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DIRECTION FOR
THE DEMOCRATIC LEFT

BUILDING THE GOOD SOCIETY

A NEW FORM OF PROGRESSIVE POLITICS

Robin Wilson and Jon Bloomfield

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Foreword

In 2006, before the Big Society was even a glint in the future prime minister's eye, Compass published the first part of its Programme for Renewal trilogy, *The Good Society*.¹ The point was to plant a flag in the sand and say another world is both desirable and feasible. Everything Compass has done since has been an attempt to demonstrate exactly that – the desirability and feasibility of a good society.

Of course there cannot and must not be just 'the' good society. There cannot be one size that fits all. History is littered with the dire fall-out from any rigid blueprint. But neither can we stop dreaming because when we do it is the dreams of others that shape our world. As we always say, we live in a utopia – it's just not our utopia. Instead it is the utopia of the free-market fundamentalists who dared to dream of a dry, utilitarian world in which everything becomes commodified and the market stretches into every corner of our public world and private lives.

In this crucial and timely publication Robin Wilson and Jon Bloomfield replant that flag of progressive hope but on changed terrain. After

the crash the certainties of neo-liberalism were shattered but its confidence and audacity meant that, incredibly, it shifted the blame onto the state just as the state had broken its back bailing out the banks. So a crisis of capitalism was easily translated into a crisis of public spending.

But that was the perilous position in which Blairism and Brownism had left us: the purpose of the state was to create the conditions in which the market could become even freer and more profitable. Impossibly, they tried to clean up the ensuing and inevitable social mess through public spending and tax credits to which they would never admit and therefore for which they never built public support. So when the market crashed, the whole 'third way' project crashed too.

This publication tells us what needs to happen next if the left is to have a future. It provides the analysis, the philosophy, the ideas and the methods to build a good society. As the left stands in crisis across Europe, *Building the Good Society* forges once again the progressive belief that the feasible and the desirable must go hand in hand.

Neal Lawson

Chair Compass, June 2011

I. Preface

These are painful times. The huge financial crisis of 2008 shook the world economy but it is ordinary people who are paying the price. Across Europe working people's living standards are stagnant. Unemployment is rising. In Greece, Ireland and Portugal huge cuts in public-sector pay and services are imposed by the European Central Bank and International Monetary Fund. Yet, the architects of the crisis – the banks, hedge funds, credit rating agencies – emerge scot-free, able to carry on their activities and pick up their bonuses regardless.

Politically, it has been the right which has benefited from the insecurity that the crisis has generated. Following recent victories in the UK, Sweden, Hungary and Portugal, today the left remains in office in just five European Union (EU) countries. Even more alarmingly, it is not just orthodox Christian-democratic parties which are gaining ground but new racist, nationalistic and xenophobic parties, as in Finland, Sweden, Holland and Hungary. These parties are now making inroads into government or shifting the mainstream right on to their ground.

This is a dangerous moment for the left and all concerned with the principles of justice, democracy and racial equality. This paper analyses how we reached where we are and how to break out of the impasse. The argument is based on several overarching themes.

First, it is guided by a belief in the goal of a 'good society', where each individual can aspire to fulfil their potential. This is a philosophy guided by the marriage of the ideals of liberty, equality and solidarity but fused with a twenty-first-century concern for the environment and the legacy we leave to future generations. Furthermore, it is a philosophy which sees politics as the way to fight

for and guarantee the security and therefore the freedom of each and every citizen.

Second, such a 'good society' can only be achieved if there is an acceptance of the need to tame capitalism and strictly regulate it. The financial crisis has exposed the fatal flaws of 'New' Labour's love affair with globalisation and the City of London. Social democracy has to give voice to people's anger with City recklessness and show that there are alternatives.

Third, citizenship is not just about voting once every few years but also involves a sustained engagement in all walks of life. This paper argues strongly for the importance of citizen participation but emphasises that a strong civil society emerges and goes hand in hand with a strong state.

Fourth, the whole spirit of this paper is avowedly pluralist. 'Ourselves alone', the old politics of monolithic parties, has had its day. A good society will be constructed from many alliances and interests as well as the continuing importance of class.

Flowing from these key themes there are individual policy suggestions in a number of areas. They are symbolic of the transformational policies we need to build a good society.

The world need not be like this. There is an alternative to the 1930s-style deflation on offer from George Osborne and the European Central Bank, and to the nasty, narrow-minded nationalism of the racist and xenophobic right. A progressive alliance can galvanise public anger and tap into human optimism about the potential for a better future. This paper sets out a route map for that progressive alliance to engender a 'good society'.

We have benefited from comments on an earlier draft by Jude Bloomfield, Francesca Klug, Ruth Lister, Martin McIvor and Mike Rustin, whose assistance we acknowledge. This final version is not a 'Compass position' but the responsibility of the authors alone.

2. Introduction: cohering the narrative

In November 2010, and in the aftermath of Labour's crushing electoral defeat, the new party leader, Ed Miliband, launched 22 policy inquiries. This renewal and fresh thinking is necessary and welcome. But there is concern about the lack of overall direction: progressives desperately need a new paradigm to link their ideas together and connect to a wider audience. We begin this paper by explaining why the idea of the 'good society' provides that paradigm.

2.1 Philosophy matters: framing public debate

In May 2010, the hubris of 'New' Labour met its nemesis in old Toryism, as a patrician party reminiscent of the age of Alec Douglas-Home surfed effortlessly into control of the UK state. David Cameron was accompanied in this restoration by Nick Clegg, who had abandoned the great British liberal tradition of John Maynard Keynes and William Beveridge in favour of the 'market-fundamentalist'² religion of *The Orange Book*.³ If Keynes had not been long dead, he would have accused Clegg of being in thrall to the much longer-dead economist Adam Smith.

Cameron's government embarked on an historic rolling back of the public realm beyond anything Margaret Thatcher would have imagined: returning higher education to a pre-1960s privilege for the wealthy, rather than a right for the qualified; eviscerating the great post-war legacy of the National Health Service by subjecting it fully to market competition; punishing the BBC for its historic Reithian impartiality while cossetting Rupert Murdoch's partisan media empire; and even redefining welfare beneficiaries as 'undeserving' poor, to be patronised by voluntary 'big society' successors to the Charitable Organisation Society of Victorian times. Internationally, harking back to delusions of imperial *grandeur*, the Europe associated with decades of post-war peace and prosperity was

spurned in favour of chauvinistic assaults on the European Court of Human Rights.

How had it come to this? To understand, we need to recognise that in politics philosophy matters.

