



# ***Finding our Voice***

Making the 21st Century State



Edited by Gabriel Chanan & Neal Lawson

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### Foreword:

### Gabriel Chanan and Neal Lawson

The state is the mechanism through which society organises those affairs that require collective resource and legal legitimacy. At its best it is one of the prime means through which we build a more civilised world in which each of us and the planet can flourish. At its worst it is destructive of people and the planet. The state is humanity at its best and occasionally its worse.

Through time the state has evolved – from its minimal night watchman role to full-on interventionism in the mid-decades of the last century. But the state has never been a stable entity and certainly not in the last few decades. In that time there has been a pronounced shift from what we might call the bureaucratic state to the market state. But now that model is under severe strain – not least since the crash of 2008 but in particular because of the rise of a digital and networked society. In a world in which everyone can be connected to everything, treating people as either passive recipients or consumers of services are both insufficient. When it comes to the state we are primarily citizens. Neither Serco nor the Soviet Union provides a blueprint for reform. Indeed, there is no blueprint – merely a commitment to let the people in, to be open and travel together on a journey on the basis that a good society is only ever a society that knows it is not yet good enough.

This collection of short essays builds on thinking over the last few years – especially thinking in and around Labour and its policy review. The outcome of the next election is uncertain – but what is certain is that progressives are going to have to go on sharpening their thinking about the purpose of the state and how that purpose is made relevant for the 21st century. What is also certain is that come 8 May 2015, Labour will be in office – maybe in Westminster but certainly in cities and towns the length and breadth of the country. In all these places the state must be remade for the 21st century.

What is interesting, as the span of authors makes clear, is that an emerging common position on the state bridges the traditional left and right divisions within Labour. The assembled authors would not agree on every item of policy, but their shared ground suggests that more than anything they trust people to shape the state, not consult them as an afterthought or a nice to have addition, but handing control over to people is essential to the redesign of the state. It is the people who must help the people – the state is a vehicle through which that can happen.

Although most (not all) of the authors would locate themselves as in or around the Labour Party, it is the nature of a closed tribalism and a penchant for adversarialism that is holding back the reform of the state. Openness and pluralism must define the political culture of the statecraft of the future. Indeed, the dominant role of political parties must be examined in the light of more direct and deliberate forms of democratic engagement.

There is never one governance model for the state. It will always take a combination of centralism and targets, diversity and localism, professionalism and what we might call voice – both participatory and democratic voice. What matters is what the dominant or predominant model of governance is. The clear instinct of this publication is that voice must be the predominant form of governance for the state in 21st century, in part because it will unlock dramatic levels of creativity and innovation, but also because it will make people feel better about a state that becomes ‘our state’.

The state will go on being contradictory and the paradox of wanting as much equality as possible and as much localism and diversity as possible – because that is the means by which people can find their voice – will continue to frustrate. But it is essential that the people must be let into this paradox – they must learn how to live with it – and not be told by political technicians that the paradox can be solved.

Power should be located where citizens can make the most of it. Often that will be at a community or local level, sometimes at city or regional level, and at times at national and where necessary transnational level. We must not be scared of power having this fluid form. What matters is how effectively power is located, used and held to account. It is power as transformative capacity we seek – not power as a form of domination – especially for the weakest in our society.

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The contributors to this collection share a strong sense that the 21st-century state must change if it is to meet the unprecedented challenges of our time. It is already changing, but not always in the ways that are needed. At the top there seems to be a loss of power, or political will, to control the ever more invasive forces of the market, as Jon Trickett observes (chapter 1). But as Colin Crouch shows (chapter 7) this is not the market in the supposed classical form of a level playing field for competition, but largely a stitch-up between governments and a small number of 'preferred providers' on whom they depend. It is this pattern, rather than alleged 'big government', which generates the climate of impersonal bureaucratic control that surrounds us today. At the bottom there are many promising experiments with alternative ways of empowering people and delivering public services. But it is not clear that these amount to a force strong enough to reinvigorate the democratic state from below.

Sue Goss and Steve Reed (chapter 3) show what can be done even under existing conditions to enable co-operation between public services and their users at local level. Hilary Wainwright and Jonathan Carr-West (chapter 19) review some old and new innovations in power-sharing at municipal level. And Anna Coote and Rick Muir (chapter 9) draw some general principles about how service delivery should be more humanised and co-operative between providers and users. Theo Blackwell and Chi Onwurah explore how innovation will surely need to make better use of digitalisation (chapter 10), and there must be a growing role for civil society, in which the mass of small, less professionalised community groups are more important than is often understood, as Indra Adnan and Micha Narberhaus argue (chapter 15).

While overall we believe the collection highlights many of the factors that will need to play some part in the shaping of the new state, we are well aware that we only have pieces of the jigsaw, and still do not know how they all join up. That is the urgent agenda. There is a dilemma of reconciling the ways in which we need the state to be strong, outward facing and able to make international alliances to control the market for the maximum public good, and the ways in which it needs to be inwardly responsive, enabling and accountable at regional and local level. The two dimensions are not contradictory – in fact they need each other – but there is a danger that one goes out of focus while we concentrate on the other, so that they seem to be pulling in opposite directions.

There is a temptation to assume that the vigorous margins of experimentation will somehow become a new model for running society, without working out what the state needs to do, nationally and internationally, to ensure the conditions that would allow this to happen. Paul Hackett and Sue Ferns (chapter 16) affirm the essential role of the state in ensuring that the market provides work for all, and Jon Bloomfield and Robin Wilson (chapter 18) show that this cannot be done unless we intervene positively in Europe.

Many of the chapters point to the sense of a wave of alternative projects which could be models for more productive use of public services. But how can we prevent these from being exploited merely to save costs, or simply being tolerated indefinitely at the margins as weak compensations for overall loss of power? As Colin Miller and Andrea Westall discuss (chapter 11), neighbourhood initiatives are vital but will remain fragile and isolated unless they are integrated into the thinking about reform of the state as a whole. This suggests there is a missing dimension about how the state should – as the last Labour government began to do, but too late – create a proactive system for stimulating and spreading these changes but without heavy-handed control. There remains a problem in working out how dispersal of power can fight concentrations of power. As Anthony Zacharzewski and Robin McAlpine argue (chapter 8), we need to 'match ever more powerful corporations with ever more powerful democracy'. We need a state that is strong in facing outward and in international alliance with the right values, but inwardly enabling and accountable.

This is a roundup of thinking thus far. It is neither comprehensive nor conclusive. But it is an important stepping-off point from which to rejoin the journey and the thinking post election. We would ask anyone who wants to continue the journey to get in touch.

Compass is grateful for the support of Trevor Chinn in helping to make this publication happen and to all the authors who responded so enthusiastically to our request for contributions. Their generosity and the quality of their experience, thinking and writing bodes well for a 21st-century state in which we all find our voice.

### 1 The new state in context

Jon Trickett, Liz Kendall and Lisa Nandy

#### The state in new times [Jon Trickett](#)

Much time and effort has been spent debating how wealth is produced and how it ought best to be distributed. This is inevitable given the nature of the 2008 crash and the consequences, which so many are still living with. Less time has been spent debating political and state structures.

The truth is that the new times in which we are living have discredited the free market. But equally, the bureaucratic state fails to meet the needs of how we live now. It is clear that as far as the free market is concerned, a new consensus has arisen. Apart from the radical right, it is widely accepted that the good society requires restraint on both unconstrained corporate power and the inegalitarian consequences of uncontrolled markets.

How is the good society to be achieved? Clearly the interests of the community as a whole need to find a new collective expression.

There is a key strategic and redistributive role for active government as well as a need to provide regulatory frameworks to contain the worst effects of markets and corporate power. There are new challenges too for government: new technology, climate change, ageing populations, chronic disease, global terrorist networks and so on. But centralised state provision is itself rightly facing new challenges. Active government is not the same as the state as a remote and hierarchic entity.

The post-war welfare state, for example, bears the hallmarks of the times in which it was created. Bureaucratic, centralised and top-down systems were the primary techniques most often used in industry. Just as mass producers such as the Ford Motor Company were familiar in the private sector, similar characteristics were embodied in what became known as the Morrisonian model for public service structures.

The idea that the people at the top know best and that employees and customers should passively accept systems, products and services designed by a narrow elite was symptomatic of much public service provision. But even if those models of service provision were appropriate for their time (they weren't), it is clear that they no longer work in a newly democratic century where deference has long since disappeared.

The shorthand for today and the future is Google, Twitter, Wikipedia and Facebook, where relationships are interactive, intuitive, fluid and non-hierarchic. Horizontal interaction has replaced vertical.

The right wing in our country think it is possible to reorganise public services by market-driven solutions, or by targets handed down from on high by bossy reorganisations, which Whitehall deems necessary. Examples of this approach within the NHS and schools are legion under this coalition government. This stuff will not work any more.

If there is not a cultural revolution within the public services, they will lose their vitality and connectedness with wider society. This will lead to poor quality, inefficient services and ultimately a loss of public confidence, with a consequential drift away to private services, which only the wealthy can afford, and a loss of consent by the taxpayer. This would be catastrophic for the kind of strong and cohesive communities that we wish to see.

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Fortunately the solutions are to hand. We need to have the foresight to understand the new zeitgeist, to take hold of the technology that makes new organisational cultures possible, and then show the political courage to seize the moment.

Networked society of the kind we see rising spontaneously everywhere, thanks to the internet in particular, provides the possibility of establishing a more democratic and egalitarian settlement – on flatter planes we can and must give everyone a say and voice. There is an appetite for democratisation and voice in public services to help address the Westminster democratic deficit.

This demands localism where possible – as the point where people can become engaged. And it requires new forms of engagement for employees and clients as well as managers. The new times we live in require a horizontal, democratic and egalitarian culture of information-sharing and decision-making so that services are flexible and responsive to citizens' needs.

In the late 1980s I was the leader of Leeds City Council, and we began to transform our service provision. For example, the schools catering service provided literally millions of meals per year, but the service was poor. The staff were deskilled and demotivated, and the food was not nutritious. We gave out mass-cooked meals, which were blast frozen and then distributed in freezer wagons to schools, where the meals were reconstituted on site by being defrosted and then served in unappetising proportions.

We set up a working group consisting of the workforce, the management and an in-house consultancy. Each group was represented in equal measure and they then consulted parents and pupils. The result was a more cost-effective service where the menus were more democratically decided and the staff were re-skilled to cook more nutritious meals in each school kitchen.

Local government is littered with examples of this kind because it is closer to the service user than any Whitehall mandarin could ever be. The essence of the model was a joint determination of the service between management, staff and the ultimate clients.

New technology, combined with the internet, will allow transparency in public services, and so permit informed citizens to engage in new ways with service providers. Everywhere to be seen are hints of new ways of providing services that stand outside the free market and the bureaucratic state, but which are equally exciting, innovative and offer hope of human liberation in equal measure.

One such example is the human genome project. The very stuff of which all life is built has been decoded with who knows yet what consequences for life on earth. The task of decoding the genome boiled down to a race between private corporations and public universities. In the end this monumental task could only be achieved by public universities co-operating together, through entrepreneurial and enterprising research. The human genome, once decoded, was then placed on the internet so that anyone anywhere could access this groundbreaking information, empowering every human being to explore the code to our own existence. If the corporations had won the race they would have kept it private, to be used for profit motives.

It is clear therefore that neither the free market nor old top-down bureaucracy can offer the solutions to the modern challenges that face public services with the dawn of a more networked society.

The volume to which this piece is an introduction is an attempt to develop a convincing left narrative to stimulate debate about how any elected progressive government might address the challenges that face public services in these new times.

### **This is the future** [Liz Kendall and Lisa Nandy](#)

For our generation of Labour politicians the New Labour politics of the state is about putting power in the hands of people. It leaves the divisions inside the Westminster bubble far behind. The debate is not between left and right, public or private, Blair vs Brown. Instead, it is about devolving power to our cities, counties and communities, and renewing our public services so that they are accountable to and shaped by the people who use them.

Debates about the future of our public services spend too much time focusing on 'state' and 'market', 'the machinery of government' and 'delivery paradigms'. We speak as if government exists without people. We do not talk about the relationships between human beings and our services are poorer as a result.

Take children in care. Far too often the system we have constructed drives a coach and horses through the relationships that sustain them at the most difficult times in their lives. Children are often sent to live far from friends and wider family, while foster care is funded, often kinship care is not, and it is not uncommon for children to have several social workers in a few short years. When we have built these systems we have forgotten what matters to us as human beings – warmth, trust, the knowledge, as Shaks Ghose of Crisis said over a decade ago, 'that there is someone on the other side who cares if you live or die'.

And, we forget our recent history. We ignore that fact that over the last 30 or 40 years the way people interact with each other has changed dramatically, for good and bad. The way our public services are managed has not kept up.

So what changed? The state in the mid-20th century was based on strong relationships between people. But it also relied on rigid forms of hierarchy.

The England of our grandparents' and parents' generation was a place defined by deference and duty. People knew their personal doctor, the matron at the local hospital, their boss. They were members of associations, churches, trade unions, political parties. They went to their local pub far more than we do now. The Britain of the 1940s and 1950s that created the modern welfare state had a modern, vibrant and civic society with collective institutions that underpinned it, but it was also elitist and hierarchical.

The welfare state was created in a world where elites were used to giving orders and the rest of us following. The labour movement grew by organising working people to ensure those with power acted for the common good, but it did so by creating its own, sometimes rigid, hierarchies.

The towns we represent in parliament, Leicester and Wigan, show the signs of these changes. Wigan, during the height of the mining industry, used to have Labour clubs in every community. Now on the town centre site where a bustling Labour club once provided a focal point for the community there is a McDonald's.

In the 1950s Leicester was booming. Textiles and typewriters poured out of its factories to be sold throughout the British empire and the United States. Leicester had a new cathedral and a new university. This was a city whose economy was driven by highly skilled workers with a strong sense of vocation. It had an active civic life that relied on strong inter-personal relationships.

Like other parts of Britain, Leicester and Wigan's economies were based on fixed class and gender roles. The state relied on people doing their duty according to those roles. Society worked because people were deferential to their doctor and their boss, and used their own labour to care for their own family.

Mourn its death or celebrate its demise, this world is no more.

The collapse of UK manufacturing undermined high-skilled manual work. The social revolution of the 1960s and 1970s shattered the idea that class, sex or race should determine what you could do in life. Secularisation and

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consumerism challenged the civic institutions, the churches, the youth clubs and civic societies that provided a sense of community and support. A more mobile workforce made it far harder to care for elderly relatives.

The decline in deference and hierarchy has taken place alongside a sharp weakening of many of our shared institutions and without those shared institutions, and new forms of collective action, people's relationships with one another have changed. Today we live in a society where people are more aspirational but have less power and are more isolated. We expect to be treated equally but in too many areas of life we have lost the capacity to act together.

The state created in the middle of the 20th century was based on forms of top-down public management that are no longer possible. When national politicians pull policy levers in Whitehall they often find they have no strings attached. Politicians have tried to compensate for the collapse of the old hierarchies and the failure of the centralised state by using performance indicators and micro-management to exert control. We no longer trust the old elites, but we do not trust ordinary people either.

Too often public services view people as individuals whose 'needs' or 'demands' can be met without thinking about their family and relationships. People are treated as isolated units, ignoring the fact that we are happiest when we are involved, in relationships with other people, in the world around us.

Our priority now must be to develop new ways to give people real power over the institutions and services that have the greatest impact on their lives. This will only work if people themselves create this power and it is built from the grassroots. It cannot be dictated by national government.

The essays in this pamphlet offer ideas about how we can develop this new politics and this new model of the state.

The core theme in the essays is that liberty should be reclaimed as a defining ideal of left of centre politics in England. We must champion the power of human beings to shape their own lives, and oppose the tyranny of the bureaucratic state and an unrestrained free market, both of which are generating huge inequalities.

