic logic [in terms of neoliberalism this is the often unspoken, but yet so often tacitly applied, logic of the market]; and (6) *obscuring* social reality in ways convenient to itself. This article uses the understanding put forward by Thompson, and the strategies outlined by Eagleton to argue that neoliberalism performs as an ideology, and legitimates itself. Discourses and misleading narratives are deployed to achieve these strategies, and therefore act as an ideological vehicle to further legitimate neoliberal values.

Ideology is, therefore, linked to power and to domination: power to control the terms of the discourse, and power, therefore, to dominate the social world. In this sense the pension crisis is transformed into more than merely a crisis regarding pension provision. This paper maintains that neoliberal discourses represent the 'official' narrative regarding the pension crisis. In that context, neoliberal solutions – privatisation and individualisation – are offered forward and seem, at first glance, to be natural solutions to the crisis.

Further to the above, Jessop (2010)ⁱ argues that some discourses are able to reach the stage of naturalization whilst others do not (Eagleton, 1991: 200). This helps us to explain why neoliberal discourses have formed the conventional narrative of the pension crisis, it is precisely because such discourses have become naturalised (we return to this idea in 2.2, below). Earlier work (Grady, 2010) identified the dominance of three main discourses (ageing, affordability, and responsibility) that are presented as explanations of the causes of the pension crisis. These discourses frame not only the terms of the debate, but also the potential solutions. In short, the ideological discourses offered forward to account for the pension crisis are true on one level, but they are not on another. Thus, they are often true in their empirical content but deceptive in their force (Eagleton, 1991: 16-17). It is

precisely for this reason that it is argued that those with a neoliberal agenda offer forward these discourses ideologically and aggressively in order to favour neoliberal pension reform.

2.2 *The Pension Crisis*

Within the field of Employee Relations there has been much written about pensions and the pension crisis. Many of these works have discussed employee perceptions of pension schemes (Loretto, White & Duncan 2000; Gough & Hick 2009); pension scheme membership and its impact on employee retention rates (Taylor 2000); power asymmetry in accessing the law in relation to pension schemes (Nobles 2000); pensions and industrial conflict (Nolda ,2004; Gennard, 2006); and, amongst other issues, international pension comparisons (Cooper, 2000). This article, however, offers forward something different. Alongside a theoretical contribution about the nature of the pension crisis, it also discusses findings derived from interviews with a selection of leading British trade unionists and others.

This section analyses in more detail the significant changes to pension provision that occurred from the late 1980s onwards, and demonstrates that these changes reflect a neoliberalisation of pension provision, and further that it is this process of neoliberalisation that has in fact caused the current crisis, despite the conventional accounts claiming the contrary. This is not to say that there is not a crisis of some form in relation to continued pension provision. Not only are 2 million pensioners due to retire into poverty (Osbourne, 2010) but also increased life expectancy means that issues such as the cost of schemes and age of retirement do need addressing.

2.2.1 *A Brief Overview of Current Pension Provision in the UK*

The argument that pension provision has been subject to neoliberal attacks is not a new one, and has been put forward by a number of authors writing about a variety of countries and contexts (Townson 1994, Baker & Weisbrot 1999, Minns 2001, Blackburn 2002, Williamson & Williams 2005, Morgan 2006). Due to the scope of this article, only a brief overview of the UK pension crisis, as widely understood, can be presented.

Historically the UK pension system has relied upon individuals having access to a pension scheme other than the British State Pension (BSP)ⁱⁱ. Hence, for many people in employment, workplace-based, collective pension schemes supplemented their incomes after retirement. Traditionally this sort of scheme would be a ‘final salary’ defined benefit (DB) scheme, which was contributed to by both employer and employee. The closure of these schemes in favour of money purchase defined contribution (DC) schemes, or simply encouragement for employees to make their own pension

arrangements, has left a significant number of workers without guaranteed and secure pension entitlement. This has caused a crisis of access to secure pension provision, and therefore, retirement income. This has resulted in more people relying on state provision as their only form of income in retirement.