The great twentieth-century European political thinker Antonio Gramsci, who modernised Karl Marx for the democratic age from the travails of a fascist jail, recognised that every individual is, in a sense, a 'philosopher'. That is to say, each of us lives and works with a tacit conception of the world – even if only certain individuals play the professional role of developing such philosophies.⁴ Political parties, then, articulate democratic solutions to individual problems by operating effectively as a collective intellectual.⁵

If Marx had anticipated a bifurcation of society with an increasingly homogeneous working class eventually prevailing as a social and political actor in a revolutionary moment and ushering in a socialist world, Gramsci realised that the emergence in the late nineteenth century of the institutions of 'civil society', such as trade unions and mass parties, meant such a decisive 'war of manoeuvre' would be replaced by the political equivalent of trench warfare.⁶ In this context, politics should not be conceived as a naked battle for state power but as a protracted prior struggle for 'hegemony' – for which conception of the world would predominate.⁷

In 2008, globalised capitalism entered a crisis on a scale unseen since the chaos of Gramsci's time. If Keynesianism had been the civilised response in the advanced capitalist world to that morass of mass unemployment, aggressive nationalism and totalitarianism that led to renewed war, for some on the left the new depression heralded the death-knell for the neo-liberal era that had succeeded the political defeat of Keynesianism in the 1970s. But as Gramsci appreciated from bitter experience in inter-war Italy, politics never follows economics in such a mechanistic fashion. Rather, an economic crisis may translate into a crisis of political representation in which 'morbid symptoms' emerge.⁸ What matters is whether, in that context, the forces of progress or those of reaction offer a more persuasive case for 'intellectual and moral reform'.⁹

Labour, it is true, has recovered in the polls from its electoral mauling at the conclusion of the incoherent Gordon Brown premiership. But

this is no case for a complacent economic belief that political victory will fall into the party's electoral lap. For the evidence of public attitudes is that there is a mountain to climb if Labour is to be installed *in power* – as in 1945 and, to a lesser extent, 1964 – rather than *merely office*, as in 1974 and 1997. In the aftermath of the devolved and English local elections, and the referendum drubbing for the alternative vote in May 2011, Polly Toynbee warned: 'Today a frightening question confronts Labour: is this the start of a long Conservative hegemony?... Haunted by its painful recent past, Labour has yet to tell us what it's for.'¹⁰

Public attitudes to welfare hardened during the 'New' Labour era¹¹ and a popular majority still believes that the coalition programme of cuts is necessary. Sloganising against the cuts, brutal and inhuman though they are, will therefore not be enough to stem them. The debate has effectively been framed by representing the state as like a household, which must 'tighten its belt' when ordinary people are being asked to do likewise – in contradiction of Keynes' 'paradox of thrift', which demonstrated that to avoid a deflationary spiral, like that now in train, falling private demand had to be offset by enhancing that commanded by the public purse.

Those who want to erode further the notion of the common good in favour of private privilege thus still have much wind in their sails. This is even more evident at the international level, where early ambitions within the G20 to sponsor global reflation have been abandoned and the European Central Bank is relentlessly testing the ideological logic of deflation – to the destruction, one by one, of the peripheral eurozone economies.

2.2 Addressing public opinion: 'common' and 'good' sense

Gramsci drew an important distinction between received wisdom and emergent ideas of a better world. He called the former 'common sense' and suggested that it contained ideas from an amalgam of sources but overall reflected the dominance of a particular social class. Take the unquestioned elevation of the 'City' of London as the pinnacle of the UK economy, when in reality

it represents what Keynes called the 'capitalism of the casino' – making money out of other people's money. Its dominance over industrial capitalism in the UK has chronically held it back, as Churchill famously recognised in his claim that finance had become too 'proud'.

'Good sense', by contrast, may emerge from practical experience in the here and now. For many workers in the 'real economy', the destructive effect of reckless banking behaviour was all too evident when the crisis broke, with unemployment and job insecurity soaring, and real wages slipping as a result. Yet 'New' Labour was unable to tap the popular resentment of those who worked producing goods and services towards the parasitic behaviour of bankers and the City, because it had decided – as Peter Mandelson put it – to be 'intensely relaxed' about people becoming 'filthy rich'.¹²

Progressive politics, then, sets out to challenge common sense by offering an alternative philosophy – a new conception of the world, but one that goes with the grain of the 'good sense' associated with emergent social relations.¹³ This is far from the instrumentalist use of focus groups to reflect back the prejudices of 'Middle England'. On the contrary, it offers a route to restoring integrity to, and so trust in, political discourse, beyond the discredited practice of 'spin'.

2.3 Thatcherism's success: the 'property-owning democracy'

Thatcherism fundamentally reframed post-war political discourse in the UK. While some on the left, like Tony Benn and Arthur Scargill, railed from the bunker against the familiar 'class enemy', intellectuals like Stuart Hall and Eric Hobsbawm recognised that a powerful political narrative of 'authoritarian populism'¹⁴ had halted 'the forward march of labour'.¹⁵

The success of Thatcherism lay in its capacity to recruit support from sections of the working and lower middle classes through a simple and accessible story, which offered an imaginary exit from their traditional expectations. Encapsulated in the phrase the 'property-owning democracy', Thatcherism subtly recast the meaning of democracy from popular control and equal citizenship to a commons only of the car and

home owner. Privatisation was dressed up in the vernacular of ‘Sid’ – the ‘man (as it was) in the street’ who could join the hitherto exclusive club of shareholders by participating in the sell-off of state assets, with the inducement to buy the council house he rented at a discount. This connected an abstract neo-classical economic ideology to concrete and familiar circumstances and a compelling aspiration to ‘freedom’.

Thatcherism thus appealed much more effectively than Labour to individualistic society, while the old institutions of a collectivism premised on a homogeneous working class were in decline. Privatisation led in the main to private and unaccountable monopolies and the hoovering up of individual shares into conventional concentrations, while council-house sales in the absence of reinvestment left growing housing need unmet. But it was testimony to the hegemonic capacity of Thatcherism that ‘New’ Labour implicitly accepted its key slogan, ‘There is no alternative’, with its fundamental premise of a small state and its disastrous corollary – yawning social inequality.

2.4 The ‘good society’ as the progressive alternative

There was, however, a key flaw in the Thatcherite argument, which could have been challenged effectively at the time and which remains, despite Cameron’s attempt politically to finesse it, the Achilles heel of its contemporary Conservative successor. Notoriously, Thatcher denied the very existence of society, claiming there were just individuals and their families.