Liberty is not an abstract slogan. It is not simply individual but shaped by the constraints of living together with other people. English liberty is a social liberty. We all live in society and are dependent on one another, and so our freedom is exercised with other people through negotiation and dialogue.

A state that values freedom is one where public services are determined by and with citizens.

Take social care. Our social care system was built when politicians expected women to stay at home to care for their relatives and, if this was not possible, for older and disabled people to take what they were given. The result was either to leave families struggling on their own or a one-size-fits-all system of old people's' homes, home care and day centres, which often ignored people's individual needs and preferences.

As people live longer and expect to be treated better, and women increasingly want and need to work, we need a radically different approach. Labour councils are already experimenting with new types of provision. Personal budgets have given many older and disabled people more power and control over their care. In some boroughs, personal budgets are being used to determine new kinds of provision. In Lambeth, for example, people with similar needs are pooling their budgets to collectively shape new forms of support which better meet their needs. This is about shifting power from the state – locally, nationally and regionally – to the people in whose interests it exists.

The experiences in this book demonstrate that the kind of liberty we want is only meaningful if we challenge the huge imbalances in power that exist in England. Limited resources, time, confidence and social status have a powerful bearing on our ability to participate. This is why the role of the government matters. We need a state



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that works in partnerships to help shape the institutions and social infrastructure we need that enable people to have more control over their lives and for individuals and families to flourish.

Our commitment to this new participative model of the state runs through different fields. In education, the programme behind Unicef's Rights Respecting Schools Award has opened up decision-making in schools, so that children are involved in the running of their schools from an early age. Dialogue helps parents, teachers, children and communities to hold schools to account and provide educational provision that works for the communities that need it.

It applies across the board. Consumers talking with businesses. Workers involved in making business decisions in the firms they work for. Small businesses getting together to shape the kind of support they need.

Deference has died and bureaucratic command has failed. We need to experiment with different forms of collective action that have social liberty at their heart.

There are two big implications for our politics from all this.

First, we need a different kind of political authority at local, regional and national level. A genuine commitment to devolution requires a commitment to letting go of power and sharing it at every level. We need to devolve power from Whitehall not just to the town hall but down to communities and individuals too. The job of politicians is not to dictate and deliver. Political leadership is about bringing people and resources together to create the power people need to help themselves and one another, with the state acting as a partner.

Second, real democracy enables people to have the power and responsibility to decide what is important to them. The job of Westminster is to create systems and structures that allow people to decide for themselves, and make sure they are held accountable. Public services that are fit for the 21st century must be not just devolved, but democratic and participative. They must be shaped by the widest range of people and civil society organisations, to support each other. How that works out cannot be determined from Whitehall.

Giving power to people is a big departure from the way Whitehall and many of our town halls are run today. It will be uncomfortable for many politicians used to holding power. It holds enormous challenges: to give people more freedom, to tackle power imbalances, to avoid postcode lotteries, and to create meaningful accountability at every level in society. These are the challenges this book seeks to address.

Discussing how we do this is an important debate. But whether or not we do it is now beyond doubt. The institutions that will last will be those that are built and run together, with relationships at their heart.

Labour is the party of the people and so it is our task to create new forms of common provision which nurture a new sense of freedom and public responsibility. This is the future.

## 2 Re-imagining the state

Davina Cooper and Tom Bentley

### Can a general election change the state? Davina Cooper

Can a general election change the state? It may produce new government – typically understood as the pinnacle of political hierarchy. But can pioneering reforms at the top successfully overcome obstacles and intransigence lower down? Or, with its vertical imagery, is this focus on blockages and foot dragging the wrong approach? Should we be thinking instead about how to create more decentralised forms of governance, including grassroots self-governance beyond the state?

How political power is allocated matters. But I want to consider here a different way of thinking about it, and what a general election might mean – one that asks us to reimagine what it is to be a state, discarding the assumption that states are nation states, covering – never more than one state thick – the surface of the globe. Instead, we might identify states as overlapping and at various scales – micro states, shadow states and counter states, as well as local, national and regional states. Here, not only is the nation state not the only kind of state, it is perhaps also not the best model for imagining what progressive states could be like.

Why reimagine the state? What difference can it make? Treating states as if they are democratic, just and fair certainly is not enough to make them so. Romanticising what the state is can have reactionary effects, particularly when it obscures, and so legitimates, coercive and regressive state practices: contemporary forms of imperialism, torture, surveillance and so on. At the same time, how states are imagined makes a difference. The ways social movements, officials and the general public interact with state bodies depend on what they think the state is and how it operates. Conservatives know this. The momentum these past 30 years to turn welfare states into formations almost exclusively tuned to the global marketplace has involved re-imagining states as market actors and market supports alongside economic and social reforms. If re-imagining the state is part of many political projects, then how should progressive forces go about this task? Should we do so in ways that cast aside the notion that the nation state is the only kind of state that counts?

One option is to imagine states as plural and overlapping. From this perspective, institutional bodies, engaged in public governance, do not form a single, coherent apparatus, accountable to a single source of authority. But pluralising what counts as a state does not tell us what progressive states should be like. If states, at whatever scale, are modelled on nation states, our imagination may be limited by the assumption that states have territory, boundaries, coercive powers, limited forms of democracy, and financial priorities, as Tom describes below. Are there, then, better models for what progressive states could be like?

Local government is a possibility. Not local government as a subordinate apparatus, compliant, obedient and whittled away, forced to give up services and responsibilities to commercial markets, but the kind of local government famous in 1980s Britain, the kind that Hilary Wainwright has also discussed. This is a local government that surfaces sporadically, experimenting with new forms of participatory governance, public well-being, animal rights and environmental sustainability.

Innovative local government suggests a state whose relationship to space is something other than territorial; a state that is not invested in grand symbols or the patriotic attachments of its citizens; a state that is politically vibrant, oriented to social well-being, supportive of public and co-operative economic developments, where coercion is a minor aspect of the governing that is done. Progressive local government offers a state form where many actors feed into policy development and implementation. Beyond the traditional state– non-state divide, local government is a far more flexible, porous, socially embedded entity.

Of course, local government has its faults; and its ways of working are not necessarily suited to other scales. Redistributive policies and meeting welfare needs require a scale beyond the local. International rights regimes and civil society networks remind us that core freedoms, entitlements and public responsibilities should not

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depend on the vagaries of local agendas. But the question of how much governmental power should get devolved to the local level is a different, if connected, matter from suggesting that we take our inspiration for what statehood could come to mean from radical experiments in local governance.

And so, with a general election coming up, we might ask: would a new Labour government be willing to rethink what it is to be a state, taking its images of what states could be from the brightest examples of progressive local government rather than from what currently dominates state thinking, namely corporations, economic growth and the global marketplace?

### **A more open, devolved and plural state** Tom Bentley

Davina is right that imagination shapes what is practically possible in organising the state.

The root ideas are often buried deep. Is the state a well-oiled machine, turning out widgets with mass precision? Is it a complex adaptive system, evolved to keep social order and subvert the incursions of pesky politicians?

Our states could be nightwatchmen, patrolling the darker recesses of society to protect our property rights while we party. Or a Big Brother, watching every move. The state can be imagined as a guardian of civilised values. It can be experienced as never-ending, dysfunctional nightmare. For many people it is a prison camp like Abu Ghraib or Port Arthur. Equally, the state can be an entrepreneurial investor, making new connections in the public interest. In our global imaginary, the state is all these things and more. Britain's history of democratic and bureaucratic innovation has influenced the shape of the world's states, but there are many other sources.

So we should look beyond a 'fourth revolution' shaped by the orthodoxies of corporate management. Perhaps the greatest current restriction on our imaginations is the McKinsey-ite reduction of the state to the hierarchical organisation of money and the power of the organogram. Imposing abstract rules from above is at the heart of Europe's current fiscal and political crisis.

Davina asks, can we imagine a more open, devolved and plural state? The answer is yes. States could be self-generating networks of overlapping associations, such as the neighbourhoods that link Barcelona together. Or an open conversation, like the budget process that has transformed public sector outcomes in Porto Allegre.

Yet progressives too easily want to believe that dispersing power makes its exercise more benign. Simple decentralisation is not enough. Chaos arguably hurts the vulnerable first. A better question is whether the hard edge of state power is guided by an ethical perspective, both internal and external, and used in the interests of all.

The best way to ensure this is to understand the state as a set of relationships, interacting with different parts of society, learning to create trust and solve problems and giving voice to every citizen.

The local is a good place to look. But with their multiple scales and identities, many places of exchange and celebration, and pragmatic accommodation between the public and the personal, cities are a better frame for re-imagining.

Experience points to some lessons that could sharpen the conversation further:

- Imagination is fired by crisis, conflict and diversity.
- The redesign of states has always relied on social movements. Syriza and Podemos are new expressions of an old principle. But social movements cannot become states, or provide a complete organisational model for them.
- Instead, we have to imagine and practise a creative tension between a dynamic, dispersed civil society and a durable but responsive set of institutions.
- States are like varied bundles of money, laws and muscle held together by institutional routine. But they are

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also collections of people. Most redesigns fail when they disengage the people who work for and rely on states. Learning systematically from the experience of practice is a high priority.

- Any successful state is a settlement between masses and elites, citizens and office-holders. What creates new settlement is conversation, as Iceland recently showed us. Enduring institutional designs emerge from persistent experimentation, making the whole more than the sum of its parts. Our democratic processes – civil and political – need somehow to bring these different ingredients together.

### 3 Restoring trust

#### Sue Goss and Steve Reed

Vast currents of change are sweeping the world: globalised trade and finance, the digital revolution, mass movements of populations. Wealth and power is increasingly concentrated in the hands of a small global elite, while locally people and communities feel powerless in the face of forces they cannot control. People have lost trust in a politics that feels too small to meet the challenge of our times.

The economic crash of 2008 and years of austerity that have followed it are the biggest manifestations of this. But trust has been eroded by home-grown disasters too, such as the MPs' expenses scandal, the burgeoning child abuse scandal, and the coalition government's broken promises on the deficit, immigration, tuition fees and the NHS.

The truth is that our political system is set up to fail. We have allowed a parent-child relationship to develop where politicians stand up at election time and appear to promise they have all the answers. What we need is an adult-adult relationship where politicians can acknowledge that we will only solve the problems we face as a country by harnessing the insights, experiences and creativity of all our citizens to find answers that work.

There are plenty of practical examples of how citizens, working together, can solve complex problems more effectively than the top-down politics we have relied on before. The values that underpin an open, engaging politics are absent from the Westminster bubble. If we are to build strong communities we need to listen to and respect those we disagree with as well as those on our side. If we are to tackle the difficult social problems that confront us, we need to learn to recognise, understand and respect our differences and learn ways to make room for each other. This can also help us tackle inequality since the poorest, most excluded people are those offered least respect and control under the present system – people about whom we make cheap assumptions and whose views go unheard.

Public services are an important test of society's values. If they are top-down, controlling, forbidding, excluding, then that is the type of society they help create. Public services can only help us fulfil our human potential if they value that potential, demonstrating kindness, flexibility imagination, wisdom – public services do not have to behave like machines. A more open democracy needs public services that are co-designed and co-controlled by the people who use and benefit from them.

The Blenheim Gardens housing estate in Brixton was a place where residents did not want to live in the past. It suffered from high levels of crime, poor quality repairs, dirty communal areas. Today it is a place transformed by giving residents more control through an elected board, which oversees the housing managers. Crime is down, the estate is spotlessly clean, repairs are carried out on time, and communal areas have been transformed into clean, green and pleasant places.

Lambeth has encouraged citizens to share responsibility for services with more control over libraries, youth services, parks and green spaces and has set up time-banks to reward people for volunteering. Cornwall experimented with opening up its data to enable local communities to help solve local problems. Devon is in discussion with activist towns like Totnes to devolve responsibility for many services. Cheshire West and Chester has created a series of public service mutuals to run council services. Democracy can be extended into the provider organisations in the public, private and third sectors. These services use public money more effectively

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because the people who know best what is working and what is not are the people on the front line. But democracy does more than that, it also gives people a liberating experience of increased power over their lives, which can restore their sense of self-reliance and aspiration, and strengthen relationships across communities in a way that makes them much more resilient to the challenges they face. This effect is most profound among the weakest and most vulnerable in our society. The rich have always had the power to influence the decisions that shape their lives; we should make it a goal of progressive politics to rebalance the inequality of power and give that same opportunity to everyone else.

The recent bid by the Labour-led combined authority in Manchester to control the city's £6billion health budget is an example of a real shift in power, as are Labour's proposals to devolve parts of the transport, benefits and housing budgets to city regions. But the local authorities receiving these powers have a duty to devolve decision-making further wherever that is effective. Local centralisation is not the right response to the problem of national centralisation; individuals and their communities need as much power as possible over the decisions that directly affect them.

This implies there should be a radical change in how our state works at every level. The response to Scottish devolution should be to devolve decision-making out of Westminster to cities, regions and communities where people can more readily influence them. Loosening Whitehall's grip will require shrinking national government. Why would a decentralised state need a national department for local government? Once the powers are devolved, what need is there for overblown centralising departments of health, education, transport, welfare or even finance? A lighter touch strategic model would be more appropriate at the centre, with fewer government departments and fewer ministers doing fewer things so that power can flow towards the people.

Government has a role to play in ensuring that all voices are heard, paying attention to power imbalances and preventing the rich and powerful from using that power to oppress or expropriate others. What if, instead of making decisions on our behalf, government, national and local, saw its role as creating ways in which communities could come together to decide things in collaboration. The legitimate role of politicians would be to set the rules and tone of the conversation, and model the behaviours that make agreement possible, since democracy is not simply about shouting loudest, but works best when underpinned by respect, curiosity, listening and a sense of exploration.

Political parties would have to open up too. With decision-making more widely dispersed, parties would have to plug into the concerns and feelings of local people as part of civic society, connecting into communities. Parties would succeed by finding models of membership and affiliation that allow people to identify with the party on their own terms, on single issues, or through specific campaigns or activities that are meaningful to them. Parties would actively have to create a bridge between wider social movements and active citizens and the exercise of conventional power in Whitehall or the town hall. Creating a more open democracy will involve creating a more open Labour Party.

The new politics of empowerment is not just about what happens locally, it can equip us to compete and cooperate more effectively beyond our own borders. Opening up power involves opening up information and data; encouraging communities to innovate opens up the space for enterprise and creativity. These are assets we need if we are to compete globally while also giving us the tools we need to protect and improve our public services for the future.

Politicians and politics need to change if they want to win back the trust they have lost. That cannot happen through old top-down models where politicians claim to have all the answers. We need a quiet revolution that shifts power and control into the hands of the people and a new politics of empowerment that lets us find answers together.

### 4 Values and standards: the individual and the state

#### Francesca Klug and Keir Starmer

By the time Labour left office in 2010, the party had acquired a reputation for being casual about human rights. Setting out his vision of 'The New Generation' in his first speech after being elected party leader, Ed Miliband highlighted this and reminded the Labour Party that 'we must always remember that British liberties were hard fought and hard won over hundreds of years' and 'we should always take the greatest care in protecting them'.<sup>1</sup>

Being 'casual' about human rights was not the pledge on which New Labour was elected. On the contrary, in a genuine break with the statism of the past, it promised – and then delivered – not only the Human Rights Act, but also the Freedom of Information Act, the Equalities Act and devolution. Until then successive governments had argued that although internationally agreed human rights values – such as those enshrined in the European Convention on Human Rights (ECHR) – were intended to establish a simple set of minimum standards for the world to respect in the aftermath of the Second World War, they were not needed in Britain because individuals here were already adequately protected from arbitrary acts of the state. This was regardless of repeated and well-known episodes to the contrary in the context of colonialism, the Troubles in Northern Ireland, trade union organisation, public protests and violations of privacy by the barely regulated security services.