2.2.2 *The Manufacturing of a Pensions Crisis*

Below is a brief summary of how instabilities were introduced into the pension system and thus provide the basis for the central argument of this paper; that the conventional construct of the pension crisis is misleading.ⁱⁱⁱ The first ‘crisis causing’ event for final salary schemes happened in 1989 when Nigel Lawson introduced a 5 *per cent* tax cap on DB pensions schemes. The 1986 Finance Act overseen by Lawson as Chancellor of the Exchequer imposed a 5 *per cent* cap on the value of assets over liabilities in DB pension schemes, with any surplus being subjected to heavy taxation.

Staying within the cap, and avoiding paying tax, became the motivation for organisations; not maintaining a healthy, and slump-proof, pension scheme; investing above the five *per cent* cap would attract heavy taxation on those contributions, and needless to say companies were keen to avoid increasing their tax liabilities and as such many organisations took significant contribution holidays in order to avoid exceeding the cap. The impact of contribution holidays is often left out of the hegemonic pension ‘crisis’ narrative; indeed, it is not even mentioned in either of Lord Turner’s Reports on the state of pensions in Britain which were commissioned by New Labour and which form the basis of the state’s response to the pension crisis (2005; 2006). Neglecting the importance of employer contribution holidays hides the nature of the artificial crisis identified here, and in more detail by Morgan (2006).

In addition to contribution holidays, in 1997, as part of his first budget as Chancellor of the Exchequer, Gordon Brown abolished the dividend tax credit (DTC) for pension schemes. Morgan (2006) argues that this new tax regime introduced by Brown ensured a quicker downturn in DB schemes; the thrust being that Brown’s legislation exacerbated the problems that Lawson had introduced to workplace pension schemes and worsened the potential for a pension’s crisis. Employers used the increased instability this created as an excuse for reforms to pension schemes that were profitable to them. Brown’s legislative changes made matters worse in two ways. First, schemes were liable to tax on returns on equity investments established by (Brown’s law). Second, schemes were liable to taxation on total asset valuation if the 5 *per cent* cap was exceeded (Lawson’s law). The abolition of DTC effectively increased the cost of maintaining a solvent pension scheme overnight.

To make matters worse for potentially vulnerable pension schemes, the firms that were most affected by the abolition of the DTC were those that had become accustomed to taking contribution holidays. As we have seen, such behaviour was encouraged by Lawson's tax cap. In short, the two laws, when combined, made more likely a potential pension crisis by encouraging irresponsible and short-termist behaviour by corporations, and by fundamentally contradicting each other. It is also the case that neither tax channelled additional revenue to help pensioners. Instead, the BSP was allowed to decline.

The dominant pension crisis narrative (endorsed by both Turner Reports: 2005, 2006) ignored the impact of Lawson and Brown's respective roles as Chancellor of the Exchequer and the important role that their respective taxation reforms to pension schemes have played in de-stabilising and then magnifying these instabilities. It also ignored how willing employers were to exploit the impact of these instabilities in order to accelerate the closure of schemes. As such it is argued that the pension crisis in DB schemes is a manufactured (artificial) crisis that has been caused, rather than a 'naturally' occurring crisis as is so often the case presented by the hegemonic discourse.

In addition to the above, very substantial factors that have contributed towards a downturn in DB schemes, other factors made matters worse. The new tax regimes depended upon, and were modelled upon the existence of, a sustained bull market (Morgan, 2006). This in turn meant that the whole system of DB schemes also became susceptible to market volatility. It must be stressed here that DB pension schemes are not necessarily inherently unstable, as is often presented, but linking them to a sustained bull market makes them so.

The neoliberal discourse of unavoidable crisis is one that employers are happy enough to use as it has meant that they can abandon their commitment to these types of schemes which are the most expensive to maintain because they do require long-term commitment to something other than maintaining share dividends.

The introduction of DC schemes (along with other inferior pension saving arrangements such as Stakeholder Pensions, the proposed and now defunct Personal Accounts, and the soon to be introduced auto-enrolment), as a replacement for DB schemes, has represented a decrease in the quality of pension provision for employees. Employers who have closed their DB schemes contribute little or nothing to the new DC and Stakeholder Pensions, and by the very definition of 'defined contribution' (DC), these pensions offer no guarantee of retirement income. Indeed, we know that the 'low-cost' stakeholder pension has produced miserable returns for savers. Indeed, Collinson (2012) calculated this year that those who saved £100 a month from April 2001 (thus paying in total £13,300) have only accumulated £14,600 eleven years later (April 2012). Savers would have been better investing in a cash ISA rather than a government backed Stakeholder pension.