Yet Gramsci coined the term ‘individualistic society’ to convey the need for the progressive individual initiative and competition of the capitalist age to be tempered by the norms of ‘fair play’ – he took football as his model – associated with ‘freedom of the spirit and tolerance of the opposition’. He contrasted this with the egoism

and anomie of a typical game of cards in Italy, as the epitome of its backwardness.¹⁶

And the germ of an alternative for today is contained in the notion of the ‘good society’, advanced as the project for the democratic left across Europe in the aftermath of the 2008 crash by the German Social Democratic Party general secretary, Andrea Nahles, and the Labour MP for working-class Dagenham, Jon Cruddas.¹⁷ Moving on from the ‘*Neue Mitte*’ centrism of Gerhard Schröder and the ‘Third Way’ of Tony Blair, the ‘good society’, said Nahles and Cruddas, was about ‘solidarity and social justice’.

Placing the ‘social’ centre stage can restore the public interest, rather than private *interests*, to the heart of a politics disfigured by such episodes as the MPs’ expenses scandal. Rather than treating welfare as a drag on an economy which brings home the bacon, this recognises social policy as a productive factor.

It is a phrase whose brevity and simplicity give it the power of all radical transformations – like Franklin D Roosevelt’s ‘New Deal’. It recognises that we do have a democratic choice about what kind of society we want to inhabit – that this should not be fatalistically consigned to multinational finance houses (or ‘the markets’) to determine. And it speaks to real concern about what Compass has called the ‘social recession’ – that for the first time in living memory we risk handing on to our children a *worse* society than the one we have enjoyed.

Miliband has recognised the attraction of this mobilising phrase. But the difference between a hegemonic alternative and an ephemeral ‘soundbite’, as the Thatcherite era showed, is that the former can be translated into a range of practical initiatives which make it meaningful in everyday life and to which it, in turn, gives shape and coherence.

This paper thus aims to elaborate this alternative as a new political narrative. First, it explains how the ‘third way’ was to lose its way.

3. The ‘third way’

The ‘New’ Labour period bequeathed discrete positive policies: Sure Start childcare, the minimum wage, help for the low paid, devolution to the regions and small nations of the UK, enhanced investment in public services and a positive international stance on aid and reflation. But, valuable though these were, they were partial and limited reforms. The ‘third way’ in which they were philosophically framed misinterpreted important social developments and so did not provide a durable project for intellectual and moral reform. A successor is required.

3.1 The triumph of neo-liberalism

The idea of a ‘third way’ was not confined to the UK. Indeed, as one set of conference papers put it, around the turn of the millennium ‘multiple third ways’ were being advocated by various social-democratic parties in Europe,¹⁸ as well as the ‘New’ Democrats in the USA.

The common origin was the crisis of Keynesianism precipitated by the 1970s ‘stagflation’. Keynes had recognised that since modern financial institutions mediated purchases and sales, disequilibria between supply and demand were likely in capitalist society.¹⁹ The resulting involuntary unemployment should be mopped up by the state guaranteeing effective demand through a generous fiscal policy. Now the ‘neo-classical’ economists were so-called because they returned to the invisible, equilibrating ‘hand’ of the market, conceived by Smith in the pre-capitalist era of petty commodity production, where exchange operated like barter. They demanded that markets be deregulated, joblessness redefined as a problem of individual ‘employability’ and tight monetary policy pursued to ensure financial ‘discipline’.

The evidence that Keynesian policies had, over decades, engendered a creeping inflationary dynamic was real enough. Yet the replacement of an international commitment to active government among the advanced capitalist states by deregulation engendered an atmosphere of uncertainty which diminished investment and

growth, so that capacity was under-utilised and unemployment rose. Economic performance in the leading industrial countries was to deteriorate markedly from the mid-1970s, by comparison with what the French called the previous *trentes glorieuses*.²⁰

But the electoral victory of Ronald Reagan in 1980 in the USA, allied of course to that of Thatcher in the UK, gave neo-liberalism a major political boost. Out went ‘big government’, supposedly populated only by self-serving ‘knaves’ who stifled innovation. In came privatisation and a ‘new public management’, which assumed that what was left of the state should be made as far as possible to work like the private sector. Internationally, neo-liberalism was imposed on the global south, with evangelical zeal if deleterious results, by the International Monetary Fund and the World Bank – the very Bretton Woods institutions at whose birth Keynes had attended in 1944 – through what came to be known as the ‘Washington consensus’.²¹

The ‘third way’ accepted this neo-liberal outlook, a fundamental flaw exposed by the financial crisis of 2008. Until then it seemed to give capitalism a ‘human face’, but the logic of privatisation and marketisation – despite the further erosion of the social fabric which this implied – went unchallenged.

3.2 Globalisation, capital and labour

The limited ambition of the ‘third way’ partly stemmed from a supposedly ‘pragmatic’ acceptance that globalisation was a new and inexorable force. But globalisation is not historically novel, if one considers the high levels of international trade and capital movement – as well as the emergence of an international socialist movement – in the late nineteenth and early twentieth centuries.²² Moreover, it has not been confined to the financial markets, conceived as a *deus ex machina*: it has also been apparent in elements of a ‘cosmopolitan’ system of governance – based on the principle that every individual, regardless of nationality, has a right to be treated with equal dignity – such as human-rights regimes.²³

A narrow grasp of globalisation led to the mistaken political conclusion that capital could

no longer feasibly be restrained. It was labour that would have to adapt, as through the Hartz reforms in Germany. Yet that was to negate the very goal of social democracy historically in Europe – to tame, though not kill, the capitalist tiger.²⁴

3.3 ‘Market fundamentalism’ and precariousness

This ‘market fundamentalism’ did have a rational kernel. The ascendancy of neo-liberalism coincided with a ‘great transformation’ from mass production for general public consumption towards another twist in the individualisation of society. Production now had to meet the exigencies of more diverse, demanding and volatile consumers and so ‘industrial’ capitalism gave way to an ‘informational’ variant, only possible in the age of the PC.²⁵

The management simplicities of Taylorism (which broke up standard tasks into simple elements) and Fordism (which reassembled them into efficient processes) were no longer adequate to a mode of ‘just-in-time’ stocking for batch production catering for niche markets. Behemoth ‘nationalised’ industries and state bureaucracies became organisational dinosaurs: the state had neither the knowledge to be omniscient nor the capacity to be omnicompetent in such a complex environment.²⁶

But the Orwellian revision by ‘third way’ advocates – from ‘private bad, public good’ to ‘public good, private better’ – was not the only possible response. And the effects, intended or unintended, were severe. In particular, what again the French call *‘précarité’* – the insecurity which post-war welfare states had sought to banish, given the scarring memory of the depression – re-emerged on a massive scale.²⁷

3.4 ‘Free’ market, authoritarian state

The contradiction at the heart of neo-liberalism was that the retreat of the state from intervention in the capitalist economy in the name of ‘free enterprise’ had to be matched by a new Leviathan of authoritarianism, to deal with the social tensions inevitably arising from

what the great Keynesian JK Galbraith called the counterposition of ‘private affluence’ and ‘public squalor’. From Thatcher’s determination to destroy the right of miners freely to associate to ‘New’ Labour’s ‘ASBOs’ to control the young sub-Proletariat, the UK’s liberal tradition of civil liberty and tolerance, going back to John Stuart Mill, has been unconscionably discounted.