Historically, there was another dimension to the reluctance of Labour to redefine the relationship between the individual and the state using the prism of human rights. A long and deep rift between some elements on the left and an earlier tradition of what might be called radical or progressive liberalism resulted in an inconsistent approach to the value of individual liberties, and a negligent attitude to the power of the state. For many, the purpose of the Labour Party was not so much to change the state, but to control it. Conscious of this history, the architects of New Labour saw the case for distinguishing themselves from 'Old Labour' by demonstrating that 'individuals have inalienable rights' which 'should be clearly and unambiguously expressed'.<sup>2</sup>

How then did Labour go from the party of the Human Rights Act to a party with a reputation for being casual, or worse, about civil liberties; not trusted to tell the truth about government statistics or – more dramatically – weapons of mass destruction in Iraq; and an advocate of anything from 42 to 90 days' detention before a suspect is even charged?

The answer, in part, lies in the philosophy that underpinned New Labour's approach to the relationship between the individual and the state. For Tony Blair 'the theme of rights and responsibilities' lay 'at the heart of everything New Labour stands for'.<sup>3</sup> 'No rights without responsibilities' became the defining mantra.

The problem with the assertion that the rights of individuals reflect the duties they owe is not only, as Ed Miliband has since suggested, that government can become a vested interest itself when determining which duties apply (as we see now with the stronger focus on 'benefit cheats' than 'tax avoiders'),<sup>4</sup> but also that it strikes an uncomfortable balance between the individual and the state in a modern democracy. Most of the rights in the ECHR, now included in the Human Rights Act, are subject to a range of legitimate limits to protect public order, deter crime or safeguard national security. But this is not because 'irresponsible people' should automatically forfeit all their human rights as a kind of retribution. It is because it can often be 'necessary in a democratic society' to protect the wider community or 'the rights and freedoms of others', provided this is done in a proportionate way.<sup>5</sup>

This philosophical clash came to a head time and again in the aftermath of the atrocities of 9/11. Ministers sounded surprised when the courts applied the very standards they had introduced to hold the state to account. Promoting its alternative framework of rights and responsibilities, New Labour proceeded on the basis that the government of the day is solely responsible for determining from on high how communities should live peaceably with each other. Rather than operating through a set of shared values and standards which bind state and citizen alike, holding us all to account in different ways, attempts by anyone – from the judiciary to protesters – to challenge New Labour's approach were met with fierce opposition and derision.<sup>6</sup>

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This opened the door for both coalition partners to portray Labour as authoritarian and controlling in the run up to the last election.<sup>7</sup> They went on to present their shared agenda as one of freedom for the citizen; this was later revealed as chiefly camouflage for deregulation and freedom for the market, but at the time was convincing to many disillusioned with New Labour.

Unsurprisingly, the Conservatives are even more uncomfortable than New Labour with the relationship between the individual and the state that lies at the heart of the Human Rights Act, rooted in accountability and transparency. They are committed not only to repealing the Human Rights Act but to limiting human rights protection to 'the most serious cases', threatening to withdraw from the European Convention if that is what it takes to achieve this. Not only does this risk a return to the 'no rights without responsibilities' relationship between the individual and the state, it also cuts across the vital distinction between civil liberties and human rights.

It is often assumed that civil liberties and human rights are two sides of the same coin. But this can be misleading. Civil liberties protect individuals from the state by restricting the circumstances in which the state can interfere in their affairs. Human rights, over and above this, oblige governments, in defined circumstances, to take positive steps to protect their citizens. Child victims of trafficking, women subjected to sexual violence, the families of prisoners who died in custody, and those with vulnerabilities that inhibit reporting of abuse have all benefitted hugely from this fundamental change in emphasis. Contrary to popular perception, while there has been no fundamental shift in defendants' rights except at the edges, the Human Rights Act has heralded an entirely new approach to victims' rights and the obligation owed to them by the state.

The stakes are therefore high as we approach the general election. Labour's starting point is a rejection of a society characterised by division. The Human Rights Act, with its attempted synthesis of liberty equality and community, reflects the values that Labour stands for. But it goes beyond that. It offers a working definition of the relationship between the individual and the state that Labour would do well to embrace. A relationship defined by the entitlement of everyone to be treated with equal respect and dignity, subject only to necessary restrictions to protect the wider community or the rights and freedoms of others. A relationship underpinned by a duty on the state to protect the most vulnerable, which can be any one of us at different stages of our lives.

### Notes

- 1 E Miliband, 'The new generation', first speech as Labour Leader at Labour Party Conference, Manchester, 28 September 2010.
- 2 P Mandelson and R Liddle, *The Blair Revolution, Can New Labour deliver? An Insider's Account of New Labour's Plans for Britain*, Faber, 1996, p 193.
- 3 T Blair, speech, Cape Town, South Africa, 14 October 1996. Our emphasis.
- 4 E Miliband, 'The new generation'.
- 5 European Convention on Human Rights, articles 8–11.
- 6 See for example D Blunkett, Zurich/Spectator Parliamentarian of the Year awards ceremony, London, 8 November 2001, and J Rozenberg, 'Is David Blunkett the biggest threat to our legal system?', *Daily Telegraph*, 13 November 2001. See also J Reed, speech to Labour Party Conference, 28 September 2006.
- 7 For example in the Coalition Programme for Government, May 2010

# 5 Political leadership in the 21st century

## Jim McMahon and Shelagh Wright

What do one of the world's greatest boxers and the author of stories about wizards have in common? They both addressed some of our world's future leaders at the Harvard graduation and they both tried to say something about our expectations of leaders in the 21st century. Mohamed Ali famously gave his shortest ever poem, saying simply 'Me, We'. While JK Rowling called for acts of empathy and imagination, saying,

If you choose to use your status and influence to imagine yourself into the lives of those who do not have your advantages, then it will not only be your families who celebrate your existence, but thousands and millions of people whose reality you have helped change. We do not need magic to change the world, we carry all the power we need inside ourselves already: we have the power to imagine better<sup>1</sup>

What was said to a bunch of privileged students in the USA might help us frame our understanding of local and national leadership in the changing world of 21st-century UK politics and communities. We know our country is changing at a rate of knots. It is more complex, multi-layered and multi-channelled than in the past, and both government and public services have been slow to catch up.

The global is local. Events in far flung corners of the planet can have immediate impact across social networks, in homes, and sometimes on the streets of Britain. People access a huge range of ideas and information online and increasingly are less reliant on traditional news sources to find out what is going on.

Leadership must adapt to this changing context to regain legitimacy. Traditional assumptions that individuals in positions of power and the institutions they represent 'know best' do not hold any more. People's increased sense of individual agency means they do not expect things to be done 'to' them, instead they expect a voice. Decisions made at a remove from people's lives create space for disconnect that can damage communities.

Over the years, local leadership has been constrained by national forces. Austerity Britain is taking its toll on local government, so change is inevitable. But even before the cuts to local government, the picture had been getting more complicated with new approaches to commissioning, competition and a complex, mixed economy of provision becoming increasingly commonplace.

There seemed to have developed an inherent mistrust of local government from decision-makers at the centre. Nationally designed programmes and funding were heavily prescribed, subject to ring-fences and conditions which suffocate flexibility to adapt to different circumstances. Service innovation was tightly restricted to sanctioned 'pilots' that contained initiative.

Though we should be proud of what was achieved in government it is right that we have acknowledged where we fell short. We did not have an answer for post-industrial Britain, education was slow to improve and social house-building was painfully slow. When investment was committed it often came with strings attached, which led to further fragmentation as an unavoidable price to pay. The mind-set of waiting to be told what to do and how to do it, and then waiting for someone with orders from on high to judge your performance, stalled innovation. It also left a more fundamental problem: local leadership was expected to be less about developing community and places and more about administration. Instead of local government's primary relationship being with the public, the power relationship was that of master and servant between Whitehall and town halls.

Devolution is in fashion while progressives are in opposition nationally. But we need to understand its potential for fostering a different leadership that enables people to 'imagine better' and shape public services in our changing times.

National politicians have every right to set out a vision for the country and use their government to bring about that change. But command and control from the corridors of Whitehall cannot deliver the change our country so desperately needs. With cuts beginning to bite and local leaders operating in a complex system of departments,



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partners and commissioners, our towns and cities cannot keep going without a fundamentally different approach. We need to ensure that national priorities enable good local leadership to emerge, leadership that is about working with people to shape and take greater responsibility for their lives and give more of themselves. This cannot be commanded but instead needs to be invited with generosity, empathy and care.

Modern local leaders are relationship makers, fixers, brokers, entrepreneurs, peacemakers at times and most importantly hard wired into the community they represent. They need to act as convenors and arbiters between individual and community interests which can be conflicting. They must articulate and navigate through this with clear values at the heart of their work, taking people with them. Local leaders need to work hard to understand and identify those who need advocacy, and create the space and make that case confidently even when this is sometimes harder in the short term.

More collaborative leadership between local and national leaders needs to emerge: working as equals but in different spheres. Modern public services are formed around people and community, not institutions, and need to be organised from the ground up, not the other way around. There have been positive emerging results from across the country where early intervention and the focus of key workers has removed confusing departmental interactions with the most demanding of families. Individual organisational targets have been replaced with an eye very firmly on outcomes for people. It is not enough just to kick someone off welfare into work; it is necessary to look at the family and community as a whole and work in this context to sustain change.

Collaborative leadership also involves using public money differently. If services only ever respond to crisis and failure without investing in long-term stability and resilience then not only will good money be thrown after bad but a great disservice to public service will have been done. Why is so much spent when someone finds themselves out of work through benefits and public service costs, yet almost nothing is spent to support people to escape the trap of low-skilled, low-paid and insecure employment before they become a 'problem'?

We need a new settlement for public service and leadership locally and nationally. Is it really our highest expectation from our local leaders to administer central government diktats efficiently? The true potential for localism is the opportunity for genuinely empowered and empowering leadership of place.

Changing lives is what politics is for. As progressives we see good public services as being at the core of achieving our vision to make the world, city or neighbourhood a better place. Local leadership that is rooted in the realities of our communities has huge potential to make an impact and ultimately make sure people are able to take leadership in their own lives. This is what people in the 21st century expect, and what the modern state has to enable and enact. To paraphrase Mohamed Ali, we need to make leadership more about the 'We' than the 'Me'.

### Notes

- 1 JK Rowling, 'The fringe benefits of failure, and the importance of imagination', Harvard Magazine, 5 June 2008, <http://harvardmagazine.com/node/2752>.

# 6 The limits of the bureaucratic state

## Jeremy Gilbert and Zoe Williams

*Here is the deepest difficulty in the whole development of our democracy: that we seem reduced to a choice between speculator and bureaucrat, and while we do not like the speculator, the bureaucrat is not exactly inviting either. In such a situation, energy is sapped, hope weakens, and of course the present compromise between the speculators and the bureaucrats remains unchallenged.*<sup>1</sup> **Raymond Williams**

By the early 1960s it was already commonplace to observe that both state and corporate institutions were becoming increasingly bureaucratic, in both the capitalist and the socialist worlds. To many casual and professional observers this seemed to bear out the assumptions of social theorists such as Max Weber, who had believed that the growing reach and power of bureaucracy was simply the inevitable destiny of modern societies. From the project for workers' self-management in Yugoslavia, to the social and cultural movements of the 1960s and 1970s, to the upsurge of shopfloor militancy during the same period, to the New Right's assault on big government, radicals of many stripes set their faces against this stifling tendency of modern culture.

Here is something to reflect on. In the middle decades of the 20th century, dystopian visions of the future always revolved around the threat of an all-encompassing state, administering, observing and regimenting every aspect of human existence. Think *Metropolis*, 1984, *A Clockwork Orange*. But by 1980 this had changed. From *Blade Runner* to *Mad Max* to the pages of *2000 AD*, the future we were afraid of became not one in which the state had become too powerful, but one in which it had disappeared altogether. In their different ways, all of these fictions depicted a lawless world in which order is only maintained by way of arbitrary brutality, while civilisation has either broken down completely or been entirely colonised by commercial corporations.

But this is not exactly what happened either. We live in an era now when the function of bureaucracy has certainly changed, but it has neither disappeared nor invaded every aspect of life. Instead, it seems that bureaucracy today has a very specific set of functions, which all amount to ensuring that we behave within a specific set of parameters, which nonetheless allow for a great deal more personal freedom in certain regards than did the arrangements typical of prior epochs.

Consider, for example, the effect of bureaucratic institutions and their expectations on a secondary-school teacher. Within living memory, a teacher who was publicly identified as gay could be sacked and even imprisoned for it. Today, the state is more likely to intervene to protect them from homophobic bullying than to practice it. It is debatable whether a classroom teacher today has more or less latitude when it comes to determining the content of their teaching than they would have done 50 years ago. But what is clear is that no matter what that content may consist of, they will be closely monitored according to an arbitrary set of arithmetic performance indicators in ways which would have been unimaginable in a previous epoch.

This type of monitoring has a sort of double-effect. It encourages certain kinds of innovation, originality and creativity on the part of workers in many different spheres, including their 'private' lives, but it also constantly frustrates that creativity by policing it according to a set of arbitrary, normative, competitive criteria. It offers a version of the freedom which the radicals of the 1960s longed for, but a version of it which ultimately – to use Raymond Williams' terms – uses the bureaucrats to subject all of the activities of those workers to a set of criteria, which are actually determined by the speculators. Because ultimately, in the public and private sectors today the bottom line is the bottom line. If an idea, skill or piece of knowledge is not marketable, then it is worthless. And bureaucracy has taken upon itself the job of determining such worth in situations, such as classrooms, where the market really cannot. People hate this. Which is one reason why the left should not be afraid to attack it.

The significant success of the right was to create a plausible enemy out of 'big government', and thereby make the shrinking of the state an end in itself. It did this by portraying overweening bureaucratic structures as the natural endpoint of the state, a faceless, unresponsive apparatus, strictly imposing elaborately pointless requirements.

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The counter-narrative of the left has been to tell a different story about the state itself – that it is our pooled sovereignty, to protect us from predators and to realise our ambitions; furthermore, that it is a space where values and relationships that cannot immediately be assigned a monetary value flourish, and therefore cannot be bought and sold. As these principles have become harder to demonstrate in real life – as we have seen the grand projects of the state in health, education and, especially, social care divided into income streams that could be sold or were ready to sell – we find ourselves having to travel further and further back in time to find examples of this beneficent, collaborative state to which we aspire. The danger of this is not simply the trap of nostalgia; it is that the glorification of Bevan and Beveridge is essentially a paean to bureaucracy, to a state that draws power inexorably towards itself, the better to enact its grand vision. The irresistible conclusion is that everything people say about big government is true: it simply tends towards large structures of anonymous control.

In fact, the modern bureaucratic structures that people really resent – the world in which to work for the state is to spend less time working than demonstrating that the work has been carried out; and to rely on the state is to be constantly prey to its vicissitudes, which are neither explained nor flexible – have far more to do with the demands of the market vis à vis the state and its need for metrics in order to know what it is selling than they have to do with the state itself. This is the trick we are missing: to say that, far from big government being the problem, it is actually the small state that requires bureaucracy the most. The small state can brook neither individual agency nor local accountability; it abhors subsidiarity and delegates its work instead to corporations that are deliberately vast, the better to iron out the kinks that might threaten profitability.

### Notes

1 R Williams, *The Long Revolution*, 1961.

## 7 The limits of the market state

### Colin Crouch

'Marketisation' has become the main slogan driving public policy towards many public services from hospitals to prisons, from nursery schools to care homes for the elderly. The public is invited to welcome the introduction of markets as the advent of freedom of customer choice. Yet the process of contracting out that typifies this agenda bears few of the characteristics of true markets, and public service users do not even become customers.

Privatisation in public services takes the form of government and other public authorities awarding contracts to a few private providers. The customer here, possessing the rights of freedom of choice, is the public authority: users are simply users, putting up with whatever provider that authority has chosen. And the contracts themselves necessarily run for several years; there would be chaos if firms had to bid to run a town's hospitals or schools every few months. The market therefore operates only at those rare moments when a contract comes up for tender.