2.2.3 Outlining the neoliberal construct of the pensions crisis

Neoliberal ideology has become mostly naturalised and hegemonic (Harvey 2010, Grady 2010). It is no longer a competing discourse, but rather *the* discourse. To deviate from it is seen as illogical, and as economically damaging. Both Harvey and Grady argue that alternatives to capitalist (neoliberal) discourses are excluded from mainstream debate, and indeed that even after the recent economic crisis and subsequent welfare cuts, ‘there appears to be little appetite for such discussion’ of alternatives (Harvey, 2010: 217). Given this it is unlikely that capitalism can provide an effective long-term solution to crises such as the current pension crisis.

For trade unionists, in order to be part of the contemporary debate on pension reform they have been required to adopt the language of the neoliberal construct of the crisis in order to engage with the debates. The compliance to discourse that is required, naturally places trade unionists at odds with the interests of their members and highlights the way in which discourse works to maintain ideological hegemony, even for those that might be opposed to it. The dilemma for trade unionists, and in particular for general secretaries themselves, is that in order to engage in the debate about pension reform they must add further legitimacy to the neoliberal discourses by using them as a starting point into the issues concerned. In doing so, therefore, they inadvertently reinforce the ideology that they are seeking to counteract.

By adding further legitimacy to the neoliberal construct of the crisis, any alternative ideological arguments for a better state pension have been ‘thrust beyond the realms of possibility’ (Eagleton 1991), and thus what we see are so-called ‘solutions’ that are bound to fail.

3 Methodological Overview

In my research I was fortunate enough to be granted access and interview time with thirteen high-ranking union officials in the UK’s major trade unions, and one freelance pension advisor who had worked for many trade unions during their career

The interviews were qualitative, semi-standardised, and of 40-80 minutes in length, though quotations do not feature from all fourteen individuals interviewed, all interviews were transcribed. The lack of quotations from some interviewees does not represent a discord with the other views represented, but merely the fact that space prevents all voices being heard in this article. Whilst it is the case that fourteen individuals does not represent an exhaustive list, it is fair to say that the sample taken in this article can be considered a significant pilot study, and the interviews carried out here call for yet

further research by scholars in the field of employee relations. Given this, however, the findings presented below do come with the caveat that they are not necessarily representative of all trade unionists, indeed it is likely that there would be disagreements over the extent to whether or not trade unions have collaborated in neoliberalism, and a further debate as to whether or not that is necessarily a bad thing, as some trade unions still demonstrate extraordinary loyalty to New Labour and the neoliberal/third way that it has adopted.

4 Data Analysis

The interviews were conducted to explore the extent of neoliberal hegemony, and whether or not the trade union movement had been fully incorporated into that ideology. In this section the responses of interviewees is analysed thematically.

4.1 Theme: Awareness that the crisis is artificial

When asked whether or not they considered the pension crisis to be an artificial crisis (Grady 2010) the overwhelming response from those interviewed suggested that they believed the pension crisis to be a myth created by politicians and corporations wishing to enact reform. This demonstrated a clear understanding of the crisis in largely ideological terms, which they recognised, was a hidden dimension to the pension crisis (as publicly understood), as noted by Respondent (R) 1:

It [universal pension coverage] clearly is affordable but it depends on what political priority is given to afford things... and that to me is the best way of defining the crisis. (R.1, 2010).

Further identification of the fact that the construct of the crisis (and its reforms) chimed with dominant discourse and reflected the ideological agenda of elites, as opposed to economic reality came from R.2:

The other side of it [the pension crisis] is again companies saying they can't afford DB schemes, again more onus on the individual to get into money purchase schemes, to make their own provision, and again I think it is been used 'broadly speaking as an excuse to wind up schemes, prevent new entrants getting in and the way that the debate is being done in this country is almost like that the working person is absolutely overwhelmed with the weight of being told, whether from their employer or their politicians, that there is no alternative, and in that sense the crisis now is about a positive ambition, it is about

trying to shift from we will have a collective responsibility, towards the individuals responsibility, and this is being used to unleash all sorts of attacks on people. (R.2, 2009).

