

*Late Soviet Britain:  
Why Materialist Utopias Fail*

Abby Innes

Cambridge University Press: 2023, (p/b), £26.99

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**Introduction**

**I**nnes argues that Britain, a champion of economic neoliberalism, has followed the path of the Soviet Union: it has put faith in a utopian ideology before a realist understanding of the economy. This is a provocative formulation from an academic at the LSE, who had previously studied the economies of Eastern Europe, and been struck by the similarities and analogies that could be drawn between the dysfunctionalities of those countries and present-day Britain. According to the book flap:

the book explores for the first time how “the governing science” in Leninist and neoliberal revolutions fails for many of the same reasons. These systems may have been utterly opposed in their political values, but Abby Innes argues that when we grasp the kinship in their closed-system forms of economic reasoning and their strategies for government, we may better understand the causes of state failure in what remains our inescapably open-system reality.

Unsurprisingly, this thesis has been met with indignation from some on the left who attribute the failures in the Soviet Union either to not enough Socialism, the economic and political opposition of the West, or betrayal by its elites and leaders. Equally, despite its detailed annotation and discussion of all the theoretical and evidential failures of neoliberalism, the book has been largely ignored by supporters of the status quo; not because its arguments and facts are wrong but because it is easier to keep kicking the can down the road than engage with the book and its author.

This review will describe the book more fully, before pointing to the few reviews in other places, and discussing and interpreting the issues raised. At the end I give my views on what is for me an enlightening book, not only for the dissection of the main arguments of neoliberalism, but for the identification of further reading and new sources of historical context and understanding.

## Description

The book is in three parts. The first part begins with an analysis of the Soviet and neo-classical economic conceptions of reality and the methods they chose to understand it. The author is an avowed critical realist<sup>1</sup> in outlook and easily grasps what others, either in the Soviet Union in the 1920s or economists from the neo-classical school did not: that the scientific model paradigm doesn't work so well in practice when applied to social institutions populated by real people. The author sums up the Bolshevik position as assuming that planning would pave the way to socialism – despite having no strategy to deliver it. Her sections on Rationality and Closed System Reasoning, General Equilibrium and the Balanced Plan, On Bureaucracy and on 'Organized Forgetting in the Governing Science', give a flavour of the philosophical and theoretical criticisms of the author gained from scrutiny of the system-thinking she encountered both in neoclassical economics and in the Soviet example, grounded in her studies of eastern European economies.

The second part is where the meat lies for those looking for new insights into the British experience since the late Seventies, when the state was captured by neoliberalism. This is no vacuous protest at events but a tightly argued and evidenced 150 pages on New Public Management, or Enterprise Planning in Capitalistic Form; Quasi-markets in Welfare, or the Non-withering of the State; Tax Competition, or the Return of Regulatory Bargaining; and Efficient Markets and Climate Change, or Soviet Cybernetics 2.0. As a former public servant, I found the sections on complexity and the resort to incomplete contracts, the reinvention of Soviet Enterprise Planning by Other Means, Privatisation, and Agencification, particularly telling. (pp. 137-172)

The third and final part of the book includes two sections entitled Neoliberalism: the Brezhnev years and Politics at the End of Time. It argues that the neoliberal transformation of Britain's political economy has produced a clear analogue to the Soviet experience: a trajectory of ideological revolution, retreat and attempted reform, neo-traditionalist acceleration and, finally, systemic crisis. Britain's neoliberal regime, designed to replace the existing social democratic/'one nation' order, assumed that if you shrank the state and brought business practices into what remained of the state, you would get the best of states and markets: a lean, more efficient bureaucracy and dynamic, innovative enterprises. Instead, the author claims that in practice British governments have created the worst of all possible worlds: an organizationally fragmented, and yet rigidly bureaucratic, public sector beset by conflicts of interest; and a private sector dominated by large corporations that abandon

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<sup>1</sup> <[https://en.wikipedia.org/wiki/Critical\\_realism\\_\(philosophy\\_of\\_the\\_social\\_sciences\)](https://en.wikipedia.org/wiki/Critical_realism_(philosophy_of_the_social_sciences))>

investment in favour of short-term financial extraction. In addressing why this is so, the stark comparison with the end days of the Soviet regime is made:

where the more completely the doctrine is applied, the greater the misrepresentations of the social and institutional order must become, and the more implausible, fabricated and deliberately divisive the explanations for the deepening crises in the real political economy. (p. 375)

The boot is applied to the Johnson government thus:

Johnson and his cabinet ministers were consistently to be found declaring that under their government failure was success, that the things that had happened had not happened, that the problems that were getting worse were getting better and that the United Kingdom was about to become the most innovative country in the world, or, as Rishi Sunak put it at the 2021 Conservative Conference: "the most exciting place on the planet". A government comprised of ministers apparently impervious to basic social and scientific facts had found that their only political option was to invite an electorate hungry for hope and meaningful allegiances to believe in both joyful fictions and perfidious enemies as a patriotic act. (p. 375)

The book concludes:

until we challenge the theory and practice of the neoliberal revolution root and branch Britain's rolling political economic crises will only intensify. The effectiveness of the state as a referee within the capitalist system has historically been essential to the creditability of liberal democracy as a practical idea. As the state fails, so will liberal democracy, and with it the chance for some of the richest economies to learn from their mistakes . . . Before we can harness the actual virtues of markets and states in the cause of a genuinely sustainable economy, therefore, we need to understand how neoliberal business-as-usual has become a recipe for disaster. (p. 20)

If you think this exaggerated, 400 pages of closely argued and fully annotated text support these conclusions; and, I might add, in following some of the links to books that support her arguments, E H Carr's *The Twenty Years' Crisis, 1919-1939*,<sup>2</sup> is a magnificent book on the problems of utopianism vs realism in the theory of international relations. Other books published subsequently

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<sup>2</sup> <<https://link.springer.com/book/10.1057/978-1-349-95076-8>>

demonstrate the invidious influence of neoliberal doctrine<sup>3</sup> and the rapid demise of UK industry and commercial prospects<sup>4</sup> induced by believing in laissez-faire and failure to protect British interests.

## Reviews and Discussion

There is no shortage of enthusiastic endorsements of the book from eminent readers. Rory Stewart, former UK Secretary of State for International Development; Jane Gingrich, Professor of Social Policy at the Department of Social Policy and Intervention (DSPI), University of Oxford; and Mark Blyth, Professor of International Economics at the Watson Institute for International and Public Affairs, Brown University, Rhode Island, have all praised it.<sup>5</sup> There is a summary of the book's thesis on the LSE website<sup>6</sup> and a pseudonymous review from a Scottish senior civil servant who recognizes the problem but weirdly opts for better information and more market mechanisms as the answer to the problems Innes describes.<sup>7</sup>

The most critical review I have seen came – not surprisingly – in January in *The Morning Star* by Richard Murgatroyd.<sup>8</sup> This concludes:

While the closing chapters of the book let loose against the neoliberal wreckers, a botched Brexit, corruption and looting during the Covid crisis, the failure to tackle the climate emergency and the drift to authoritarian politics, she is unable to imagine any more radical alternative.

This is a centrist howl of outrage that ultimately leads nowhere. Sadly, based on their public statements and abandonment of Corbyn-era policies, the same will hold true for any incoming Starmer-led government.

Craig Berry on his substack<sup>9</sup> meanwhile calls for the errors of neoliberalism to

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<sup>3</sup> George Monbiot and Peter Hutchison, *The Invisible Doctrine: the Secret History of Neoliberalism* (London: Allen Lane, 2024)

<sup>4</sup> Angus Hanton, *Vassal State: How America runs Britain* (London: Swift Press, 2024)

<sup>5</sup> <<https://shorturl.at/5C6Bm>> or <<https://www.cambridge.org/core/books/late-soviet-britain/6C375F1A3E6007A1496A52F8BF313277#fndtn-information>>

<sup>6</sup> <<https://shorturl.at/j4lmg>> or <<https://www.lse.ac.uk/research/research-for-the-world/politics/british-politics-mirroring-soviet-socialism>>

<sup>7</sup> <<https://shorturl.at/f1aZo>> or <<https://bellacaledonia.org.uk/2023/12/27/the-uks-brezhnev-years-and-the-failure-of-the-free-market-utopia/>>

<sup>8</sup> <<https://morningstaronline.co.uk/article/mirage-good-capitalism>>

<sup>9</sup> <<https://craigberry.substack.com/p/on-materialist-utopias-policy-failure>>

be corrected and sees light in the form of hints in Rachel Reeves' Mais lecture<sup>10</sup> of a more centrist position being adopted, more in common with European social democratic traditions. What really strikes a chord with him, however, is the detailed Innes account of the creation of a market in education. Here is an academic speaking from bitter experience, I suspect. But the review ends in a whimper of scepticism at the prospects for change with Innes's call to action failing to strike a chord with those close to political power – i.e. the 'centrists' in the Labour party.

Innes' own account of the corruption of political parties and the advent of cadre parties,<sup>11</sup> offering to manage capitalism rather than to represent the interests of mass parties, speaks to the lack of a coherent way forward for her ideas.(p. 333) Which brings me to my conclusions.