Further, the number of firms entering these pseudo-markets is relatively small, mainly a charmed circle of corporations who have learned how to play the contract game. That game is their core business, not expertise in the services they then run. How else can we explain the fact that firms starting out in the defence sector end up in primary education? Social Enterprise UK, which represents small social enterprises hoping to work in and around the state, has argued that government has become so dependent on some of these corporations, like Serco and G4S, that if they did not continue to win contracts, parts of our public services would collapse.<sup>1</sup> It is certainly surprising that although some of these firms have been fined large sums for various misdemeanours in their conduct of public contracts, they continue to be awarded major new ones; like the banks, they have become 'too big to fail'.

If a corporation has become too big to fail and has to be propped up by the state, it is not part of the true market economy, as the failure of an individual firm must always be a possibility in efficient markets.

'Marketisation' is a complete misnomer for what is going on. It is a cosy game of handing out contracts to firms

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that have become buddies of government. The top managers of these firms receive remuneration packages far more generous than those of their peers who stay in the public sector, while many of the staff delivering services on the ground start to suffer the low pay, zero-hours contracts and other characteristic miseries of the contemporary labour market. In this way pseudo-marketisation makes its contribution to the growth of inequality that is such an important feature of our times.

Most large corporations see their business as being the management of financial assets; the actual activities that provide the profits for this task are rather secondary. In many parts of the economy this might not matter – for example, if some major shareholders of McDonald's are successful in getting the firm to think more about real estate investment than the quality of its fries. But when the hedge fund managers who own children's homes pursue a real estate agenda by locating these homes in parts of the country where property is cheap, uprooting many children from the places familiar to them, it is a different matter. Hedge funds may act with more financial efficiency than a straightforward public service, but that is often because the latter are working with a wider range of criteria; there is more to running children's homes than making a profit on the land they occupy.

The central problem is that markets function well only under certain conditions. In many of the current public service applications either these conditions cannot be met, or some can be achieved only at the expense of others. The market of economic theory requires many producers and many customers, otherwise choice cannot operate and prices cannot be determined. We have seen how this does not work well with public services. A complete privatisation, so that users bought such services as education, health and police for themselves, would run into other problems. Markets work well only if customers can easily acquire adequate knowledge of what they are buying; this is very difficult with many aspects of health and education. In the market all relevant value of a product has to be captured in the individual customer's purchase: the market cannot cope with wider public benefits. It therefore performs poorly in allocating finances to policing, and many aspects of health and education.

The market can similarly operate effectively only where there are no negative external consequences (like pollution) that it cannot pick up itself; and where inequalities of income that affect people's ability to be customers can be regarded as relatively trivial. In these circumstances the market can work very well for the production of clothes, furniture, restaurant meals and very many other things – though even in these cases there is usually some need for external regulation, mainly because of the difficulty for ordinary customers in obtaining full knowledge of what they are buying. But for major public services it is reasons of this kind that force attempts at privatisation to make many compromises of the free-market ideal. All but the most doctrinaire right-wing governments hold back from regarding hospitals, schools and police forces as no different from garments and restaurants. But the compromises they need to make are producing an oligopoly of contracting corporations in an unhealthy relationship with public authorities that offends equally believers in free markets and believers in genuine public service.

### Notes

- 1 Social Enterprise UK, The Shadow State, 2012.

# 8 The democratic state

## Robin McAlpine and Anthony Zacharzewski

The errors and scandals of our governments in recent years have often been described as the result of a failure of democracy, but perhaps it would be more accurate to describe them as resulting from a collective lack of democracy.

Checks and balances within institutions have been overridden by a powerful executive where focus-group micro-targeting and the daily pressure to appease the media have pushed bigger debates into the background. The democratic principle of regulation in the public good, whether financial or environmental, has dissolved into an impenetrable morass of jargon-filled negotiations, comprehensible only to full-time lobbyists. A system in which MPs' behaviour was governed only by MPs has resulted in pretty much what that set-up guaranteed. The phone hacking scandal has arisen from a media environment in which a small number of players thought the influence of their institutions placed them above the law.

The 21st-century state will have to do better. It will have to work in a world where transparency and personal control are both more possible and more demanded. It will need to match ever more powerful corporations with ever more powerful democracy. It will need to re-invent or bypass institutions that have not learned that today no one can expect respect as a right; it has to be earned every day.

The 21st-century state has tools ready it can use. We have a range of standard democratic methods for governing the public realm, all predicated on people being able to hear and choose between competing visions – the fundamental check and balance on power.

Creating self-government in our public institutions is an obvious starting point. A state is a community of people, a university a community of scholars. Why should one elect its own leaders, and the other not? Why could not the nations' artists register as practising artists and have a right to vote for the members of the board that governs arts funding agencies? Why cannot licence payers vote for the members of the BBC's Board of Governors? (It being the BBC they even could run a talent show...) It takes very little ingenuity to look at a public function, identify those who have a direct interest in that function, and devise a mechanism to allow them to guide the operation of that function.

Alongside self-government, we need institutions for public government, ensuring that private and public interests are balanced. There are many new methods of improving the democratic governance of the public realm. A burgeoning set of participatory democracy practices is starting to come into common use, not least participatory budgeting, which has now been attempted by a number of UK local authorities. This offers the hope of a genuinely participatory and deliberative way of governing the public realm in the future.

The default reaction is that people do not really want to take control over governance – that consumerist mantra: 'You enjoy the football/shopping mall/TV and we'll worry about the politics.' Low turnout for elections to bodies like health boards are taken to be the proof. But what can you change on your local health board? The counter evidence is the Scottish referendum. Give people the power to achieve real change (or not) and 97 per cent of them register to vote, and 85 per cent of them turn out to vote in practice.

The second line of defence for the power-hungry is economic logic. The language of de-democratisation is wearily familiar. Centralisation is not a power-grab but a drive for efficiency. Opaque decision-making is commercial in confidence. Talent puts the powerful in control with large salaries and little or no accountability.

But the counter-argument is that we can be more efficient than a central state. People know what services are needed locally, and people can build trust face to face rather than by long-distance decree. Most important, accountability and transparency, combined with the ability to drive local services, make the power of the state transformative, not coercive.

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The argument for centralisation feels long out of date. The old assumption is that governing the 21st-century state has to be like governing the 19th-century state – through agendas, order papers and committee meetings, plus the AGM in a draughty church hall. Technology makes the boundaries of geography permeable, and discards fixed meetings and set agendas. In our real lives (as opposed to our official lives), we are citizens of many places and services, and all those citizenships overlap and connect. Technology allows us to live those citizenships, rather than just work with the one the state wants to give us.

We have to avoid a 'lump of power fallacy'. Like the lump of labour fallacy, that assumes there is a fixed amount of power to go around, and it is just about how we distribute it. It is not, it is about how we maximise power. The right level for an issue to be decided is the one that maximises the power of citizens over the decisions that affect them. That does not mean 'localise everything' – it means Europeanise some things, nationalise some, localise others, personalise still more – but make sure democracy is at the heart, wherever it is done.

All we have to do to begin the process is to accept the basic principle of good governance. Those who own something should manage it collectively, in the open, in the general public interest. We own the civic realm – the state and the spaces of public interaction and public good beyond the state. We have the right to govern it in a way that promotes our common interest, but to do so we need meaningful control, so we need to put ourselves at the heart of its institutions.

Democracy plus education plus information are the biggest threat to vested interests, and the biggest corrective to those errors and scandals.

Meaningful, participatory democratisation of the institutions of public life would potentially be the most dramatic challenge to the established order in Britain that we have seen since the 1940s. This is why it is been hard to get anyone with power to listen – but the voices are getting louder.

## 9 Relational and co-produced services

### Anna Coote and Rick Muir

The debate about public services is changing. After 30 years of 'new public management' reforms there is now a growing movement for change in the way services are designed, delivered and even conceived. Broadly speaking we are seeing a shift from a delivery paradigm in which services do things to people, to a relational paradigm in which services work with people to achieve personal and public goals.

This shift in the way people are thinking about public services has been driven by three things:

- the government's drive to cut public expenditure and shrink the state
- the growing complexity of people's lives, so the old 'delivery model' of public services no longer works; whereas in the past keeping people well might have involved mending broken limbs, the challenge of promoting good health is much more complex today, with the rise of chronic health conditions like diabetes and depression, and in particular the number of people with more than one condition
- people's wish to be treated like people: too often public services are stuck in a time limited, task-based, silo model of practice, which is now greatly exacerbated by financial constraints; meanwhile, people want deeper and more open ended relationships.

So, how can we facilitate this shift to a more relational model in practice? First of all, we must recognise the importance of the world beyond the state and formal services. This has been described as the 'core economy':<sup>1</sup> uncommodified human and social resources embedded in the everyday lives of every individual (time, wisdom, experience, energy, knowledge, skills) and in the relationships among them (love, empathy, responsibility, care, reciprocity, teaching and learning). They are 'core' because they are central and essential to society. It is called an economy because it involves the production and exchange of human and social resources.

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Too often when we are faced with social challenges we reach for a professional to intervene or a service to be designed by the state. But many of the solutions to the great challenges we face (such as atomisation, loneliness and mental illness, for example) lie in the community. If there are fewer lonely elderly people, we are very likely to see fewer of them ending up in hospital because of a lack of support in the home and neighbourhood. In Leeds, for example, the development of local neighbourhood networks is believed to have contributed to reduced demand for formal home and residential care services.<sup>2</sup> The role for policy and public service providers is to find ways of supporting the core economy and enable it to flourish, by building capacity, such as stronger social networks, active civic associations and places where people can meet and take action together.

Second, we need to shift the culture and practice in our relational public services towards a co-production model. Co-production is a particular way of getting things done, where the people who are routinely described as 'providers' and 'users' of services work together in equal and reciprocal partnerships, pooling different kinds of knowledge and skill, and bringing together the formal and commodified resources of professional services with the informal and uncommodified resources of the core economy. This way, people act together to identify needs, design activities to meet those needs and, as far as possible, work together to deliver those activities.<sup>3</sup>

Instead of a professional looking at a person through a delivery silo and asking how to meet their needs, they should take the time to understand their goals and aspirations, and agree with them what combination of individual action, community support and public service will help them to live the life they want to lead. They need to understand capabilities rather than focus just on acute need, and develop deep relationships, which take time and require continuity of personnel.

Co-producers challenge existing understandings of public service roles and work. Services are constructed around areas of professional expertise and practice. Professions have structured systems of learning, research and licensing. They have long histories and strong identities, with deeply embedded understanding of what 'the work' is. As society has changed, the kind of work that is required has changed too, but arguably professional practice and culture have not caught up. For example, we have an epidemic of mental illness, but the predominant response is still a medical one, despite everything we know about the social as well as biological determinants of mental illness.

We will need new professional roles and disciplines to meet changing and more complex needs. There are already signs of change, with the development of 'local area coordinators' in social care,<sup>4</sup> ex-offender mentors in probation and family case workers through the Troubled Families Programme, for example. This should be the start of a new wave of frontline professional roles with an emphasis on cross-cutting skills such as empathy, communication, negotiation and creativity.

Third, to unleash co-production we need a wider distribution of power throughout government and the public services. Much more power (money) should be devolved down to the local level: to city regions, local government, the neighbourhood and the individual. Complex problems like chronic illness and reoffending cannot be tackled within the narrow silos of Whitehall departments. They require services to be designed and often connected up at the local level to adapt to and take a holistic view of people's needs and aspirations. England's overly centralised state is a major barrier to this happening. The recent devolution of further powers to Scotland's parliament and to the Greater Manchester region show a more promising direction of travel. The job of central government is not to micro-manage local services, but to make sure that all localities have an equal capacity to meet local needs.

To give local commissioners and providers the freedom to innovate we need to hold them to account for long-term outcomes, not completion of short-term processes. For too long services have been held to account by central government for achieving narrow process targets, so government in effect lays out not just what service providers should be trying to achieve but how they should achieve it. For instance, even though there is now a national outcomes framework for the NHS, hospitals are still paid for the patients they treat rather than for helping people stay well at home. To give frontline workers and citizens the space to design their own solutions to the problems they find, we need to measure success broadly and in the round, not for completing narrow tasks or complying with process.

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Finally the culture and practice of public service management needs to change. If we have reduced central government diktat but managers continue to hoard power, then frontline workers will be unable to broker the kind of creative solutions required. There is a major trust question here, of course, and frontline workers need to be accountable. But the way to do that is not to drown them in targets and compliance – it would be far better to ask the people they are working with whether they have made a difference.

Perhaps the biggest remaining barrier to this shift is our political culture: the demand for endless eye-catching initiatives, the urge to demonstrate short-term 'results' at the expense of long-term benefits, and the incentives on politicians constantly to intervene from the centre to show they are 'doing something'. Changing this will require political actors themselves to have the courage to let go and enable people to do things differently.

### Notes

- 1 A Coote, *People, Planet, Power: Towards a New Social Settlement*, NEF, 2015.
- 2 C McNeil and J Hunter, *Generation Strain: Collective Solutions in an Ageing Society*, IPPR, 2014.
- 3 Coote, *People, Planet, Power*.
- 4 Derby City Council, 'Finding support in your community – local area coordination', [2015], [www.derby.gov.uk/health-and-social-care/help-for-adults/local-area-coordination/](http://www.derby.gov.uk/health-and-social-care/help-for-adults/local-area-coordination/).

## 10 The digital state<sup>1</sup>

### Theo Blackwell and Chi Onwurah

This parliament has been characterised by austerity – the arguments for and against it, its implementation and its impact on people, businesses and public services. But there is another force driving change in the high street, the work place and in government: technology. Traditional methods of distribution, communication and exchange are being transformed in ways that are often unpredictable. This creates significant opportunities for jobs, innovation, public engagement and growth – but also the potential for greater uncertainty and alienation for those left behind.<sup>2</sup>

Technology accelerates and amplifies change. In progressive hands it can be a force for freedom and empowerment; in regressive hands it can control, disempower and isolate. So it poses profound questions on the role of the state and the services it funds. We live in a 24/7, always connected, 'always on' world with services targeted at us and adapted for the mobile, tablet or PC we are using at home and at work – until we engage with the state. This can and must change. The next government will have to be the most digital ever, and will make difficult spending decisions so we can balance the books. Only a Labour government can square that circle of better, more personal public services: more local for less.

Digital is at the forefront of Labour's thinking. Grassroots Labour tech supporters from the network Labour Digital set out ambitious plans for the UK to be Number One in digital – including major recommendations to improve connectivity, talent and a digital Magna Carta to define citizens' digital rights.<sup>3</sup> Maggie Philbin's review of digital skills proposes that no one is left behind on basic digital literacy and we invest in home-grown programming skills for the jobs of the future.<sup>4</sup> The Digital Government Review called for power to be pushed out to people, local government and communities through digital inclusion, data ownership and shared systems.<sup>5</sup>

The prize is substantial indeed: a reformed Whitehall, with public service redefined for the digital age, devolved to communities, sharing power and responsibility directly with people. Digital inclusion must therefore remain our number one priority. Ten million people are currently without access or ability (or desire) to use the internet. Millions more are not confident using it. It is not acceptable that 20% of the population is excluded from the future. By giving citizens skills, control and information Labour will put the people in control of these increasingly digital public services.



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### Beyond Whitehall

Progressive digital transformation of this kind provides the opportunity to build a new type of government and to deliver it in a cost-effective way, simultaneously simplifying, personalising and automating many processes. Government Digital Service (GDS) has established a set of fundamental standards for digital-by-default services, disaggregated large IT contracts and brought fresh delivery-focused thinking.<sup>6</sup> Yet GDS has been limited so far to a small number of transactional services controlled by Whitehall – driving licence renewal for example – when people’s key experiences of public services are clearly more local and relational: Labour should investigate extending the scope of GDS to encompass wider public sector reform.