And there was a further contradiction: freedom for the enterprise meant disempowerment for the employee. Resisting the ‘Old’ Labour tradition of ‘beer and sandwiches’ at Downing Street, ‘New’ Labour in fact put itself out of sync with ‘social pacts’ elsewhere in Europe,²⁸ resisting modest EU constraints on employers’ resort to long hours through the 48-hour Working Time Directive. Here Blair, Gordon Brown and Mandelson placed themselves in opposition even to the German chancellor, Angela Merkel, and the French president, Jacques Chirac.

Yet the ‘knowledge economy’ required precisely the autonomous worker, which the acceptance of managerial ‘prerogatives’ denied. It was thus no surprise that UK productivity remained stubbornly adrift of France and Germany, confounding Brown’s aspirations to the contrary while he was at the Treasury.

3.5 Populism versus the public sphere

‘New’ Labour’s embrace of the redeeming power of the market defied the public interest and the common good. Competition was perceived as the only spur of public service improvement. This reduced the user with a potential ‘right of voice’ to a ‘consumer’ with only the ‘right of exit’, and that for only some. And it failed to recognise that the drive for innovation in public services comes, in particular, from autonomous professionals engaging with users as to how best their needs can be met – up to and including service ‘co-production’.²⁹

As professionalism was crowded out, populism came rushing in.³⁰ The currency of public life became devalued with a cheap infatuation with celebrity, whose flip side was rising mental ill-health among young people, particularly teenage working-class girls, unable to act out the images of their rich and brash role models.³¹ Red-top newspapers were indulged,

with all their ‘folk demons’ – from ‘feral’ youth to ‘bogus’ asylum-seekers. The ‘war on crime’ was fought by creating more ‘crimes’ than any government in living memory.

If that saw state authority grow inexorably, so too did a determination to bypass professional judgment on the ground in the name of ‘delivery’ from on high – with a regime of Whitehall targets worthy of *Gosplan*. Already by 2001 there were 600 of them. As John Kay warned, ‘If targets work, then the Soviet Union would have worked.’³²

3.6 The US embrace

But of course it was to be the USA rather than the USSR from which ‘New’ Labour was to draw political inspiration. Not only did this lead to the instrumentalist ‘triangulation’ with the right, pioneered by Bill Clinton, which destroyed ‘New’ Labour’s moral integrity and demoralised its activist base.³³ It also lauded the ‘American business model’³⁴ of deregulation and ‘flexible’ labour markets. Through a toxic combination of rising inequality, weak effective demand and exploding credit to compensate, this was to lead, via the ‘sub-prime’ lending crisis, to the cardiac arrest of the global economy.

Yet ‘New’ Labour meanwhile failed to see the economic wood for the ‘free enterprise’ trees. The dynamism of the ‘informational’ parts of the US economy, in sharp contrast with Japan, has been driven not only by well-endowed universities but by an historically liberal immigration policy, bringing creative talent from across the world into diverse firms that are themselves globally networked.³⁵

3.7 The collapse of the progressive constituency

‘New’ Labour’s only principle in the end thus became that every sacred political cow that might stand in the way of (re-)election had to be

slaughtered. Yet the era came to an end with an electoral performance which came very close to the meltdown of 1983. And this was not just a matter of alienating working-class ‘core voters’ – though millions of those had indeed been lost along the way.

Abandoning liberal internationalism in support of the US ‘neo-conservatives’ on Iraq created such public antagonism as to bring out the biggest ever demonstration in London and to drive many Labour supporters into the ranks of the Liberal Democrats. As one insider retrospectively admitted, ‘New Labour was instinctively cautious and often paradoxically conservative; unique among post-war centre-left governments in Britain, it succeeded in mobilising every shade of progressive opinion against it.’³⁶

Domestically, ‘New’ Labour’s authoritarianism and crude economism allowed David Cameron to emerge as an opposition leader presenting himself in pastel social and environmental shades. Recognising the liberal flanks ‘New’ Labour had exposed, he positioned himself – however disingenuously in the light of the further dismantling of the health service embarked on by Andrew Lansley – as the friend of the professional classes and an opponent of the third runway at Heathrow.

Organisationally, the ‘New’ Labour period, which had begun with a big influx of new members in 1997, thus ended with the party no longer a going concern, but for the patience of the Co-operative Bank. With the trade union movement marginalised, ‘New’ Labour became dependent on rich individual donors, too often shuffled subsequently into the Lords. Membership haemorrhaged, yet in turning election campaigns into media contests the leadership failed to learn the lesson that constituency activism on the ground made a measurable difference to electoral outcomes.³⁷

But just as the ‘third way’ was not a ‘New’ Labour monopoly, nor is the atrophy of its political support. Across Europe, the intellectual framework for a recovery of the left is a pressing necessity.

4. Liberalism and socialism

The vacuum left by the demise of the ‘third way’ must be filled – pragmatism is not the answer. A renewed investment in the philosophy of liberal socialism, as a compass towards the ‘good society’, provides progressives with the intellectual breadth and depth required to do so.

4.1 The individualistic concept of society

The post-Gramscian Italian political philosopher Norberto Bobbio elaborated the idea of ‘the individualistic concept of society’.³⁸ Often on the British left, individualism is mistakenly assumed to mean only the celebration of *homo economicus*, in the English classical tradition going back to Smith. But Bobbio showed that in fact this is a condition of democratic life: all democratic constitutions treat the individual citizen as the unit of politics. Historically, this concept had emerged in tandem with the idea of the rights of which this individual could now dispose, against the authority whose rule had previously gone unchallenged: the *citoyen* walked on to the world political stage with the French revolution and Tom Paine’s *The Rights of Man*. The UK, with its deferential tradition of subjection to the crown, has remained an exception in the west – that is why it still does not have a written constitution.

The Irish political philosopher Attracta Ingram has argued that rights should be understood politically as the maximisation of the capacity for autonomy of every individual. This requires that each individual has an equal right to the liberties and powers of citizenship, that each citizen is recognised as being incomplete outside of others to whom they must stand in relations of mutual concern, and that conflicts between them should be resolved through dialogue rather than force.³⁹

This is in contradistinction to the view, from John Locke to Thatcher, that rights derive ultimately from property ownership. It challenges the fundamental assumption of the defenders of capitalist society – that its inherent inequalities

are the result of natural differences between individuals, often seen as mere cyphers for stigmatised groups, and that a *laissez-faire* state should leave them to their own fate, coerce them into conformity or deny them access to citizenship altogether.