*Innes underplays Managerialism as the driving force in both the Soviet Union and the UK.*

I have been guided to the following conclusions by listening to Noam Chomsky in a Youtube video on Leninism.<sup>12</sup> In the video Chomsky uses the argument that the Soviet Union, and Lenin in particular, took a wrong turn (right deviationism it was labelled by his critics at the time) by looking to American scientific management methods to fast track the economic development of the backward Soviet Union. This raises the question as whether the common faults of the Leninists and neoliberals was to believe in scientific management, the ideology that powers the managerial elites<sup>13</sup> of the Soviet Union and the liberal West. This was the basis of convergence theory (i.e. that capitalism and communism were coming more and more to resemble each other). It may have gone away with the defeat of the Soviet Union but the contrast between the USA and China is becoming less and less as years go by, with Trump an open admirer of the top-down management skills of Xi and Putin.

Which brings us to a discussion of managerialism. Martin Parker, a Reader in Social and Organizational Theory, in his 2002 book, *Against Management*,<sup>14</sup>

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<sup>10</sup> <<https://labour.org.uk/updates/press-releases/rachel-reeves-mais-lecture/>>

<sup>11</sup> See <[https://en.wikipedia.org/wiki/Cadre\\_\(politics\)](https://en.wikipedia.org/wiki/Cadre_(politics))>. In the discussion within the book on pp. 332-339 the term is expanded to describe the way politicians have cut themselves off from mere representative roles and now see themselves as professional agents of the state who ally themselves with corporate fellow professionals. Starmer's plan to go back to the Parliamentary Labour Party electing the party leader demonstrates this tendency.

<sup>12</sup> <<https://www.youtube.com/watch?v=jxhT9EVj9Kk>>

<sup>13</sup> See <[https://en.wikipedia.org/wiki/The\\_Management\\_Revolution#](https://en.wikipedia.org/wiki/The_Management_Revolution#)>.

<sup>14</sup> Martin Parker, *Against Management: Organization in the age of Managerialism* (Cambridge: Polity, 2002)

points to the hidden assumptions of managerialism: that science can control nature, people can be controlled, and, most recently, that organization is best affected via the market as the most democratic and transparent way of delivering agreed social goals. All these assumptions are then exposed and ripped apart in his book – another that has been ignored by politicians and managers alike as it runs counter to the official story.

Parker's intention is not to deny that the world needs organizing and that management skills are important, but to caution against the grandest claims made for managerialism. As examples to prove the point, the efforts to manage and find solutions in healthcare, climate change, education, social care and housing seem to prove remarkably resistant to managerialism. Not that billions are not being spent on management consultants weaving their spells over the dismembering of the economic well-being and the social fabric of the UK, but Parker points out that there are limits and viable alternatives to managerialism. His message has been echoed by, amongst others, Mazzucato<sup>15</sup> and Morozov,<sup>16</sup> although the message has not yet sunk into the political class, who continue to offer managerialism as the only solution to complex problems.

*Innes doesn't satisfactorily explain why other countries don't seem to have the problems with neoliberalism as the UK.*

Angus Hanton in *Vassal State* (see note 4) provides a much more realistic account of the processes that has taken place in the UK in the neoliberal era. For national strategic reasons the UK has been promoting an English-speaking alliance as a strategy for retaining its great power status. Thus, it has willingly foregone its national interest in selling off its industries to large multinationals, mainly US-owned, to back a US-inspired free trade policy which only the UK fully supports.<sup>17</sup>

Innes's call for the UK to be more like other European countries therefore doesn't confront this reality.

*Innes' solutions to the problems don't carry much conviction.*

To be fair, her intention was to draw parallels and therefore to impel action in the face of an imminent collapse in the manner of the collapse of the Soviet Union. It is the job of politicians to forge alliances, define solutions and

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<sup>15</sup> Mariana Mazzucato, *The Big Con: How the Consulting Industry Weakens our Businesses, Infantilizes our Governments and Warps our Economies* (London: Penguin, 2024)

<sup>16</sup> Evgeny Morozov, *To Save Everything Click Here: Technology, Solutionism and the Urge to Solve Problems that Don't Exist* (London: Allen Lane, 2013)