Today Labour councils also lead the field in developing active digital strategies to break technology out of its traditional IT silo to both help local public services work together and address fundamental questions such as infrastructure, skills and growth:<sup>7</sup>

- Camden’s Camden Residents Index (CRI) links up over 1 million records in 16 different council systems to provide an integrated view of services. CRI is used routinely for child protection by providing the latest information regarding service involvement and family information across public services.
- Milton Keynes has teamed up with the Open University and BT to create a city data hub that enables innovative approaches to solving infrastructure bottlenecks and supporting business growth. Alongside this, a city-wide ‘internet of things’ network is linking information from smart phones and sensors deployed in bins, car parks and other infrastructure to data in the hub to provide more efficient and responsive city services.
- Leeds City Council has developed an open data platform, LeedsDataMill.org, to publish data with utility providers and transport operators. The retail core of Leeds city centre benefits from new insights into visitor numbers, spending and other factors such as the weather, or delays on the transport network. The City Council was also a founding member of the Leeds node of the Open Data Institute (ODI), a not-for-profit organisation created by Sir Tim Berners Lee. The ODI Leeds is now bringing together policy-makers, universities, healthcare professional and data analytics expertise from the private sector to provide new insights into important public policy issues. This is creating new platforms for innovation, which in turn is supporting the growth of digital firms in the private sector.

This is just the start. Digital transformation provides not only a model for efficiency and accountability, but also a major prize for democracy itself, with enduring benefits to be won within every citizen’s relationship with the state. This is digital designed for people and communities, not digital for government. It is an approach that we believe people will trust and choose to use; and that they will choose to participate in as citizens rather than simply find it imposed on them.

Digital transformation also requires a change in our traditional notions of the state and policy development, sometimes described as a move away from ‘vending machine’ government to the idea of ‘government-as-platform’. This involves moving from transactional government of centralised inputs, outputs and targets to one which enables active participation and citizen self-organisation.<sup>8</sup>

The kind of cultural and practical change we need is exemplified by government open application programming interfaces. These will allow standard interfaces to every part of government enabling us to rewire local public services and enable active participation and engagement of citizens in decision-making.

### Decentralisation

The case for greater devolution to local authorities is that elected officials in local authorities understand the issues in their areas better than civil servants in Whitehall. This new architecture will push power and capability out to local authorities, leading to more effective outcomes-based budgeting with other local public services and the private and voluntary sectors.

Through the use of new open platforms to meet and reflect user needs, we can start to decentralise spending on housing, adult skills and regeneration and growth initiatives to their most appropriate level – be they city regions, councils collaborating sub-regionally, town halls directly or neighbourhoods themselves.

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New capabilities allow us to reboot the principle of subsidiarity between Whitehall and English local government, community groups and the people. Data will help judge whether any activity can be performed more effectively by a more decentralised entity, the contention being – if it can, then it should be.

This is an agenda of sharing power, not hoarding it – of decentralisation and community activism, and consistent with extending accountability to those currently unaccountable in business and the media. It also reflects Labour's historic priorities of investment in technology, skills and human capital as the digital age continues to profoundly change jobs and careers. Digital transformation is what we make of it; the values of collaboration, co-operation, self-organisation inherent in Labour history are also the dynamic of the digital age.

### Notes

- 1 We thank Cllr Keith Wakefield, leader of Leeds City Council, and Cllr Peter Marland, leader of Milton Keynes City council, for their input to this article.
- 2 J Cruddas, 'Building a digital state for innovation and democracy', speech, 27 Nov 2014, [www.joncruddas.org.uk/jon-cruddas-mp-local-health-provisionsbuilding-digital-state-innovation-and-democracy](http://www.joncruddas.org.uk/jon-cruddas-mp-local-health-provisionsbuilding-digital-state-innovation-and-democracy).
- 3 LabourDigital, Number One in Digital, 2014, [www.labourdigital.org/number-one-in-digital](http://www.labourdigital.org/number-one-in-digital).
- 4 UK Digital Skills Taskforce, 'Digital skills for tomorrow's world', 2014, [www.ukdigitalskills.com/](http://www.ukdigitalskills.com/).
- 5 Digital Government Review, Making Digital Government Work for Everyone, 2014.
- 6 M Bracken, 'On policy and delivery', speech, 21 October 2014, <http://mikebracken.com/blog/on-policy-and-delivery/>.
- 7 London Borough of Islington, 'Digital Strategy', 2014.
- 8 T O'Reilly, 'Government as platform', *Innovations*, vol. 6, no. 1, July 2011.

## 11 Transforming neighbourhoods, transforming democracy Colin Miller and Andrea Westall

The nature and quality of the neighbourhoods we live in, the services available, and our interactions and relationships with others are part of what makes for good lives and societies. Neighbourhoods, though, are often where we can feel most excluded from decision-making that affects us or our community's future.

Part of reducing this frustration and alienation, improving how places develop and meet needs, or developing a democracy truly worthy of its name, is to rethink the culture and practice of the state, starting, not ending, with the neighbourhood.

The wealth of participatory and deliberative initiatives around the world point to their effectiveness in designing and implementing future neighbourhood and wider local strategies, improving public services, reducing conflict and increasing trust, and potentially increasing people's sense of belonging and ability to manage change. Fundamentally, such initiatives balance power between people and the state, and harness the widest scope of knowledge and negotiated agreement.

But these initiatives will remain fragile and isolated unless they become part of a fundamental re-organisation of the state, a rethinking of the role of elected members, and ensuring the availability of appropriate resources and skills.

A neighbourhood is most simply a local area which makes sense to the people who live there. Neighbourhoods might cover about 5,000 to 15,000 people, including many different and overlapping communities, as well as other assets and organisations such as public spaces and businesses. They are much smaller than local authority areas in the UK. Although their physical size and strength of relationships can vary, the differences are probably greatest between rural areas and denser inner cities.

Where we live can often be where we have the least say and control about what happens to us or our locality, feel cynical about consultation, are worried or angry about change, and suspicious of local government motivations. On the other hand, they are also the places where we can join together in groups and associations, and get involved to improve our neighbourhoods. At this human level such interactions can have the greatest

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chance of reducing powerlessness, making better decisions (by getting all the right people and organisations involved), and managing change. It is also where we meet difference and diversity, requiring understanding, listening and negotiation, skills for citizenship and participation in democracy.

This slow revolution, re-engaging people through more deliberative and participative democracy, is perhaps best known through the participative budgeting of Porto Alegre in Brazil, or the devolution of decision-making to neighbourhoods through the Neighbour Power programme in Seattle.

In the UK, successful initiatives include Townstal Community Partnership outside Dartmouth, which covers about 4,000 people, bringing together residents and local services to create a neighbourhood plan and develop new projects and groups. Balsall Heath, once Birmingham's red light district, is now a thriving area with 22 self-help associations linked together and working in partnership with local services and the council, united by a neighbourhood development strategy.

But despite these successes, there is still resistance to this approach from central and local government, whether cultural, structural or ideological (from the top-down and collective provision of social democracy to the excessive self-reliance promoted by the right). From experience, initiatives tend to fail because:

- the local authority ignores plans and ideas coming from the community
- initiatives do not have adequate support such as skilled community practitioners or facilitators, available meetings spaces or small pots of money
- public service staff are not properly supported
- democratically elected councillors feel threatened, or do not know how they should relate to such initiatives.

However, in recent years, there has been a wealth of ideas on how to deal with these and other problems. For example, in their programme Transforming Neighbourhoods, the Young Foundation provides many examples of where and how neighbourhood governance and democracy work, from ward committees to parish councils, neighbourhood charters or community social enterprises. They argue that there is no necessary tension between participation and representation, suggesting, for example, neighbourhood councils or community action to better link local authorities and neighbourhoods. These would also avoid romanticising the local, and consider ways of managing risks, and ensuring accountability.

The roles of elected officials such as councillors are being reframed to be more those of facilitators or mediators; and there is much work on the relative impacts of different kinds of deliberative 'mini-publics', such as citizen's juries, where evidence shows that people can deal with complex issues, using expert support.

And there are challenges. It can be argued that neighbourhood decision-making should engage with wider issues, or link with other neighbourhoods, where appropriate, to avoid protective nimbyism or to better effect change. For example, economic development schemes can impact on numerous neighbourhoods, and national policies affect local job opportunities.

While there is evidence that better decisions and engagement can save money, participatory and deliberative approaches still require resources – such as meeting spaces, support from skilled community practitioners, and small amounts of money. And effective neighbourhood democracies require vibrant civil society and engaged businesses, with many more spaces for discussion and debate, as well as drawing on the wealth of activity and ideas coming under the umbrella of 'mutualism and co-operation', the 'solidarity economy', or voluntary initiatives such as transition towns.

Over the last 30 years, various governments have recognised this potential and sought to put more power and resource into the hands of local people and communities. Some initiatives have worked well. However, the focus has either been mostly on public services or disadvantaged areas (New Labour), or providing community rights to scrutinise, or break free from, the state (coalition).

Widespread neighbourhood democracy can only happen if it becomes normal, rather than exceptional, supported by the kinds of changes outlined in this report. And we also need to change our attitudes as citizens – being fully able and willing to contribute, and sharing the responsibility for improving where and how we live.

# 12 The new local – role, politics and structure

## Ben Lucas

We are living through an era of accelerated social and economic change, and the question for progressives is: do we want to shape the forces of the future or merely react to them? New times pose both opportunities and challenges. Old power structures are collapsing, traditional institutions are imploding and neoliberal orthodoxies are being exposed. This creates the potential for new forms of creative empowerment, in which people can shape their own futures, make their own jobs, and develop their own social solutions. But these new trends also risk reinforcing and deepening inequality unless they are shaped in ways that spread social solidarity and opportunity to those who have been marginalised in the new economy.

Where all these forces come together is at local level. Much of the most interesting new thinking in public policy is about the potential of the new local. Bruce Katz and Jennifer Bradley make a powerful case in *The Metropolitan Revolution* that cities represent a spatial level at which labour markets, functional economies and governance can be aligned to drive social and economic progress, whereas nation states are too often paralysed by an inability to construct policies and constituencies for change.<sup>1</sup> Meanwhile, the Brazilian social theorist Roberto Unger has argued that the crisis of neo-liberalism and traditional social democracy requires progressives to promote new forms of local democratic engagement, local social innovation and local civic enterprise.

All this might seem a long way from the reality of local government in Britain. British progressives have tended to see the national state as the vehicle for social and economic change, and local councils as service deliverers. The structure and culture of our modern state is built on these assumptions. That is why Jim McMahon, leader of Oldham Council and of the Local Government Association (LGA) Labour Group, was cited in a *Financial Times* article recently as saying that he has '2,000 legal obligations from central government regarding public services, but not one about the economy'.<sup>2</sup>

But there is change afoot. Austerity, recession and social change have spurred a growing number of councils to radically reconsider their role. The big cities have formed combined authorities to drive economic growth and public service reform across their city regions. Other councils have set up fairness commissions, and Leeds hosted an independent commission into the future of local government, which concluded that promoting civic enterprise should be the main mission of councils. More than 20 co-operative councils have announced deals with local businesses to promote apprenticeships and the creation of new local social enterprises.<sup>3</sup>

Three fundamental questions arise:

- In these new times what should the role of the local be?
- What kind of politics will this require?
- How should the new local be structured?

The fundamental role of local public action should be shaping the social and economic future of towns and cities. The case for local public action arises both because of market and state failure – in social and economic terms there already is a postcode lottery when it comes to inequality. The combination of a market economy and national service standards, entitlements, and employment and skills programmes has not prevented huge differences emerging in life chances, life expectancy, skills and enterprise levels, depending on where you live. Enabling people to be more socially and economically productive should be the core role of the new local, and will have a number of features:

- Civic enterprise: an overarching role will be acting as a catalyst for civic enterprise: This is a 21st-century version of the 19th-century municipal governance that created our modern towns and cities.
- Integrating public services and focusing them on prevention and social investment: Most public services should be run at local level, enabling longer term planning, service integration and a greater focus on prevention.

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- Building new sources of power and resilience in communities: Swapping Whitehall for the town hall will not guarantee people power. What is needed is an approach that develops and builds on social networks, local community groups and neighbourhood skills and assets; supporting independent living for older people; backing young people to organise their own activities; empowering local groups to pool their own and public resources to create social enterprises.
- Developing human capital: Local action must be geared to enabling people to lead the lives they choose; aligning education, family support, pre-school and skills with economic opportunity, so that local people have the capabilities they need to lead fulfilling lives.
- Creating new collective and public action solutions: The new challenges and opportunities that communities face very rarely connect with the statutory service obligations of councils. Debt and living standards are huge issues for many people – councils are already developing innovative collective action solutions, from credit unions to the living wage, and from community shops to collective energy switching. Even more ambitiously, Leeds is developing a combined heat and power solution for new housing, and Southampton is looking to generate its own electricity. If councils can also find ways of collectively providing wi-fi and broadband platforms then they will have socialised the means of production for the next generation.

This new role for the local raises some big questions about politics. There are already some great councillors and leaders. But too often local politicians have been captured and institutionalised by their councils. And politics is conducted in a party political culture in which becoming an MP, rather than a council leader, is the overriding career objective. These are some of the changes required:

- Community leadership: For councillors to engage local people in social and economic change they will need to become much more effective community leaders, introducing the change they wish to see. In Oklahoma the mayor put himself on a diet, so that he could put the city on a diet. In Bogota, the mayor sees himself as the leader of a social movement and has over a million twitter followers. This is a different form of leadership from that which British councillors have traditionally provided. It requires the ability to challenge and inspire, to mobilise and catalyse, and to combine executive power with collaborative skills.
- Transparency and accountability: In the era of social media and open data, local politics will need to be more nimble and accountable. Council business and meetings will be online, and open policy-making should enable local people to help shape policy rather than just be consulted about its implementation.
- Political parties and councillor recruitment: Political parties will need to engage much more in helping to shape the new local. That requires organising community activities and running clubs, not just canvassing for votes. The recruitment and training of councillors, from a much wider pool, will have to become a more central function of local parties.

Britain is moving towards a quasi-federal structure of governance. Devo Max will give Scotland most of what Gordon Brown described as Home Rule. Wales will have greater powers, and Northern Ireland will set its own corporation tax. Devo Manc will give Manchester control of a large share of its public services – health and social care, skills, transport, housing investment, employment and business support. London already has many of these powers. And it is hard to see how West Yorkshire, the Midlands, the North East and the South West will not follow suit.

In England, the basis for this new structure is economic geography. The new city regions and combined authorities are organised around functional economies and travel to work areas. This makes sense when it comes to accentuating agglomeration benefits through better connectivity, sub-regional science, research and innovation hubs, co-ordinated skills strategies and health and social care integration. But it is only part of the picture. What it misses out are vital issues to do with place-based identity, neighbourhood empowerment and citizen engagement. Social growth needs to go hand in hand with economic growth. So a clearer sense of how all this fits together is needed, underpinned by several key principles:

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- Collaboration rather than re-organisation: The great thing about what has been achieved so far by cities is that change is based on voluntary collaboration, rather than on structural and functional re-organisation. This principle should be extended to towns on the periphery of metropolitan areas, so that they can be included in the devolution of new powers.
- Community and neighbourhood empowerment: Power should be devolved to the most local level possible in order to empower communities and citizens. Therefore while strategic economic powers will be exercised at a combined authority level, control over public service resources and community and citizen engagement should be devolved to neighbourhoods. A key test for this will be in areas like social care, where community based approaches must be enabled to flourish. Large urban areas can learn from the experience of parish councils and their ability to mobilise local people to organise their own services.
- Greater financial autonomy: Councils need greater financial autonomy; removing council tax capping, and restrictions on housing borrowing, and localising business rates. Our current system encourages councils to compete against each other to get crumbs from the centre, whereas they should be enabled to collaborate with each other to grow their economies and revenue base.

### Notes

- 1 B Katz and J Bradley, *The Metropolitan Revolution: How Cities and Metros are Fixing Our Broken Politics and Fragile Economy*, Brookings Institution Press, 2013.
- 2 J McDermott, 'Manchester: UK's new order?', *Financial Times*, 20 February 2015.
- 3 Co-operative Councils, *Unlocking Our Wealth: A cooperative deal for community resilience, jobs and growth*, report of the Co-operative Councils Innovation Network Policy Commission on Community Resilience, Jobs and Growth, RSA, February 2015.