4.2 Freedom and equality

Gramsci recognised that a hegemonic project had to be articulated politically, in *universal* terms: it could not express merely the narrow, ‘economic-corporate’ interests of a particular class, with no appeal to those outside it. And if autonomy is defined in terms of individuals being ‘free and equal in the determination of the conditions of their own lives, so long as they do not deploy this framework to negate the rights of others’,⁴⁰ then freedom and equality must be the standards to which progressives rally. ‘Equal and free’ were indeed the adjectives defining the ‘good society’ in a valuable initial exploration by Compass, before the idea took off with the Cruddas and Nahles paper.⁴¹

Bobbio recognised that the left–right axis in politics is defined by the pursuit of equality from the left *versus* the defence of the *status quo*. But he also recognised that there was a second political axis, of freedom *versus* authoritarianism (and we could and should now add a third, of ecological stewardship *versus* environmental negligence). Since these axes do not coincide, the four main positions on the political spectrum as to doctrines and movements emerge:⁴²

- egalitarian and authoritarian – the ‘Jacobinism’ of the Stalinist era and today’s hard left
- egalitarian and libertarian – the ‘liberal socialism’ of social democracy (at its best)
- inegalitarian and libertarian – the stance of post-war conservatives loyal to democracy
- anti-egalitarian and anti-libertarian – the fascist tradition, today recast as the populist parties of the radical right.

‘Liberal socialism’, earlier espoused in the UK by the ‘New’ Liberal LT Hobhouse,⁴³ recognises that freedom cannot just be negative, as Isaiah Berlin proposed: it should be freedom *to* as well

as freedom *from*. And it further understands that freedom for the pike, as Richard Tawney appreciated, means death for the minnows: unless twinned with equality, liberty is very narrowly distributed.⁴⁴

Conversely, we know from the meta-analysis by Richard Wilkinson and Kate Pickett of a huge volume of studies that the pursuit of equality is not just a moral imperative but enlarges the autonomy of all except those at the very top of the social hierarchy.⁴⁵ For instance, a genuinely comprehensive education system, as in Finland, organised around the local school, not only leads to better outcomes for the most disadvantaged but also improves to lesser degrees the performance of individuals higher up the scale, and so the overall social average. Hence Finland's recurrent appearance at or around the top of the Programme for International Student Assessment league of performance in reading, mathematics and science.⁴⁶

By rejecting any anchoring values through the slogan 'what matters is what works', 'New' Labour lost its social-democratic moorings. Liberal socialism is the means to recover them and is the foundation of the 'good society'. That does not mean that liberty and equality are never in tension – rather, that these tensions when they arise are the stuff of genuine democratic debate.

4.3 Progressive division and the Conservative twentieth century

Social democracy must ally the working class with the professional middle class if it is to engender substantial electoral majorities. To cement this what Gramsci called an 'historical bloc' requires the intervention of the intellectuals.⁴⁷ The twentieth century in the UK was a Conservative century because so rarely did these three elements come together – as they did in Clement Attlee's time.

Too often it has been a story of missed opportunities. Labour is still living with the legacy of the 1981 split. As the party contracted towards a defiant Bennite political coterie, many defected to the SDP, to be dismissed as 'right-wing' by Labour loyalists. Yet they were to be vindicated by history on two of the divisive issues, Europe and proportional representation (if not a third,

the value of trade unions). Globalisation meant the left had to abandon the autarchic thinking of the Alternative Economic Strategy⁴⁸ in favour of co-ordination on at least a European scale. And, remarkably, between 1945 and 1998, the left in 17 advanced democracies was found to be three times as likely as the right to be out of office in majoritarian electoral systems, yet three times as likely to be in office under proportional representation.⁴⁹ The contemporary positioning of Polly Toynbee and David Marquand – well to the left of 'New' Labour – shows the SDP was at least partially a defection of the party's *liberal* wing.

This was by no means unique to the UK. In the 1990s, Donald Sassoon argued that the 'neo-revisionism' by then apparent in social democracy across western Europe was not the product of a takeover by a 'pragmatic, trade-union-oriented, statist' right wing, uninterested in feminism or ecology. On the contrary, what was spreading were 'liberal' socialist ideas, often advocated by 'New Left' thinkers formed in the individualist politics of the 1960s and 1970s.⁵⁰

4.4 'New' Labour and 'middle England'

The Conservative twentieth century was not the product of an inherently conservative country. Indeed, in the World Values Survey evidence of where respondents stand on the left-right spectrum, the UK is to the left of the international average.⁵¹

In this regard loose 'New' Labour talk about 'middle England' blurred a key distinction between two quite different intermediate social strata. The *petite bourgeoisie* of self-employed, small-business owners, middle managers, farmers, retailers and so on had historically been captured very effectively by the Conservative Party, through the language of King and Country, which in an imaginary way elevated it alongside the *haute bourgeoisie* with which it otherwise would negatively compare itself. Members of the teaching and caring professions, on the other hand, tended to be socialised through access to higher education and the public service ethos and culture of their occupation into liberal positions open to the left.

'New' Labour's mistake was to lose the sympathy of the latter group by its authoritarian appeal to the former – when a language instead of public virtue and conservation of environment and heritage could have wooed more 'small-c' conservative voters, concerned with such issues as village libraries and post offices, live-animal export or woodland management.

4.5 The knowledge economy and the new world of work

The 'proletarian' stamp of socialist parties up until the influx of activists from the new social movements in the 1960s did mirror the world of work at that time. Male-dominated, collectivist in culture, they reflected relatively undifferentiated labour forces concentrated in large enterprises. The left today must chime with a different economic milieu.

Ironically, the emergence of 'post-Fordist' labour processes, which put much more of a premium on the autonomous contribution of individual employees and teamwork, has led every 'human resource' director to reprise Marx's 'labour theory of value'. Marx developed this from the classical economists,⁵² and it seemed to dovetail with a time of literal 'manu-facture', when the human hand drove the tool. But Taylorism and Fordism appeared to ensure the other 'factors of production' – particularly the capital invested in structuring the labour process – were more critical to adding value than the worker, reduced to a mere appendage to the conveyor belt as in Charlie Chaplin's *Modern Times*. Today, however, 'our staff are our greatest asset' is a mantra every successful company will unthinkingly utter.

At the heart of the 'American business model', which dominated the neo-liberal era, the theory of *shareholder* value instead contended, perversely, that the pursuit of unearned income should be the driving force of the economy. The interest of executive 'agents', it was claimed, had to be aligned with those of shareholder 'principals', by means of bonus and share-ownership schemes for the former. This of course incentivised managerial decisions for short-term gain, focused on raising the share price, rather than the long-term good of the company.