Adding to this, R.3 noted that they were aware of the role of neoliberal ideology as forming the basis for the artificial nature of the crisis, and also the discourse of affordability is one advanced by politicians on behalf of economic elites:

The pension crisis is about politicians and ruling elites, people who are running companies telling people that there is a pensions crisis, that we can't afford things as they were, and therefore they use this, if you like, as a cover... this shift has now also been to state provision... What you have got is that the pension crisis therefore is manufactured to a degree, to condition's people's expectation, to allow us to go down a route that means more means testing and similarly more and more attacks on pensions; be they private or public. (R.3, 2010)

Interestingly for this paper, R.3 also uses the term 'elites'. Implicit in this quotation, if not fully articulated, is the key role played by elites in shaping and maintaining the neoliberal ideological order, and the co-option of institutions such as government into this order. This is a key element in the ideological understanding of the pension crisis (Grady 2010); that elites, in using ideology and discourse, have reconfigured the state to best serve themselves and their financial interests (Harvey 2005 and 2010; Daniels & McIlroy, 2009).

Given that trade unionists generally understand the UK pension crisis is a manufactured one, and not naturally occurring and unavoidable, why has this discursive construct 'stuck' (Eagleton 1991)? We have seen that it is a crisis brought about by the retrenchment of both employer and state from a responsibility to provide access to secure pension savings, exacerbated by a number of technical changes to accounting procedures and tax-relief arrangements; trade unionists interviewed also identified this.

Intriguingly, however, though trade unionists were aware of the subversive ideological dimension to the pension crisis, they had been involved in adding to the legitimacy of the manufactured pension crisis through their negotiations with both state and employer. They were caught in the discursive trap identified by Jessop (2010) whereby to not use the discourse would exclude them from being able to contribute to the debate, and therefore contribute to shaping or challenging the discourse hegemony. But, by using the discourse, they were involved in a process of perpetuating the very construction of the crisis they wish to challenge. As such they further promote the neoliberal pension crisis narrative.

Respondent 4 (a freelance pensions advisor) described a ‘perfect storm’ of events that had made neoliberal pension reform possible. According to R.4 the ‘storm’ consisted of three main components: (i) ‘a down turn in investment returns’ due to the ‘fall in equity markets between 2000 to 2005’, which realistically should have been expected but that people had ‘got used to these very high returns on equities and that came to an abrupt end; (ii), ‘The significance of the extent to which people were living longer became much more apparent’. However, this does not mean that longer life expectations were not known, but that ‘actuaries were a bit behind the game’ in feeding this into the system, therefore it had to be done quickly as opposed to slowly. Thus R.4 confirms both the overarching hegemonic discourse, and its disguise as a neutral discourse of ageing populations. In the interview R.4 argued that if these data had been fed in slowly, then the increase in life expectancy that is so often used as an argument to roll back pension provision, would not have been such a shock, and associated costs would have increased more gradually rather than overnight. Thirdly, they identified (iii) employer contribution holidays:

They [employers] took contribution holidays or they didn’t have a holiday but they paid reduced contributions. In a few cases they actually took cash refunds. The Inland Revenue changed the law so employers could actually take it in certain circumstances and they were fairly tightly described but they were allowed to take refunds from schemes which had previously been absolutely forbidden. (R.4, 2008).

All of these events combined into to a ‘perfect storm’ for the generation of a constructed pension crisis, and therefore a neoliberal push for reform. R.4 did not state as explicitly as R.3 did that the pension crisis was a deliberately manufactured crisis, but they did stress that there were gains made out of the pension crisis (by employers, government and the private finance industry) and that the crisis was often portrayed in a narrow manner that convinced the public that the crisis was the result of a narrow set of circumstances, requiring narrow solutions.

A common theme expressed in all interviews was the clear indication that participants understood that there was a ‘hidden’ element to the pension crisis that was rarely discussed. Speaking about the narrowness of the debate respondent 10 commented that there were a number of:

vested interests, i.e. mainly in the insurance companies and the investment houses [who] are very powerful and they’re prepared to throw masses of resources at the debate and anyone with, I think people like myself with a contrary view are just sort of lost, there’s no way that we have access to those sort of resources, ...and don’t have any big impact on the nature of the debate. (R.10, 2008)

Here is recognition of the power of being able to successfully foster a cultural neoliberal worldview through control of vast media conglomerates. Through ownership, elites have been able to ensure that their discourses have more resonance than competing discourses, and are therefore more likely to be consolidated and hegemonic. Once discourses have reached a level of 'plausibilization' (Jessop 2010) it is difficult to see how an institution like a trade union can successfully challenge them; particularly given the constraints and consequences (explored above) that interacting with them presents.