## 13 Better growth and fairer chances: the state & sub-regional economic development

### Andrew Adonis and John Healey

Britain needs a new kind of economy: more investment, more innovation, better jobs and more equal chances. This economy can only be built if our great cities and counties are active partners, not bystanders, in that change.

Each of us has written at length elsewhere about our view of the role of city and sub-regions in a new kind of economy, but in summary it involves three key elements:

- a recognition of the seriousness of the economic challenges we face, which leads us to reject business as usual
- a conviction that these challenges can only be effectively tackled from within local areas, not just from the centre
- a determination that Labour will be the party to bring radical change.

The slow and uneven recovery from the global financial crisis has shown up some of the structural problems with our economy, which remain despite the growth in headline gross domestic product (GDP) output:

- On productivity: In 2013 UK output per hour worked was 17 percentage points below the G7 average – the widest productivity gap since 1992. The productivity weakness partly explains why average real incomes have been languishing for so long and why wage growth is still poor.
- On exports: These remain extremely weak. The current account deficit reached 6% of GDP at the end of 2014 – the largest on record. Over the past two years the UK's exports have been flat, and the government is not remotely on track to meet its target of doubling exports to £1 trillion by 2020.

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- On good jobs: The top line employment figures tell only part of the story. More than 8 million people are working part-time, 1.3 million because they are unable to find full-time employment. A further 1.7 million work in temporary jobs, and 700,000 are on zero-hours contracts. More than one in six young people are out of work.
- On regionally balanced growth: The income of the richest region is now over ten times that of the poorest, with the gap having grown every year since 2010. Real output per head has actually shrunk since 2010 in regions including Yorkshire, the North West and the East of England.

So how can we get from where we are now to where we want to be? We need action on skills, innovation and investment. But we also need a new devolutionary settlement to be the glue to bind these strands together in local areas.

The core insight of the case for sub-national economic development is this: at their best, local institutions have both an incentive to deliver jobs and growth in their areas and the local insight and information to do it well.

First, because local agencies can better identify local competitive advantage. We know that economies succeed when they focus on their specific strengths. But it makes little sense to talk only of national competitive advantage when opportunities vary from one area to another. Economic transformation and development is most effective when it draws on what areas can best offer. The world-leading Advanced Manufacturing Park in Rotherham connects Sheffield University expertise to global businesses like Boeing and Rolls-Royce, building on the local pedigree of advanced materials manufacturing and engineering.

Second, because local bodies can get round the departmental silos that constrain Whitehall thinking, and fail to recognise the economic reality on the ground. The failure to link schools and employers systematically to provide apprentices and apprenticeships is a prime example. The Whitehall agencies responsible for apprentices have insufficient local and regional knowledge and connections to engage with employers to create apprentices. Nor can they foster the systematic engagement between schools and employers essential to promote take-up.

Third, because giving areas a stake in their own development can lead to more effective, bolder action. It is notable that the London mayor and Greater London Authority have been bold in prioritising and funding major projects (such as Crossrail, which was substantially funded by supplementary business rates) and taking bold decisions on new initiatives (such as the congestion charge). Other city and county regions, and their leaders, need similar powers and a similar mentality too.

Despite much hype, the Tories have not been able to secure a bold devolutionary settlement. This is exemplified by their half-hearted replacement of Labour's successful regional development agencies (RDAs) with local economic partnerships (LEPs) as the new agents of local economic leadership. However, tempting as it would be to sweep away the LEPs, we think that the economic challenges facing our local areas are too pressing to embark on another round of structural change. Instead, we need to change the LEPs into bigger, bolder, more accountable organisations that can really get local economies moving.

This requires a much fuller but simpler offer of devolution to city and county regions. In this parliament, LEPs have been forced to bid for myriad different funding pots and initiatives. In the next they should be given significant 'single pot' resources for a longer period. It was this single pot and the independence to channel funding on local priorities that gave Labour's RDAs clout, and enabled them to lever in additional resources. This should be combined with an extra focus and funding on areas where economic disadvantage is the deepest.

The number of LEPs must be reduced. There are currently too many that do not reflect the boundaries of our local economic areas. Rather than the current mess of different organisational footprints for different government programmes, the priority over time must be to create consistency between the boundaries of LEP, city deal and combined authority areas.

Finally, the ties between local authorities and LEPs must be strengthened. LEPs must remain strongly business-led, with engagement from regional leaders of further and higher education. But councils are integral too in providing democratic accountability. For local growth to be locally led, local authorities need greater input and

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ability to challenge LEPs, and for them rather than just national government to exercise control and influence. Together, these changes could transform our ability to shrink regional inequalities and build stronger, more resilient local economies. Labour is serious about the long-term health of our economy and the distribution of opportunity within it. A plan for local economic renewal will be the highest priority for the next Labour government.

### **14 The role, structure & responsibility of the centre** **Morgan McSweeney and Jessica Studdert**

The central state faces a crisis of legitimacy. The 'Westminster Bubble' has become a byword for people's frustrations at a system perceived as out of touch and unresponsive to their reality. This should concern any social democrat who has strong ambitions for a better society and retains a fundamental belief in the role of the state to effect change.

The present institutions of government emerged to serve the needs of different eras. The civil service was established to administer the British empire; domestic affairs were largely the responsibility of local authorities. After 1945 the decline of Empire coincided with the rise of the welfare state, and the machinery of the civil service shifted its focus internally within the UK, gradually eroding the autonomy of local government.

Today these same institutions have not adapted to 21st-century challenges. Traditional hierarchical structures that were respected in an age of deference have declining legitimacy in the networked present. A top-down system that retains tight control and prescribes behaviour to local government stifles innovation and the potential to take advantage of new opportunities like digital technological change. Individual Whitehall departments mandate services to approach social challenges as single issues so they fail to respond effectively to modern complex and interconnected problems such as intergenerational worklessness and an ageing population. Austerity pursued through largely unreformed departmental silos has led to the withdrawal of services in one part of the system only for new pressures to emerge elsewhere. For example, huge cuts to local government budgets of 40 per cent have forced higher thresholds for social care, but demand has simply shifted to place extra pressure on hospital beds.

Continuing without reform will mean that central state interventions produce ever-diminishing returns for investment and fail to stem the tide of rising inequality, increasingly concentrated deprivation and disempowered communities. If the false economy of a system forced towards costly crisis intervention to manage unmet needs continues, public spending will remain high, but focused on picking up the costs of failure. It is also morally wrong to continue investing huge sums of money without producing material change for those who need support most. The cumulative and ongoing failure of the central state to meet 21st-century challenges will continue to erode the public's trust in the ability of the state to deliver at all. The gap between what national politicians promise and what they can actually deliver will grow, perpetuating people's sense of frustration and alienation.

Our approach to reform at the centre envisages a shift to a state that is equipped to meet the demands of the 21st century. This would involve public services built around whole person needs, enabling individuals to reach their potential in life and building the capacity and resilience of communities. To achieve this, the central state framework must enable a shift from the focus of resource on short term, high cost crisis management towards longer-term investment in prevention and early intervention. Structures at the centre must enable interventions that have greater impact for investment, building on rather than bypassing the value and assets that already exist in people and communities. This would entail a shift from a rigid hierarchical structure to a more networked system of local services that has agility in adapting to meet the entirety of complex challenges.

Reform of the central state should not be pursued in isolation from the wider shift towards a more devolved system of governance that takes power out of Whitehall and into communities, which is the focus of other chapters in this collection. Reform detached from clear purpose might amend the structures but the same behaviours and culture of 'Whitehall knows best' would remain intact, so a new approach to the role, structure and responsibility of the centre must work as part of a wider decentralising strategy. The state needs to be better



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placed to tackle long-term inequalities in life chances – to achieve meaningful change the centre should focus on outcomes not outputs, leaving service delivery to be shaped at a local level.

First, the constitutional anomaly that local government has no legal right to exist needs to be rectified, with formal constitutional protection enshrining the independence of local government. This would begin a process of establishing at which level decisions are best made. The centre is best placed to drive the country forward rather than manage day-to-day, so its role is to set the strategic vision and define outcomes. Operating in this framework, localities are in a better position to determine how best to respond to the needs of communities – this should be respected and upheld. This will begin the process of rebalancing our governance framework currently tipped too heavily in favour of one-size-fits-all solutions devised at Whitehall.

Second, the way public investment flows from the centre through departmental silos to localities needs to be reformed to remove disincentives to meet the actual needs of people and communities. Too often artificial silos present barriers to collaboration between locally delivered services that currently treat health, care, early years, education, skills, employment and growth as separate and not interconnected. Spending reviews need to shift from a focus on narrow technical productivity, which involves salami slicing ‘efficiency’ drives within existing silos and produces diminishing value, towards productive allocation, which aligns public expenditure more efficiently to drive out ineffective spend.

Funding must follow people’s needs and communities’ growth requirements. The centre should allocate a single ‘place-based’ budget to each locality covering all public service and capital spend in an area to incentivise integrated delivery and investment. This would overcome the inefficiencies of services operating in silos that fail to resolve problems sustainably by creating new pressures elsewhere in the system. Long-term allocations over five years would encourage investment in preventative measures by enabling partners to share rewards of reduced demand over the longer term, and create conditions for service innovation to develop that adapts to people’s needs. This would strengthen democratic accountability for local government but the centre would still retain a quality assurance role.

Social democrats need the centre to redistribute power and the necessary funding and capital to fundamentally shift the life chances of people in this country. Finally, reforming the legislative and financial framework of the centre should enable a culture change throughout the system so that it can be more responsive to people.

Freed from the centre’s managerial requirements to work within bureaucratic ring-fences and meet centrally mandated micro-targets, local authorities would be encouraged to face out to their communities rather than up the governance hierarchy, and this will democratise our public services. They would have a role in shaping the nature of public services and allocating resource for greatest impact, which would generate better outcomes for people and communities as the local authorities worked with them more effectively. A clearer strategic centre and democratically accountable localities would provide clarity of accountability for people who know where the buck stops for service quality.

Over time the evolution of a more strategic centre will necessitate a smaller spine organisation at Whitehall, with capacity and expertise itself devolved to strengthen local governance structures. Behaviours and skill sets will need to shift from managers to leaders, from prioritising internal bureaucracy to pursuing external engagement and collaboration with partners, including civil society and entrepreneurs. New interfaces from the centre to localities will be created that are less top-down linear and more like a ‘hub and spoke’ model. There would be a strong facilitative role for the centre, capturing and disseminating lessons from local innovations and good practice – supporting local government to in turn support communities to thrive.

This renewed approach to the role, structure and responsibility of the centre would equip it to tackle the complex challenges and take advantage of the significant opportunities of the 21st century. Whitehall will be freed from the micro to concentrate on the macro. Creating a system with the citizen at its heart that works from the ground up to support resilient communities would restore the legitimacy of the institutions of our central state, and make it fit for purpose for the future.

# 15 'Permanently uncomfortable': a healthy tension between civil society and the state

Indra Adnan and Micha Narberhaus

Civil society is a much contested term. A useful definition for today's society in transition might be the diverse non-governmental organisations and institutions that express the interests and will of citizens. Once that was indistinguishable from the third sector, which categorised government as the first and business as the second sector, the rest being charities, not for profits and volunteer groups working in service to society. But today the implications are wider, with civil society implying all levels of discussions, initiatives, behaviours and networks that are taking place among citizens, often under the radar of civic life.

The third sector comprises more than 160,000 organisations in the UK— most of them progressive. Most larger organisations are focused on single issues such as climate change, poverty and inequality, and are highly professionalised, intent on service delivery or political advocacy. Often under pressure to satisfy funders, they tend to be overly short-term focused and tactical, and do not pay sufficient attention to the profound cultural and economic transformation required to tackle today's multiple systemic crises (climate change, inequality and so on). The muffled cry is that when governments are locked in a state of neoliberal paralysis, it is their responsibility to build a common voice for a deep transition.

But the broader, less formal civil society may have a different outlook. If civil society is essentially society talking with itself and responding to social issues, then the nature of that conversation is hugely variegated. It includes small community groups who come together in friendship, often with a view to enhancing social cohesion, and rarely call for help from the state. Examples would be parent-led initiatives that fill in the gaps that school and local authorities cannot stretch to: homework clubs, football leagues, drugs and self-harm awareness groups, and religious and moral education. These groups are often what government is thinking of when it talks of devolving power: the people who are willing to come forward to citizens' juries, participatory budgeting and consultations led by local government, who may or may not even be regular volunteers depending on their work or family commitments.

Add to that too the people who are actively trying to live today as if the future they dream of has arrived (sometimes called pre-figurative movements). Among these we can include Occupy, new religious spiritual movements, transition towns and more. Some see them as utopian, but they tend to see themselves as realist, believing change will only come from 'being the change you wish to see in the world' while acting out new forms of democracy without any real power. Gandhi was very adept at moving flexibly between a self-development focus to full-on strategic activism, but that kind of capacity is rare.

Together, this much broader manifestation of civil society has begun to develop a bigger presence, particularly in the past ten years, with acceleration of local and global networks due to technology. The story from the far left is that this is the rise of people power – a grassroots revolution that has got the wresting of power from elites in its sights. Whereas, from the right, it has a very different framing – a social correction, with more people taking more direct responsibility for their lives as the role of the state diminishes. It is ironic that Margaret Thatcher's fabled statement that there is no such thing as society gave birth to this ongoing battle between left and right to confirm the importance of society by repeatedly redefining its role in relation to government.

But despite this burgeoning civil society, we are far away from a dynamic societal discourse that focuses on the core questions of our times and takes us towards a new social settlement. How can we live well and create social justice within the ecological means of the planet? Civil society is urgently needed as an actor to provide spaces for these dialogues and to kick start such discourse. But it requires a deeper transition from within the sector, which is currently still largely confirming the system rather than providing impulses for real change.

At this point in the transition, do those aspects of government – usually local councillors – who echo the call for greater independence from the centre have a role to play in calling forth a more effective civil society? Yes and no: any authority hoping to empower its beneficiaries tends to find that co-dependence is a problem. When

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there is devolution, or power is handed downwards as if it is a zero-sum exercise, someone always loses in the transaction, and government will always make sure it keeps control of spending.

But only hard power – the ability to enforce – is a zero-sum game, usually in the form of money. Other forms of power – the soft power of relationship, the transformative power of imagination – are easy to give away without losing the same amount in the process. Broad engagement with social projects, for example, paying attention to community initiatives and lending space and tools to start-ups – without prohibitive rules of entitlement – are concrete ways of fanning the flames of citizen activity. Spanish crowd-funder Goteo, for example, invites government partnership only after a project has shown itself to be popular with the public, so government echoes the public space rather than defines it. Responding to Goteo at a recent FutureEverything meeting in Manchester, local councillor Sue Murphy agreed that government should expect to feel permanently uncomfortable with this shifting space if it wants to fulfil the potential of society.

But how common are government officials like Sue? In the face of European austerity programmes that set ever stricter rules of engagement with the third sector (as the Big Society project demonstrated), those interested in urgent social change may do better to focus on the emergent energies of digital networks and all the civil innovation they bring. From ideas for fluid democracy, sustainable lifestyles, citizen incomes and national participatory budgeting to new forms of governance and citizenship, this is where the radical imagination is at work, and eventually where new stories inspiring meaningful change will emerge.

## 16 Why we need the state to make work better

### Sue Ferns and Paul Hackett

While few would disagree with the need to regulate the world of work in order to protect workers and ensure fair competition, there is deep disagreement on the precise role that the state should play. Should government do more to protect and support employees or should businesses be left to their own devices? The view of many businesses is to 'get the state off their back'. Most of the right agree, and argue that deregulation is the only road to higher employment and improved productivity. Light regulation is conflated with business success and free enterprise. Collective action by the state or employees is portrayed as anti-business and bureaucratic. This crude categorisation makes it hard for the centre-left to argue for improvements at work, although a weak state and ineffective regulation is one of the reasons why we under-perform as a nation and have so many low-paid and insecure jobs.