The progressive business model focuses instead on aligning the interests of workers with those of consumers. As the head of Unilever, Paul Polman, puts it, 'I do not work for the shareholder, to be honest; I work for the consumer, the customer.'⁵³ This requires employees who are empowered to exercise discretion and who work in autonomous teams, as a Harvard Business School text has argued.⁵⁴ Investment in this 'human capital' then becomes key, the company develops a distinctive ethos in which employees can take pride and wages are bid up to retain qualified workers.

While more backward companies at home and very many operating in the developing world will still pursue the low road to accumulating surplus, by increasing their exploitation of labour, progressive enterprises compete on quality rather than price – and those at the leading edge, like Unilever, compete on how 'green' their products and processes are, as well as their wider 'ethical' commitments. If 'New' Labour's outdated notion was that the public realm should be remade in the image of the private sector, progressive firms realise they should be remade from hierarchical bureaucracies to more resemble fleet-of-foot NGOs.

But this is where regulation is so central. Left to themselves, capitalist firms will race to the bottom on labour and environmental standards. Viable companies will be taken over by financial conglomerates and asset-stripped. Employee pension funds will be sucked into the capitalist casino. The left must go with the grain of change, as Marx always envisaged – but it must also intervene to shape it in a progressive direction.

4.6 Constructing a new 'historical bloc'

Developing a progressive political majority in the UK is a challenging task. In a multi-ethnic and multinational context, and where commitments to gender equality and ecological sustainability are at a premium, this means coalescing an unprecedentedly diverse range of constituencies. The liberal left must thus, for a start, be much more pluralist than 'New' Labour allowed – the days of 'lines to take', dictated from the centre in Fordist fashion, must be over.

Yet such diversity should be seen as an asset, not a threat. As progressive firms also realise,

diverse perspectives provide, through their interchange, an engine of creativity – such a recognition was key to the revival of the electronics company Phillips in recent times.⁵⁵

As in the unofficial European motto, however, diversity must be balanced by unity. And the unifying purpose of advancing liberty and equality provides the intellectual gel. Its beauty is

that in concrete situations how it is expressed is a matter for autonomous individuals, individually and collectively, to determine.

The 'good society' is thus not a one-size-fits-all straitjacket – hence the value of the appeal by Lisa Nandy MP for stories of what it means on the ground.⁵⁶ But local application of the idea needs to be matched by recognition of its European dimension.

5. The European context

The ‘good society’ debate is taking place Europe-wide – rightly so, given the convergence of social democracy across the continent in recent times.⁵⁷ From a UK progressive standpoint, Europe provides context, cause and case studies, which must be fully taken on board.

5.1 The limits of ‘Labourism’

‘Labourism’ is a distinctively UK phenomenon, quite different from the mainstream European social-democratic tradition. While the latter comprised mass parties informed, to varying degrees, by the thinking of Marx and Engels in the formative socialist years of the later nineteenth century, the Labour Representation Committee emerged at the turn of the century as an initiative by the Trade Union Congress to secure political representation in Parliament – a concern heightened by the adverse Taff Vale court ruling in 1901, based on the particular UK common-law tradition, which in making unions liable for the costs to employers of strikes effectively outlawed them.

This made Labour a party of, and mainly paid for by, the trade unions as collectivities, concerned to advance their ‘economic-corporate’ interests, rather than a party of individual activists united by socialist values – a peculiarity which Gramsci realised prevented the emergence of innovative leadership.⁵⁸ Whereas other European social-democratic parties allocated a strong role to intellectuals and aspired to a transition to socialism, Labour in the UK was less interested in radical ideas, making do with the (important) liberal contributions of Keynes on the economy and Beveridge on the welfare state. Its leadership on Europe itself was ‘stagnant and unimaginative’, colluding with a self-regarding imperial tradition – as in the sweeping rejection of membership of the European Economic Community by Hugh Gaitskell, who told the party’s 1962 conference that this would end ‘a thousand years of history’.⁵⁹

Labour’s leadership came to terms with membership of the EEC after the 1975 refer-

endum. But it was only when, in 1988, the French Christian-socialist president of the European Commission, Jacques Delors, persuaded the TUC of the potential of a European ‘social dialogue’ – against a backdrop of the Thatcherite offensive against the movement in the UK – that the party’s trade union base came around.

This pro-European trend weakened enormously during the Blair–Brown era, however. Blair’s ‘third way’ was neither a variant of orthodox social democracy nor a new right-wing version of it – it was a complete break. That is why solidly right-wing social democrats like the former deputy Labour leader Roy Hattersley and leading French figures such as Pascal Lamy were so opposed to it. In his autobiography, the late Robin Cook reports on an exchange at a meeting of the Party of European Socialists in October 2002 between Lamy, formerly French finance minister and currently head of the World Trade Organisation, and Mandelson, then European commissioner for trade.

Lamy was explaining the key dilemma that he saw facing social democracy. ‘Historically, the success of social democracy in the past century was to promote a compromise between labour and capital, between the state and the market and between commercial competition and social solidarity. Globalisation has unhinged the balance by taking away all the domestic levers by which we maintained the compromise,’ he said. Mandelson responded: ‘Globalisation offers all the best the world can offer. We must not sound as if we believe there is a tension between labour and capital, or competition and solidarity.’ To which Lamy in turn replied: ‘Yes, but that is what I believe.’⁶⁰

There in a nutshell is the gap between social democracy and ‘New’ Labour’s Panglossian alternative. It explains ‘New’ Labour’s opposition to intervention in any form. And the Blairites had considerable success in promoting this thinking within other European parties, particularly the Italians, despite its effects on working-class living standards and job insecurity.

The financial crisis of 2008 blew this ‘third way’ apart. To recover, social democrats need to remember that their role is to manage and regulate the market, not to glorify it. Labour and its ‘third way’ European followers got the economics of modern capitalism wrong. Yet in

the discussion that has followed the 2010 election defeat, leading Blairites are blithely ignoring this gaping hole at the heart of their project.⁶¹

5.2 After the crisis: social democracy in one country?

Labour also routinely talks – the Conservatives even more so – as if all the major issues faced by UK citizens could be addressed entirely in a domestic context. It is not true to say that globalisation has entirely vitiated the role of the ‘nation state’. The well-run universal welfare states, which supposedly imposed far too costly a tax ‘burden’ to survive in an era of globalisation, have come out of the crisis in very good fiscal order – quite unlike those Anglo-American states whose poor ‘fiscal effort’ has left their exchequers sinking in red ink after the property busts.