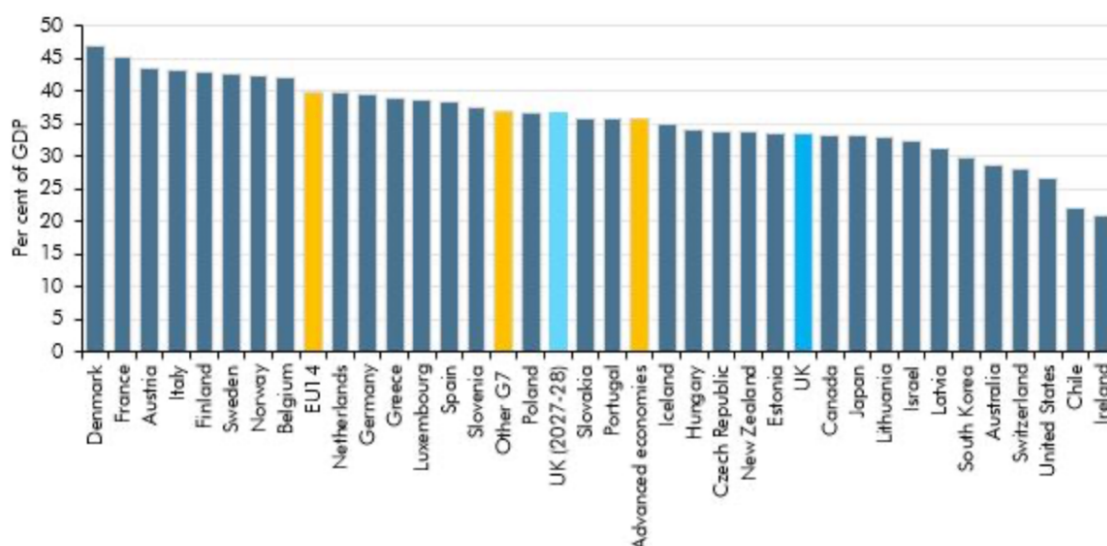
<sup>17</sup> For further background see E H Carr's *Twenty Year Crisis 1919-1939* and Mark Mazower's *Governing the World: The History of an Idea, 1815 to the Present* (London: Penguin, 2012)

manage conflicts – not academics. The criticism that she seeks only to understand the world and merely aspires to change it is valid but underestimates the service provided in exposing the utopianism of the Soviet Union and within neoliberalism.

*The tone is too apocalyptic.*

The UK is not like the Soviet Union (although the breakup of the UK is not out of the question). Although the Right bang on about the rising tax burden and the unsustainability of state spending, the evidence is of remarkable stability over the years and of an economy comparable with others. The chart below<sup>18</sup> shows the UK with a lower tax burden than others and it suggests that UK tax levels may be too low. The French, with much higher levels of spending and better public services, manage this with only modest increases in taxation.

### Chart A: Tax burdens in the advanced economies in 2021



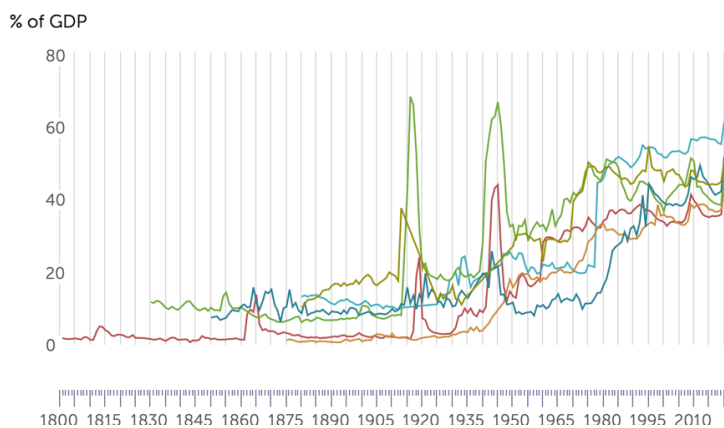
Note: Implied tax burden for the UK in 2027-28 is based on our latest forecast adjusted for the historical difference in outturn between the ONS and OECD since 2010. 2020 data are used for Japan and Australia.  
Source: OECD, OBR

The chart from the IMF below,<sup>19</sup> looks at the trend in government spending as a % of GDP since 1800. It shows no reason for alarm. Increased spending seems correlated with increasing wealth and prosperity and UK levels are not out of line internationally.

<sup>18</sup> <<https://obr.uk/box/the-uks-tax-burden-in-historical-and-international-context/>>

<sup>19</sup> <<https://shorturl.at/4XrSl>> or <<https://www.imf.org/external/datamapper/exp@FPP/USA/FRA/JPN/GBR/SWE/ESP/ITA/ZAF/IND>>

### TREND (1800-2022)



### SELECTION (2022)

United States	36.26
France	58.34
Japan	44.09
United Kingdom	44.3
Spain	47.11
Germany	49.48

The history of the 1930s is that events can spin quickly out of control at a time of heightened tensions but the analogy of Britain with the Soviet Union looks far-fetched.

Despite these reservations, the book's demolition of neoliberalism is welcome and the arguments are well made. Others will have to better define where we go from here.