During New Labour's first term in government union leaders 'looked on the bright-side' as it was considered that they had enjoyed victories as well as setbacks (Daniels & McIlroy, 2009: 177). New Labour were committed to retaining 'key elements of the trade union legislation of the 1980s – on balloting, picketing and industrial action (Labour Party, 1997: 14) and were also committed to retaining Conservative spending policies. Indeed, in a 1998 white paper, *Fairness at Work*, Tony Blair boasted that 'Britain would possess the most lightly regulated labour market of any leading economy' (DTI 1998); ideologically speaking the language of Tony Blair was clearly neoliberal. Daniels and McIlroy suggest that the initial acceptance of New Labour's embracing of, and commitment to neoliberalism was interpreted by the trade union movement as evidence of 'political insecurity' on the part of a newly elected Labour government, and not a sign of a genuine commitment to neoliberal ideology (Daniels & McIlroy, 2009: 177). From the TUC's perspective it was a delight to be back at the 'table' of government and have access to ministers and civil servants, even if the government was primarily orientated to business (Edmonds 2006). Given this it could be argued that the union movement simply mistook the adoption of neoliberal policies by New Labour as political insecurity; whereas in actual fact it was, albeit via the more acceptable face of 'the third way', a genuine adoption of neoliberal ideology.

4.2 Theme: Awareness of the Role of Ideology

Expressing the extent to which neoliberalism had been underestimated by the trade union movement as simply being an economic project based on monetarism, rather than a reassertion of ruling class power, R. 5 said:

Well... erm... predominantly it's ideological isn't it? If your movement has rested on the view, particularly post Second World War, but obviously it was there before, that you could progressively clip the claws and fangs of capitalism ... if a section of the capitalist class, the financiers, suddenly say 'sorry we aren't playing with that any more', then you've got to deal with that in a new way and the reality is that people haven't been prepared to deal with that in a new way. They [trade unionists] have thought for a period that the EU would save us, that it would create a big block that

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would curtail the lust of the financiers; the opposite was the case, and people thought perhaps that wealth could still be redistributed by parliamentary taxation methods and it is a harsh reality to realise that they haven't because parliament has been so dominated by the needs of finance capital and reluctant to take them on. (R.5, 2010).

The old tools of struggle which unions had traditionally deployed were no longer suitable. Trade unionists such as R.5 admitted that they were stuck in an old ideologically worldview – a Keynesian worldview – where clipping the claws of capitalism was an option through taxation and redistribution. Under a Keynesian informed ideology this was a legitimate approach to union negotiations as there was a general acceptance under that kind of worldview that citizens should be protected from the whim of the free-market and that profit should not come before people. Within the framework of a neoliberal informed worldview however, this is not the case; people are expected to move with markets, and not restrict them. R.5 recognises this shift from policies enacted post-war to those enacted post-1980s, though by their own admission, this was not clear at the time. Moreover, the trade union movement were not able to fully defend Keynesianism, nor able to offer forward a fully developed ideological alternative. But it was the failure to the trade union movement to even identify the changes as being ideological driven that would lead to them underestimating the changes, and placing false hope in the Labour Party. The result of this was that neoliberalism, as ruling class ideology, was only recognised as such once it had consolidated itself as a hegemonic ideology. Clearly this has hindered any attempt that unions may make to challenge it.

Furthermore, the underestimation by the trade union movement of New Labour's commitment to neoliberalism, as well as the dominant status of neoliberal ideology, was echoed by a number of those interviewed (R.3, 2010; R.6, 2009; R.1, 2010; R.2, 2009). Trade unionists did not understand early enough that the ideological landscape of Britain had changed, and that this new ideological hegemony was not based on the post-war class compromise that they had been used to negotiating; namely, how much of a say they would have in managing the economy and redistributing wealth. Rather the new economy, based on free-market fundamentalism and the ideology of neoliberalism. Furthermore economic elites were committed to rolling back to state, and along with it the concessions hard won by trade unions during the post-war period. Any faith that trade unions placed in New Labour to help them combat this ideological battle was misplaced. Moreover, the failure to recognise the economic reforms as an ideological battle meant that they were unable to see the shortcomings of their faith in New Labour, who by the mid 1990s had clearly aligned themselves to neoliberal ideology and economic elites.