Yet globalisation, and now the many-faceted global crisis which has issued from it, has meant that the agenda of twenty-first-century progressive politics in developed countries is becoming ever more similar. It is to solve three key problems: whether we can live together as equals (the welfare question), whether we can live together (the diversity question) and whether we can live at all (the ecological question).

In none of these is the UK a European leader – quite the contrary. The Nordics lead on welfare (see below), Spain on diversity and Germany on sustainable development.⁶² The missionary appeal by Blair and Brown in favour of their ‘third way’ was always arrogant. The task for the current Labour leadership is to do the opposite – to acquire the necessary humility to be willing to learn from good practice elsewhere in building the ‘good society’, and to contribute to it as best it can.

None of these problems, moreover, has a narrowly national solution. Indeed, the disconnection between the citizen and the state, which is characteristic of all the advanced democracies, has fundamentally arisen because politics has not kept up with economics. Transnational corporations have become more powerful than individual states, which have found that the macro-economic levers they previously applied – fiscal and monetary policy – have become less effective,⁶³ as was all too evident when François

Mitterand essayed a go-it-alone reflation in France in the early 1980s. Not only has that meant the end of the (male) full employment which western Europe enjoyed for three decades after 1945. It has also brought huge challenges of social exclusion and environmental despoliation in its wake, in the face of which mere governments have seemed impotent.

Two books published within a year of each other in the early 1970s marked the transition. In 1972, *British Capitalism, Workers and the Profits Squeeze* attributed the gathering economic crisis to the wage-push effect of trade union activism on firms now constrained by international competition on price.⁶⁴ It was to be a last hurrah for union militancy. In 1973, the ironically named *The Sovereign State* appeared, subtitled *The Secret History of ITT*. It was the story of a multinational corporation which had become so huge – ITT was then the largest US company in Europe – that it could challenge the government in Washington to drop the biggest anti-trust case in history and even try to stop the election in Chile of the left-wing president Salvador Allende.⁶⁵

But this is not a case for fatalism. If conventional workers’ organisations are weaker than a generation ago in their original heartlands, capitalist expansion across the globe has stimulated them afresh in emerging economies.⁶⁶ And other non-governmental organisations, in tune with the individualistic concept of society, have mushroomed, including on a global scale.

5.3 The Second World War and the European progressive mainstream

Labour’s weak European connection is also specifically a product of the Second World War experience and how this was recast during the long period of Conservative dominance in the 1950s and early 1960s. What had been an international anti-fascist struggle on an epic scale was redefined as a jingoistic narrative of ‘Britain standing alone’.

The UK thus never really absorbed the post-war continental consensus, in which Europe said ‘never again’ to fascism by espousing the universal norms of democracy, human rights and the rule of law. These were reflected in the establishment

in 1949 of the Council of Europe, from which the European Convention on Human Rights emerged the following year. While the EEC founded in 1957 represented an economic integration by stealth, the Council of Europe embodied values which now command the endorsement of 47 member states, east and west – values which, as the Arab revolutions have so graphically demonstrated, cannot be dismissed as ‘western’.

These norms, in balancing the ‘majority rule’ aspect of democracy with the ‘minority rights’ dimension, militate in favour of coalition-building politics. Hence the taken-for-grantedness elsewhere in Europe of proportional or mixed electoral systems, rather than first past the post with its ‘winner takes all’ mentality – already by 1919 all of democratic continental Europe (bar France) and Scandinavia had introduced proportional representation.⁶⁷ Hence also the prevalence of written constitutions that ensure arbitrary behaviour by the executive can be subject to judicial constraint.

5.4 The Nordic social model and its challenges

Where Labour has most to learn in Europe is where social democracy has made the most genuine difference since the war – in the Nordic countries. Chiming with individualistic society, the model Swedish welfare state, encapsulated in the phrase ‘the people’s home’, set out to maximise autonomy for all by a universal system, financed by progressive taxation, to protect against all the risks individuals would face as they went through life.⁶⁸ It showed how promoting autonomy could also favour social cohesion if done in an egalitarian way.⁶⁹

In recent times, this system has been chipped away at and it does not cater well for the growing number of adults outside the labour market,⁷⁰ but it remains the case that Cameron’s Swedish political ally, Fredrik Reinfeldt, cannot take an axe to the welfare state in the manner of the UK government coalition, because of its enduring popularity. Key to this popularity – and in sharp contrast to the position in the UK, with its vicious downward cycle of means-testing, stigmatisation and tax aversion – is that the personalised service which the well-funded Swedish system is

able to provide sustains middle-class support for progressive taxation. A virtuous circle of universalism, trust and a high level of equality remains.

This is the insight behind the Nordic economic paradox. In neo-liberal terms, the Nordic countries should be basket-cases: their high-tax regimes and expensive welfare states should displace capital to more ‘competitive’ environments. Yet, on the contrary, in all the relevant international league tables the Nordics consistently emerge at or close to the top. This is true of the World Economic Forum’s Global Competitiveness Report, the Economist Intelligence Unit business environment rankings, Richard Florida’s index of economic creativity or Deloitte’s ranking on the basis of innovation, enterprise and macroeconomic data.⁷¹

The Nordics have proved so successful in attracting foreign direct investment because of the educational standards of their workforces, their developed infrastructures, their commitment to research and development, and their probity and transparency – *in other words, the enriched public realm on which all private firms and households can draw*. They thus also top a league of governance indicators linking democracy, policy performance, executive capacity and accountability.⁷² Interviewed by the *Financial Times*, the chair of the Finnish telecoms giant Nokia (and of Royal Dutch Shell), Jorma Ollila, rhetorically asked: ‘What is the future of capitalism? In one way or other the answer is to solve these issues that the Nordic model does well.’⁷³

5.5 The European debate on ‘what’s left’

The popular revolutions of 1989 reunited a divided Europe, through the triumph not of Cold War ideology but the impact – which China’s Great Firewall is increasingly struggling to block – of the universal value of human rights. Allied to the inability of the merely ‘industrial’ Soviet system to compete with the consumer-oriented ‘informational’ capitalism of the west, this removed an incubus that had hung over the liberal left since the ‘iron curtain’ had come down four decades earlier. Ten years later, 12 out of the EU 15 had social-democratic parties in government.

But the Maastricht treaty of 1992 had meanwhile entrenched neo-liberalism. Framing

the completed market in capital, labour, goods and services, monetary union would be established on the German model, with an independent bank committed only to low inflation – not, as with the US Federal Reserve, high employment. Euro members were (theoretically, as it turned out) to be restricted to budget deficits of 3 per cent of GDP and debt–GDP ratios of 60 per cent. Yet the EU’s ‘own resources’ were to remain negligible, thus providing no significant fiscal capacity to deal with the risk of asymmetric shocks to individual economies.