In every area of public policy it is hard to get the balance right between too much regulation and too little. The boundaries of government intervention are constantly changing, and what was once acceptable (smoking at work for example) is now no longer tolerable. But, business does not exist in a vacuum, and companies (even global ones) are part of the nation state and have corporate social responsibilities. It is a two way street. Companies create wealth. But it is the state which provides most of the education and training of staff, invests in our infrastructure, sets common standards and regulates competition. Companies of course pay tax, but so do workers and consumers. Without the state investing in tomorrow's workforce we would not be able to prosper and pay our way in the world.

The state also has a big role to play in promoting employment and redistributing wealth through the tax credit and welfare system. It can ensure a more equal distribution of the rewards of growth by supporting independent organisations, like the trade unions, which offer a collective voice and bargaining clout to counter the power of employers. The success of post-war governments in reducing poverty and raising living standards was a result of redistribution by the state, but was also due to the existence of strong labour-market institutions, which ensured decent pay and conditions. The erosion of collective institutions and the death of the so-called social contract between government, unions and employers has disproportionately empowered employers and weakened the power of employees. The inevitable result over the past 20 years has been a huge widening of wage inequalities and a rise in in-work benefits as the state is forced to step in to subsidise low paying employers. Few believe we can easily go back to the highly unionised world of the 1970s and re-invent the industrial relations system that characterised that period of near full employment. But if labour-market deregulation and union decline is at least partially responsible for the growth of income inequality and workplace dissatisfaction,

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then government needs to act. There is a compelling case for a new deal at work, which should be based on a social partnership between the unions, employees, employers and government. The Smith Institute's report Making Work Better: An Agenda for Government recommends a package of solutions including a new power to promote collective bargaining, greater pay transparency, living wage contracts in public procurement, employee representation on the remuneration committees of large companies, a higher minimum wage, and a new settlement on public sector pay.<sup>1</sup>

Rather than allowing a race to the bottom, government should do more to create a culture at work of consultation and engagement. One progressive step would be to reform the Information and Consultation of Employees (ICE) Regulations, notably by lowering the relatively high threshold to activate the legislation. ICE could then be used to increase (or introduce) collective voice in workplaces, provided it is resourced properly.

Government can also lead the way by improving the enforcement of employment regulations. It is a travesty to have good regulations on the statute book which are not complied with or enforced. Enforcement of the national minimum wage (NMW) is a case in point. The failure of HM Revenue & Customs (HMRC) to regulate the NMW effectively (on average a firm can expect a visit from HMRC inspectors once in every 250 years and expect to be prosecuted once in a million years) is not because the enforcement regime is centralised, but because it is drastically under-funded and lacks enough teeth to discourage those wishing to evade the law.

Some agencies are in fact just too small to be effective. The Employment Agency Standards Inspectorate, for example, which regulates employment agencies (employing 1.5 million temporary workers, many of them low paid) only has a dozen staff and an annual budget of just £532,000. Others could work a lot better if there was greater collaboration between employment regulators and other public bodies, including law enforcement agencies. Employers in breach of the NMW, for example, are also likely to be flouting trading standards, ignoring health and safety regulations or avoiding tax.

At present it is too easy for bad employers to evade their responsibilities in the knowledge that the state has under-invested in monitoring and enforcement at the same time as creating new barriers to accessing justice, for example by requiring upfront payment of employment tribunal fees. And it does not help that these responsibilities are widely dispersed.

Britain's broken workplaces need fixing and we need to work together to create more good jobs in high performing workplaces to rebalance the economy and sustain fairer and stronger growth. It is all too evident that the market alone cannot deliver this. The state has to play its part, not just in providing better regulation but also in supporting civil society organisations that work to improve people's working lives.

### Notes

- 1 E Sweeney, Making Work Better: An Agenda for Government, Smith Institute, 2014, <http://socialwelfare.bl.uk/subject-areas/services-activity/employment/smithinstitute/168379making-work-better-an-agenda-for-government.pdf>.

# 17 The state and sustainability

## Jane Thomas

If any new social settlement is to succeed it must have sustainability threaded throughout. Social and economic justice can no longer be divorced from environmental justice – indeed they are so interlinked that future policy-makers and takers will need to future-proof all policies with regard to the planet.

At first glance that now seems impossible. The heady days of 2007/8, which resulted in the Climate Change Act and the world's first legally binding climate change target, are a distant memory. Despite his vow that this would be the greenest government ever, Prime Minister Cameron has changed his tack to declare openly that he wants to get 'rid of all the green crap' and Chancellor Osborne is putting economic growth ahead of any environmental concerns.

The reality is we have to cut emissions – a fact reinforced by the Intergovernmental Panel on Climate Change in its fifth assessment report published last year. Nor can we continue the current consumptive pattern (unless we find carbon neutral solutions and can make things that do not exhaust or contaminate natural supplies for the next generation).

We also have to challenge an economic system that ruthlessly exploits natural resources and exacerbates poverty and inequality. The UK market economy has disconnected economic value from any social and environmental value to the point where the UK is both environmentally unsafe (living beyond planetary boundaries) and socially unjust. Anna Coote has stated the widening inequalities and environmental damage are rooted in our current economic system – capitalism. You cannot resolve either by market transactions. Indeed the market is blind to the financial or health costs of flood repair, poorly insulated homes, poor diets and congested roads.

The great irony is that the neo-liberalism of Hayek and Friedman that underpins the social market theory is associated with the belief that a successful economy is one that 'lives within its means'. Yet we are doing anything but that. The true failure of capitalism and the market economy is that it does not factor in the true cost of our current activities on the planet.

There is a higher price to pay for all this. Increasingly the way we live our lives is quite simply killing us. A recent World Health Organization report estimated that outdoor air pollution was responsible for 3.7 million deaths globally in 2012 while Public Health England reckon that long-term exposure to air pollution costs 29,000 lives annually in Britain. And if the way we live our lives is not killing us through lack of regard to sustainability it is subjecting some of the most disadvantaged people to the worst forms of environmental vandalism and neglect through poor air quality, poor housing, poor diet and poor access to essential services. Environmental justice and social justice become inextricably linked. So access to clean air, green spaces, and clean water is an important part of well-being and quality of life and should be a priority for all politicians.

At a national level the most immediate need is to make sure that the UK economy is built on environmental sustainability. Friends of the Earth's Transforming the Treasury report argues that the key priority for the next government is to focus on the well-being of all, deliver a low-carbon and resource efficient agenda, and move the UK rapidly to living within its fair share of sustainable environmental limits. This work would be led by a newly created ministerial post of sustainability secretary within the Treasury.

The annual budget and autumn statement should show business planning, with output and growth also measured on longer-term social objectives and environmental goals (investing in wind farms, rather than other fossil fuels, is a good case in point). Underpinning this must come a shared understanding that our economy should be driven on providing needs (what people require to participate in the world such as health and ability to take action and participate) and not on wants.

Then there is the work being done on the sharing economy and autonomy (see Friends of the Earth's work on cities) that is gaining more credibility. Ensuring people have both an equal say, equality in participation and

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equality of access to the basic things that enhance well-being is the cornerstone for the new social settlement. We should promote and support long-term, sustainable jobs and encourage greater flexibility and work sharing that enhances well-being and the local economy.

The state can be a game changer through its institutions. Schools, universities, hospitals and local authorities have a significant ecological footprint and can lead by example to mitigate climate change. If you can put solar panels on individual bins in Coventry then it is not beyond the wit of man to make sure all public buildings have solar panels, turn off their lights at night, and have procurement and commissioning that is environmentally 'proofed'. The public sector can use the core economy in a much more structured way to help expand the resource base that does not rely on the old growth model.

The international community has a huge role to play, and while we can despair at the slow pace to meet targets there is a lot of positive work being done through other international channels and networks. The C40 Cities Climate Leadership Group is having a meaningful global impact, while networks through non-governmental organisations like Greenpeace and Friends of the Earth are mobilising for change. Cities can be game changers. Up to 70% of all carbon emissions can be attributed to urban consumption, a large part made up of domestic transport and heating our homes. Recently Sheffield City Region looked at options for decarbonising the local economy and found that it could reduce its carbon emissions by 16.5% by 2022 (compared with the emissions in 1990) through investment in energy efficiency measures and small-scale renewables. While it would require an investment of £7.8 billion, it would generate annual savings (in energy bills) of £1.02 billion, giving a payback time of 7.7 years and then annual savings for the lifetime of the measures.

Not only are measures like these investing in the planet but they will grow green jobs (up to 6,000 in Sheffield if the proposal to reduce carbon emissions is adopted). Successful cities of the future will also have their own locally sourced renewable energy systems such as the Energiewender projects in Germany, which have led to growth in publicly owned renewable energy firms.

Other measures for local councils to adopt include better integrated public transport, bicycle lanes and walking routes to ease congestion, control emissions, address air pollution and promote healthy lifestyles. Fuel poverty can be addressed by reducing energy usage through retrofitting and properly insulating homes. Access to local fresh food will reduce food miles, boost the local economy and address some aspects of obesity. Taking back green spaces for public use and providing recreational facilities for well-being and health reasons would also be valuable.

The politics of the environment are changing and in a way that politicians can no longer ignore. The weather, for one, is making sure of that. In 2012, the second wettest year on record in the UK, insurers paid out £1.19 billion to households, businesses and motorists that were affected by storms and floods. For those people involved, climate change is real and immediate, and urgent action is required.

The anti-fracking movement is now the fastest growing social movement in the country since the poll tax – and some of the greatest opposition is in key marginal seats. This is setting the debate about fossil fuel and energy use inside communities in a way that the green movement has not been able to do in the last decade.

Against a backdrop of a general election no one can call and 194 marginal seats (according to the BBC), localised issues take on a new force. Suddenly those MPs who chose to ignore the overwhelming evidence from the world's scientists on climate change have to confront issues in their constituencies where calling it wrong could cost them their seat.

Place-based politics is growing and it is giving rise to a discovery of the relationship of community, place and individuals in a meaningful way, which is helping people to understand their relationship with the environment and the planet. This results in the collective action we have seen recently. The spirit of the new social settlement is best expressed through common action to address risks that individuals cannot tackle alone; we must now foster this spirit to survive.

# 18 The state in a European context

## Jon Bloomfield and Robin Wilson

Across Europe, the old Fordist models of industrial production have largely disappeared. History has made the Marxist model redundant: while we live in a world with immense concentrations of wealth and capital, the old concentrations of industrial labour are gone. Following the computer revolution industry now requires far fewer workers. The former icons of a manufacturing nation – the shipyards, pits, factories and mass production lines – have either disappeared or are a shadow of their former selves. And with this the centrality of the working class to cultural and political life is enormously reduced, leaving the parties of the left in shell-shock. The collapse of the Stalinist world in 1989 and the opening up of China gave a huge fillip to these trends.

Globalisation is changing the world at bewildering speed. Since the Second World War, modern production has leapt the boundaries of the individual nation state. Look at the British car industry: the former giants Rootes, Humber, Austin, Triumph and Morris are gone for ever, never to return. There is no way that today's multinational industrial corporations are going to be forced back into national boxes, let alone the banks, finance houses and newer giants such as Google, Amazon or Starbucks. So at the very time that the forces of domestic progressive agency have dissipated, capital has escaped the state's control.

Traumatized by the defeats of 1980s and the impact of the information and communications technology (ICT) revolution, most European social-democratic parties have offered no critique of neoliberal globalisation and have accepted the post-modernist myth that 'grand' narratives belong to the past. No 'social democracy in one country' option remains, as Mitterand found out three decades ago and Hollande now evidences. The left needs to operate on a European scale, because it is only there that it can control and regulate the forces that are shaping our economic and ecological future.

Here another barrier is the ill-informed UK bogey of a 'European super-state'. In fact, any supporters of European integration have spoken for decades of 'multi-level governance', recognising the need for an active interrelationship between the European, national, regional and local spheres of government, rather than one simply substituting for the other. It is as important that city regions like Greater Manchester and Greater Birmingham can tackle the transport and development issues a centralised UK state denies them, as that action can take place at the EU scale to tackle the financial, economic and environmental topics with which a single country cannot now cope.

The real problem is that the dominant right within the EU, and in particular the European Court of Justice, has interpreted globalisation as entailing the removal of state regulation of capital, in the name of 'free' European markets for capital, goods or services, and labour, without re-regulation at European level. Strengthened by the accession of former Soviet-bloc countries in which socialism and Stalinism were seen as identical, this has engendered massive insecurity in Europe, compounded by austerity measures.

Being complicit in austerity has provided little electoral comfort for social democracy. Merely offering to tweak the right's austerity messages after the financial crisis of 2008 has led to continued stagnation for the Sozialdemokratische Partei Deutschlands (SPD) in Germany, while austerity in government has led to thumping defeat for the Spanish Partido Socialista Obrero Español (PSOE) and in Greece to the obliteration of a once-dominant Panhellenic Socialist Movement (PASOK). Across Europe orthodox social democracy is flat-lining, at best.

The emergence of Syriza in Greece and Podemos in Spain has shown that another Europe is possible – one that rejects austerity and offers green growth and employment. This requires European-wide action to reshape the operation of the single market. Its economic benefits need complementary social measures: a Europe-wide minimum wage; a maximum working week; and a European integration fund to ensure that investment follows migration. This fund would address the social pressures brought about by the free movement of labour. The task for social democracy is not to mimic the UK Independence Party and Le Pen but to show that it can alter the single market so that it offers a future to all of Europe's people, above all its young.

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To end austerity we must recognise Keynes' dictum: 'look after unemployment and the budget will look after itself'. Europe needs a huge public investment programme – much more than the modest proposal from the European Commission president, Jean-Claude Juncker – capitalising on interest rates at near zero and with a focus on ecological modernisation of the European economy. This should be linked to full implementation of the youth employment guarantee, which should also be expanded to adults to allow full employment to become a reality rather than a mirage. Meanwhile, peripheral countries like Greece need not an unending downward spiral of debt-deflation but underwriting for realistic fiscal consolidations in a context of overall European reflation, removing 'balanced-budget' macro-economic tethers.

Europe also needs to take on, rather than entrench, corporate power. It needs to redirect resources to the 'real' economy by implementing a financial transfer tax, on which Labour must aim to end UK blocking action. And it must abandon the investor-state dispute settlement clause in the proposed Transatlantic Trade and Investment Partnership, which would allow corporations to challenge democratic regulation in the courts.

The old working class has atrophied as a powerful collective political actor. But the new radical parties and networked social movements in Europe show how it is possible to construct new forms of social and political solidarity among diverse individual citizens, including – crucially – across the national boundary lines social democrats often have struggled to straddle. They can provide an alternative to the nationalistic populism of the far right in an insecure Europe. But Labour and other progressive forces will have to abandon 'national interest' thinking if it is to connect with them.

## **19 Case studies for a 21st-century state** **Jonathan Carr-West and Hilary Wainwright**

### **Lesson from the local** Jonathan Carr-West

The challenges we face are well documented. Fiscal austerity, yes, but more significantly the profound questions raised by changes to our society, economy and environment. How will our older people be cared for when there are a hundred times more of them? Will our children have the right skills for jobs that do not yet exist? How do we rebuild local economies in a changing global context? How do we manage local resources? How do we do all of this while spending less money?

We cannot answer these questions by simply refining and improving our current public service offer. Instead, the state must shift from doing things to making things happen. That sounds like a small difference but it is actually a fundamentally different approach.

We need to think about the total asset base of a community and the value in social networks and civic energy; to consider early intervention, not just to invest to save but to build capacity and resilience; to consider how we structure incentives for action, for the market and most importantly for citizens; and to understand the networks of social action already present in every community and to align public services with them.