From interviews conducted, it would seem that within the trade union movement there was a genuine underestimation as to the nature of what they were dealing with; first the re-assertion of ruling class

ideology that neoliberalism represented, and second that New Labour would not seek to challenge this.

McIlroy (2009) catalogues the constrictions Tony Blair felt the unions placed upon the Party, and notes that whilst Blair accepted that there was a certain amount of financial dependence on the unions, they were a 'significant constraint on delivering neoliberalism, implanting it on the Party, and implementing it in government' as well as a 'vote loser' (McIlroy, 2009: 171). In short, New Labour, under the leadership of Tony Blair ideally wanted the unions to be passive in making policy, but active in mustering support for it (McIlroy, 1998; Moschaonas, 2002; McIlroy, 2009). And indeed they did just that; over the period of 2001 – 2006 affiliated trade unions, of which there were sixteen in 2006, collectively donated £56,534,065.23 to the Labour Party (Electoral Commission 2007). The unions millions disappeared into an ideological black hole, and they saw no returns for their substantial investment.

Quite what difference it would have made if there had of been an *en masse* disaffiliation by unions is impossible to suggest, particularly given that at the time both unions and Labour were constrained by the discursive possibilities outlined above. Moreover, as the unions were unable to recognise changes as ideological, they would have understandably been reluctant to cut ties with the political party most strongly associated with them. That aside, however, it is entirely possible that such a landmark break could have been a significant enough event to have opened-up the neoliberal discursive lockdown. Failure to understand the ideological shifts however ultimately prevented any such revolt, and left unions living in hope that eventually New Labour would deliver. As such unions shied away from campaigning on an anti-neoliberal basis in relation to pensions, and contributed to the neoliberal hegemony surrounding pensions which this thesis has sought to uncover.

4.3 Theme: *Insidious Devaluation of Collective Action*

Clearly the Thatcher years presented the trade union movement with both structural and cultural challenges. The ideological attacks endured by the unions during the 1980s tested working class solidarity to its limits, and the full-scale closure of traditionally strong unionised industries obliterated union membership and power. According to Hyman (1989) this had the combined effect of 'eroding the will to struggle' on the Left. He argued that the 'demonstration effect' of the 1960s and 70s, where successful disputes in which groups of workers won substantial pay increases inspired others to follow their example, had been inverted and that the defeats inflicted on strongly unionised sections of the working class during the 1980s deterred others from engaging in industrial action. It also deterred unions from calling for such action, as there was an unspoken assumption that they were unlikely to

be successful. They had surrendered to the weight of neoliberal hegemony and the significantly reduced chances of successful industrial action that it had ushered in, as demonstrated by R.6:

a union would think very hard before thinking about asking for industrial action on something that might end up where if they'd taken people down a road to defeat they're going to lose membership as well. (R.6, 2008).

Accordingly, the experience of the 1980s discouraged industrial action, and discouraged unions from considering industrial action as a tool of struggle. Instead unions engaged further with neoliberalism through 'partnership' initiatives. The numerous problems partnership initiatives present for organising (Heery 2002) have been documented by Upchurch, Danford, Tailby & Richardson (2008). These partnerships represented a neoliberal attempt to remove adversarialism from the employment relationship and co-opt unions into managerial decisions (Hyman, 2005: 263), not a route to a 'neo-pluralist nirvana' of employee relations (Upchurch, 2009: 248).

During the interviews respondents also discussed the rise of individualism (as a response to Thatcherism) and how trade unions had responded to these challenges, but given the scope of this paper there is insufficient room to analyse such findings.

4.4 Theme: Cultural Revolution

A number of those interviewed lamented the obedience that the union movement had displayed in the wake of New Labour's neoliberal pension reforms, suggesting that more could have been done to exert pressure on Blair and Brown. With this in mind, interviewees were asked whether or not trade unions could still become vehicles for resisting neoliberalism:

I think what you have in the political system is a huge gap, a huge vacuum, and this (pensions) is a very good way of illustrating it; where nobody is prepared to challenge... nobody is saying that there is an alternative to neoliberal cuts... if no politicians are going to say it then it does seem to me then there is a role for the trade unions who are still representing 7 million people... and I think if we had done that then people would not just be accepting that there is no alternative. (R.3, 2010).