**This is a challenge to the role of the nation state.**

Central government will be less all-pervasive as many of the activities it has hoarded to itself began elsewhere. National government must do less, but it will thereby be able to do better the things that only it can do. That is why power is not a zero-sum game. Increased focus and clarity of purpose creates more power through sharing power.

A similar dynamic applies at local level. Communities and citizens will have the opportunity for public services that are responsive to their needs, and adaptive and rooted in real social connections, but they will have to play their part in producing these services and managing their lives, and helping manage the lives of their friends, family and neighbours to build resilience and mitigate the demand for acute service interventions.



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That is a huge rethink of how we see the public realm and we are only at the beginning of understanding what it means in practice.

Yet we are starting to see some progress in the sharing of power from national to local and in how local authorities are sharing power with their citizens, as the following two case studies illustrate

### Case study 1 Greater Manchester Combined Authority

In November 2014 the chancellor of the exchequer and the leaders of the ten local authorities in Greater Manchester signed a historic agreement which devolved new powers and funding to the combined authority and a newly created elected mayor.

The combined authority will take on responsibility for business support budgets and apprenticeship grants, and will get the opportunity to be a joint commissioner with the Department for Work and Pensions for the next phase of the Work Programme.

Meanwhile the mayor will receive powers including:

- responsibility for a devolved and consolidated transport budget
- responsibility for franchised bus services
- powers over strategic planning
- control of a new £300 million housing investment fund
- control of a reformed earn-back deal, within the current envelope of £30 million a year for 30 years.

A further announcement in February 2015 put £6 billion of health funding under the control of the combined authority.

These proposals are designed to drive economic growth by improving transport infrastructure, creating a locally bespoke skills and employment programme and allowing Manchester to keep the proceeds of investment and growth. They also aim to improve public services, by enabling integration at a local level to support joined up, preventative services and ensuring that this is not hampered by silos between different budgets

Manchester remains an unusual case. Momentum had been building towards these sorts of deal for some time. Manchester had a successful history of collaboration between the ten authorities that comprise the city region. It had already created the Greater Manchester Combined Authority in 2011. It was one of first and largest city deals. And we could equally point to 20 years of successful regeneration and a much longer history of radical politics and of civic and commercial innovation in the city.

There remain questions about whether we can go further towards local control of the whole £22 billion public spend in Manchester and whether we will see this sort of process developing quickly enough in other places – including non-metropolitan regions. Nevertheless, the Greater Manchester example demonstrates the sort of power shift we need across the country.

### Case study 2 Lambeth Co-operative Council

The London Borough of Lambeth was one of the first movers in what is now a network of 23 co-operative councils.

Lambeth defines the co-operative council philosophy in the following terms:

Citizens will participate directly in decisions which affect their lives, and will be equal partners with the Council in the design and the delivery of services. Communities are expected to work with the Council and each other to improve their neighbourhoods and foster self-reliance. Each department is expected to develop community-led commissioning of services. In practice this entails redesigning the commissioning function of the council and involving the community in commissioning and service design. There is also an emphasis on using a greater range of organisations in the provision of public services, including community groups and mutuals.

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In 2014 the Local Government Information Unit evaluated the Neighbourhood Enhancement Programme, a £1.3 million public realm investment programme which sought to put the co-operative council principles into effect by moving beyond consultations to genuine co-production with the community through detailed planning workshops.

This approach ensured that the community received infrastructure that met their aspirations but we also found that while the process was initially challenging for council and community alike, it led to a measurable upturn in community engagement, with the creation of three new tenants and residents associations.

There were lessons about councillors getting engaged with the community and having the courage to let go of their preconceptions, about the importance of finding the right language to communicate with residents, and about challenging the council's culture.

The co-operative council movement has been criticised from the left and by unions for aligning with a savings agenda and for outsourcing functions from the council, but its supporters see it as an innovative attempt to redefine the role of the state and its relation with citizens while continuing to support services in a challenging environment.

We begin to redefine municipalism for the 21st century through shared power, mutual responsibilities and strong, supportive relationships.

Both these case studies point towards this future. Both raise as many questions as they answer, and both could be challenged to go further. But we must try to balance utopianism and pragmatism, and these case studies illustrate how local leaders are seeking to shape the future within the constraints of the present.

## **The new Jerusalem beneath our feet** [Hilary Wainwright](#)

We are in the midst of a political transition without knowing exactly the destination. A transition from the once relatively settled and familiar order of a mixed economy – the state for social provision and material infrastructure, the private market for production and meeting individual desires, workers for state, and market having the right to organise and to strike. It was understood as natural that the state, an apparatus of professional experts, local and national, was directed by politicians with a five-year electoral mandate and broadly representing the party of the bosses or the party of labour. That was democracy as we knew it.

Now, we face the market – or rather the private corporations that dominate the market – taking over and breaking up the state, destroying public spaces, and undermining the conditions and rights of civic organisations, both trade unions and non-governmental associations of many kinds. We see elected politicians from both parties encouraging or acquiescing in the process, under economic and political pressures from beyond their national reach. And at the same time, we see across Europe voters simultaneously disengaging from conventional party and state politics and experimenting with new political forms, on both the far right and the radical left. But even more people are actively experimenting with a politics independent of party, inventing in practice new forms of democracy, attempting to transform the state in the process. Think of 'the state' today and images come to mind of conflict, disintegration and repression, and also a struggle for democracy and ambivalent spaces for change.

Experiences of the women's liberation movement had held out an example of a new kind of politics, in which voters – in these cases women – acted not simply as individual citizens electing a representative and then leaving matters of public services to the politicians and public officials, but instead organising and asserting their rights to control and guide the administration of public resources. There was no one model but an approach emerged in practice that not only defended and sought to extend public services but also worked to change the way they were managed.

In looking for ways in which a new kind of state is being forged beneath our feet, albeit unevenly and with difficulty, I would add to the case studies which Jonathan has provided above some more radically

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transformative examples with earlier origins. They illustrate changed dynamics of power that challenge us to develop new conceptual frameworks to go beyond the confines of democracy as we have known it. After summarising the case studies I will draw out one element of such a framework.

Participatory budgeting in the Brazilian city of Porto Alegre, capital of Rio Grande del Sol, Southern Brazil, is mentioned in several other chapters of this book. The experiment was determined to bring the state apparatus under stronger, more direct forms of democratic control than electoral democracy was capable of, and to expel vested interests of private business and big landlords from political influence. By the late 1990s, over 15% of the budget was allocated according to the participatory process and over 40,000 citizens were directly involved across neighbourhoods.

The material benefits were considerable, especially for the poor but also for the city as a whole. This participatory politics was weakened after a change of local government, but it remained a potent memory for a new generation who in 2011 took to the streets across Brazil, in response to a national government that seemed to have turned its back on the needs of ordinary people, especially the young, in the priorities it set for its hosting of the 2016 Olympics. The model remains an international stimulus.

Closer to home, the Greater London Council (GLC) in the 1980s used its power over funds, land and a nationally influential public platform to provide space and resources for the exercise of a collective capacity to transform. In the late 1970s, the streets and community around Coin Street, for example, faced destruction through City developers eager to buy the land for speculative office blocks. A strong community campaign grew, which not only protested but drew up a positive plan of how the local people and their organisations would develop this inner city riverside area: social housing, co-operative and social businesses, cultural and tourist activity, and so on. In a collaborative relationship with the community campaign, the GLC used its powers of compulsory purchase to buy the land and block the property developers, and then supported the creation of the Coin Street Community Trust, on which it was represented until Thatcher's abolition of the GLC, to which it devolved the development of the land on agreed conditions.

The rich experience of the GLC has been effectively, and I suspect deliberately, deleted from political memory by New Labour, as well as by the right. But it is worth retrieving in order to learn from it as an attempt by a group of predominantly left-wing politicians to carry through a radical mandate, working with social and trade union movements which had their own sources (and limits) of democratic public power.

Similar kinds of relationships were a hallmark of the GLC's way of implementing radical policies of many kinds, recognising the limits of its power and knowledge. It did not always succeed, as in the case of The People's Plan for the Royal Docks when it and the community, through the Newham Community Forum, were up against the Conservative government and their Docklands quango, the London Docklands Development Corporation (LDDC) whose powers overrode those of the local council (Newham). We do not know what would have happened had the GLC survived. But looking back, especially in the context of Margaret Thatcher's determination to destroy the GLC and Tony Blair's efforts to stop Ken Livingstone becoming mayor of London, the GLC story illustrates an alternative perspective on the state to that of the market-driven politics of the Conservatives and of New Labour and the predominantly state-centred politics of the traditional left.

The next two examples illustrate that the impetus for self-government and democratic control over state resources has not been entirely crushed by Thatcher's counter-revolution, especially in working class communities and where significant resources are at stake. They demonstrate the ingenuity of popular organisations in finding levers and cracks in the ambivalences of government power – the fact for example that the principle of popular participation has a legitimacy which government can no longer dismiss.

An alliance was created on the Marsh Farm estate to bid for a £50 million government fund for a ten-year programme of 'community-led' regeneration. It was a motley but resilient coalition. It included members of the Exodus collective who had, like the Pied Piper, led young people from riots towards raves free of hard drugs in quarries surrounding Luton, and had turned an abandoned hospice into communal living for homeless young people. It was already transforming lives through a socially responsible kind of direct action but its members had ambitions to apply the same spirit to achieve immediate change across the estate. They were joined by tenant organisations, youth leaders, socially conscious vicars and organisations of the significant Afro-Caribbean

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population. They have established an impressive hub of co-operatives and locally accountable public services at the centre of the state.

Finally there is the case of Newcastle office and ICT workers resisting privatisation successfully through elaborating an alternative democracy-driven process of reform. The unions acted not only to defend wages and conditions but to share the knowledge of their members and develop a positive vision of a public service aimed at maximising public benefit rather than private profit. The opening up – by management and unions in tandem – of the internal processes of managing public money created conditions for a thoroughgoing democratisation, from the policy commitments in the council chamber to the delivery of frontline services. All my examples except this last one have been about citizen power over state, especially municipal, institutions. Yet without these internal processes of democratisation the impact of citizen participation is weakened.

These experiences and the memory of the women's movement and the radical shop stewards' movement in the 1970s led me to appreciate and try to develop the idea of two distinct forms of power: power as domination ('power over') and power as a transformative capacity ('power to').

Democracy as we have known it, based on the franchise, has been concerned with winning the power to use government instruments of domination to manage the state apparatus, as interpreted and implemented with the expertise of those employed by the state. This has been an essentially paternalistic notion of meeting the common good, founded on a close bond between authority and expert knowledge.

By contrast, power as transformative capacity involves a breaking of this bond between authority and knowledge, and a popular consciousness of the dependence of the dominant order on the work and practical knowledge of those who daily reproduce it. This leads citizens to a self-awareness of their everyday power, including the power to refuse and the power to transform: women sharing their knowledge and creating the capacity to transform gender relations; workers moving from strikes to pooling their practical know-how to transform the purpose and organisation of production; and communities developing and partially implementing their own plans.

Some thinkers (for example, John Holloway in 'Changing the World Without Taking Power'<sup>1</sup>) have counterposed the two forms of power, changing the state on the one hand and developing direct forms of democracy in society on the other. By contrast, the examples summarised here indicate that it is the combination of these two forms of power that is necessary for reforms that lead to social justice, quality public services, vibrant communities, socially meaningful employment and effective democratic power over the state apparatus.

### Notes

1 J Holloway, *Changing the World Without Taking Power: The Meaning of Revolution Today*, Pluto, 2002

# 20 Conclusions and what next?

## Hilary Cottam and Jon Cruddas

People say, 'We want our country back'. They say, 'The system isn't working.' This is a politics of recognition. It's about how people's lives are. And the question of their powerlessness can only be answered by giving them more power.

The country is changing but our country's political system is standing still. Our economy and society have been organised around institutions that were founded in the early decades of the industrial revolution. The Reform Act of 1832 gave shape to our modern democracy. The Poor Law Amendment Act of 1834 began the utilitarian welfare state. Legislation in 1844, 1855 and 56 established the joint stock company, the organisational unit of capitalism. The industrial Revolution saw the growth of an administrative state and the Northcote Trevelyan Report of 1854 founded the modern civil service. Our own political parties are products of the industrial era. The Conservative Party in 1834. The Liberal Party formed in the 1850s. The Labour Party in 1900.

These institutions no longer function effectively in a rapidly changing, increasing digitalised, post-industrial society and economy. The question facing our political system today is what will be the institutions of the coming postindustrial

The chapters of this pamphlet pull together many of the dominant themes of this debate. They speak to a new centre of gravity on the left: one that is all about giving power to people to give them more control over their lives. A politics that helps people to help themselves and transforms how the country is run.

In many ways the Labour Party defined the dominant political settlement of the Twentieth Century. After an historical struggle we built our welfare state. It was a profound achievement but too often we settled for that. Arguably, the ideology and institutions of 70 years ago became the horizon of our ambition. Confronted by the revolution of liberal market economics in the 1980s we sometimes just defended institutions and ideas that were offering diminishing returns. We spoke as egalitarians and reformers but we had become institutional conservatives.

Instead of changing our institutions and the fundamentals of our economy, we relied on high growth and redistribution through tax and income transfers to try to deliver more equality and compensate for the failures of the economy.

Our policies improved the lives of millions, but the 20th century social democratic politics of redistributing the gains of high growth won't be enough in the 21st.

This pamphlet is clear: the way to build a prosperous economy lies in social renewal by giving people the power to make their way in the world. Society should be governed by its own intermediate institutions on the basis of a more human-scale democracy. These institutions are crucial to curb the excessive power of the market and the state.

The point has been made clear that democracy gives everyone the opportunity to contribute to the wellbeing of others and to earn their respect. People must run the new and the old institutions of our society, participating at all levels as members of an active democracy.

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It will mean reforming the state and redesigning the relationship between central and local government to spread power out to our cities and regions. And it will mean helping people to take power.

This pamphlet has set out that devolving power to our cities is essential. We must turn our cities into powerhouses of innovation and economic regeneration and citizens must play an active role in determining the services they receive in this new devolved arrangement.

It's clear we must develop the self-reliance and capacities of individuals and families to avoid the costs of failure. It means designing services that develop inter-dependence within the family and its networks, and so less dependence on services provided by the state. We will devolve power to help local people help themselves and shape their services in response to their specific needs.

Relationships are the glue that keep us together, the dimension that keeps us human, not just atomised consumers or parts of the body politic. Relational welfare offers a state defined in principle and practice by collaboration and relationships rather than the agenda of institutional reform and efficiency. The nature of the problems the welfare state is trying to solve have changed. Challenges such as ageing, chronic disease, climate change and the scale of entrenched inequality were not foreseen when our current welfare services were designed. There is a mis-match between these challenges and the institutions and services on offer.

It is now clear that market based reforms have rarely either saved money or improved outcomes. The cultural effect of much of the last 15 years has been to intensify an outmoded transactional relationship, whilst obscuring the deeper systemic challenges. The efficiency narrative has run its course.

We must increase the power of local places by building collaboration between and across public services and organisations, and pooling funds to stop inefficiency and avoid duplication. The old silo mentality where different departments or services jealously guard their resources won't work. We will need to organise services around the places people live in rather than institutional silos.

The state needs to actively support, seed and provide working models of different ways of organising, valuing and providing – that is alternatives to the domestic sphere and to the market.

In each of the chapters this wide range of authors have got to grips with the subject that will be a key theme of the left in the coming years. Labour is in power in cities and towns the length and breadth of the country and we hope in power in Westminster come May. In all these places the state must be remade for the 21st century.

The future of the Labour Party is about challenging inequalities of power by sharing, devolving it and helping people create power for themselves to have more control over their lives.

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Compass is a home for those who want to build and be a part of a Good Society; one where equality, sustainability and democracy are not mere aspirations, but a living reality. We are founded on the belief that no single issue, organisation or political party can make a Good Society a reality by themselves so we have to work together to make it happen. Compass is a place where people come together to create the visions, alliances and actions to be the change we wish to see in the world.



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