It is difficult to assess whether or not unions could have had an impact in breaking the neoliberal hegemony, or indeed if this was even a viable choice at the time for unions given what has already been said about the fact that they did not recognise it as ideological at the time. Regardless of this, R.11 said that it was time that unions should 'wake-up' and recognise that they must shoulder some of the responsibility for the dominance of neoliberal hegemony on issues such as pensions, due to their reluctance to challenge it. In doing so he recognised that this would require a challenge to New Labour (who were still in government at the time of interviewing). Respondents 3 and 7 both

lamented that the powerful notion of a ‘deliberate ideological struggle’ (against issues such as neoliberalisation of pension provision) that ‘working class’ people can identify with, had, in recent decades been abdicated by trade unions, and in its absence neoliberal ideology had become hegemonic, and its message of TINA accepted. They argued that the result has been that retrenchment from welfare is not viewed from an ideological perspective, but as an unfortunate consequence of the current financial situation; itself a neoliberal myth in relation to pensions, as we have seen, to which we must adapt and make appropriate cuts. There is also recognition that trade unionists believe that there is a role for them to play in mounting some form of popular challenge to neoliberal dominance.

5 Conclusion

What has been demonstrated in this paper is the ability of discourse to support and maintain a hegemonic ideology. A major hurdle for anyone seeking to challenge neoliberal hegemony is that in order to do so, they must first use the discourse in order to access the debate. The discourse, therefore, serves as a handicap on actors and curtails what can be credibly articulated. Furthermore, the very act of using the discourse further legitimates the discourse, and therefore the ideology for which it is being used. As pragmatic characters, it is unrealistic to think that senior trade unionists would not attempt to take part in such debates – even if they are aware of this dilemma this places them in – as engaging with employers and state over these issues is a key job of the union. In doing so, however, they have been locked into a relationship of adding legitimacy to an ideology which they are opposed to, and therefore, bolster the power of financial elites.

It is also the case that although unionists were able to recognise the role neoliberal ideology and the pension crisis as a neoliberal (artificial) crisis on a theoretical level – when questioned about it during interviews – they do not alter their empirical actions based on this acknowledgement. What is clear from the interviews, however, is that some unions are seriously questioning, and regretting, their past involvement in supporting New Labour’s neoliberal pension reforms, and are assessing now how they can re-orientate their unions. It is also clear that more unions are developing strategies and links with social movements of various kinds that reject the neoliberal agenda – hence moving beyond the traditional union/party link, even though this does not necessarily mean disaffiliation. As was highlighted during the interviews, the potential organising power of the trade unions should not be underestimated; there are currently circa 7 million individual trade union members in the UK; considering the population of the UK is circa 61 million this means that over 10 *percent* of the population are members of organisations that could take an anti-capitalist, or at least an anti-neoliberal stance – representing the potential for a serious mobilisation of people.

In some arenas the acceptance of neoliberalism is hegemonic, but the interviews have demonstrated that this is not the case for a number of key trade unions. They are not therefore, hegemonic slaves, and have not been entirely captured by neoliberal ideology. However, the problem for them is that whilst they realise it is ideological, they cannot find a way out.

This paper is not intended to point the finger, or lay blame at the feet of any group, individual or particular trade union, but expose the role of ideology and discourse in shaping the debate, and the restricting power of actors to act. The real pension crisis is far simpler to express than the neoliberal discourse allows us. The real pension crisis involves 2 million workers retiring into poverty (Osbourne 2010), it involves workers being offered pension schemes that do not provide secure savings, and it also involves older workers being faced with the prospect of working for longer, for less. Thus opening up the debate about the pension crisis and the ideology that underpins the hegemonic construct of the crisis is an important first step in discussing solutions that will provide long-term equitable and sustainable pension provision.

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ⁱ Jessop 2010 is a seminar paper that Jessop *et al* presented at De Montfort University in September 2010.

ⁱⁱ Indeed, in 2007 the BSP represented just 15.9 per cent of average wages.

ⁱⁱⁱ For a more detailed analysis see Morgan (2006)