It was, quite simply, pre-Keynesian – as became all too evident in 2008 when the global financial tsunami hit. As the asymmetric impact struck Greece, Ireland and Portugal in turn, European leaders, far from agreeing the required transformations for the eurozone, pursued a series of *ad hoc* bail-outs, which failed to punish the bankers who had created the crisis, socialised their risks to the taxpayer and enforced a deflationary dynamic which could only make the austerity policies self-defeating. What is even more remarkable is that, after the change of government in the UK in 2010, an administration outside the euro, with largely only domestic and long-term debt to concern it, elected for self-harming deflation at huge social cost.

The severe dangers of the orthodoxy of the European Central Bank, the European Commission and the German political leadership are becoming increasingly apparent. The bail-out conditions imposed on Greek, Irish and now Portuguese citizens show how brutal these measures are. But to date the main alternatives presented have been nationalistic ones, notably withdrawal from the euro. Yet there is a powerful case for a progressive alternative, which is now being made more clearly.⁷⁴ This requires an active macro-economic policy that breaks from the orthodoxy and the mantra of ‘structural reform’.

The power and significant wealth of the eurozone can be used to improve the economic and social conditions of its citizens. An employment remit should be added to the role of the ECB. There should be tight regulation of all aspects of the financial markets. The debt should be Europeanised, so as to restore financial stability in the worst affected countries. And there should be a major capital-investment programme, especially on ‘green’ projects, funded by creating ECB bonds similar to those issued by the US Treasury.

As an immediate measure, the ECB should stop being the only central bank in the world that refuses to limit the appreciation of its currency. Purchasing power parities mean that one euro should trade at 1.18 to the dollar and 4.67 to the yuan. Currently, it trades at over 1.45 to the dollar and 9.20 to the yuan. The strong euro infatuation of the ECB penalises all the weaker economies of southern and eastern Europe, since it makes their exports much more expensive – and thus meeting the conditions of the International Monetary Fund and EU loans all but impossible.

These measures will however require a dramatic political and cultural change, within but also way beyond the forces of the left. It means that the German, Italian and Spanish left will have to break from the orthodoxies that they have accepted in the past – just as Miliband and Ed Balls have to make much clearer where today’s Labour differs from ‘New’ Labour, especially on the banks. A common European economic perspective on the steps required should be a priority. But alone this will not be enough. It will require deft political footwork across the normal political divides to get this shift. But without it the European economy will continue to drift and there will be increasing nationalist resentment at the imposition of austerity by EU institutions, which can only spell danger for progressives across Europe.

6. The ‘good society’

So far we have explained why the ‘good society’ needs a clear political philosophy to underpin it. We have offered a critique of the ‘third way’ and advanced the case for a liberal socialism which promotes freedom and equality, encapsulated in the maximisation of individual autonomy for all. Having painted its essential European backdrop, we can now flesh out the narrative by identifying its major themes.

6.1 State, market and civil society

One of the big mistakes made by ‘New’ Labour was to assume that society comprises only the spheres of state and market. So, for example, it was enthusiastic about ‘public–private partnerships’ – though often for no better reason than to put a liability ‘off balance sheet’ while mortgaging the future, to build public infrastructure in the absence of the progressive taxation to pay for it. Yet any individual private-sector interest will only coincidentally be aligned with the public interest. On the other hand, the potential of partnerships between the public and voluntary sectors – where organisations can bring specialist expertise and user engagement, while upholding the public interest – went largely undeveloped.

Hence ‘New’ Labour’s inability to understand the necessity for the economy to be socially embedded and its ill-informed disdain for regulation. In Germany, most notably, enterprises are enmeshed in wider public systems of technical education, regional banking and research and development institutions, while internally they are characterised by worker participation. In the UK, by contrast, apprenticeships are a shadow of what they were when firms were collectively levied to fund them, private banks focus on shifting money around on the stock market rather than taking stakes in local companies and there is simply no equivalent of the network of German *Fraunhofer* applied-research institutes. And ‘management’s right to manage’ is deemed sacred, even when it leads to such disasters as the single-handed destruction of the venerable Royal

Bank of Scotland – first in the world to offer an overdraft facility in 1728 – by Fred ‘the shred’ Goodwin.

In other words, as Gramsci appreciated, between the economy and the state lies the public sphere of ‘civil society’.⁷⁵ It is the sphere where individuals freely associate, where they debate as in the public square and where they collectively create great institutions, from public libraries to orchestras. Some of these will be voluntary organisations and some may be formally private institutions but delivering ‘public goods’ – non-competitive and non-exclusive – and so at the heart of the equal empowerment of individuals to enjoy autonomous lives.

The richness of ‘civil society’, therefore – not private wealth, still less its flaunting before a dissatisfied public – is what makes a society ‘good’. So in the ‘good society’ it is civil society which is the dominant sphere, not the economy nor the state. On the contrary, the economy must be socially – and environmentally – steered. And the state should not be an oppressive force but should offer support to civil society activity through legislative, administrative and funding frameworks conducive to the production of public goods.

6.2 What’s wrong with the ‘big society’

Labour’s neglect of this wider public sphere in favour of a clunking focus on ‘delivery’ by the state gave Cameron an easy target with his apparent embrace of civil society. Yet his notion of the ‘big society’ has proved empty since the coalition was established, with officials at a loss as to how to act on it and the flagship Liverpool City Council having walked away. Why should this be?

Most obviously, from Sure Start centres to the universities, the public realm of civil society is under unprecedented attack from the coalition government’s savage public spending cuts. Nor can voluntary organisations fill this gap – their public funding has been hard hit too.⁷⁶ On the contrary, as the state has retreated from public service provision, it has been generic private corporations which have been eyeing up the contracts they will receive – not so much Big Society as Big Business.

Intellectually, what Cameron failed to understand was that the relationship between the state and civil society is not a zero sum, where a public service worker is replaced by a willing volunteer. Societies like Sweden, which have a much stronger network of third-sector organisations – including social enterprises – than does the UK, are characterised by a supportive, not a shrinking, state.⁷⁷

6.3 Why equality is central

Equality is at the heart of the ‘good society’. While Cameron and the former Conservative leader Ian Duncan Smith have talked much about addressing ‘poverty’, they have done so in terms which clearly imply that the poor will be expected to pull themselves out of their Slough of Despond.

This betrays complete ignorance of the nature of inequality and of the UK welfare state. Welfare states in Europe, it has long been argued by the expert in this field, Gøran Esping-Andersen, fall into three categories – from the most to the least egalitarian.⁷⁸ The standard international measure of inequality is the Gini coefficient. It measures, on a scale of 0 to 1, how much incomes are dispersed between the poorest and the richest: 0 means everyone has the same income, while 1 means it is infinitely concentrated in the hands of the wealthiest.

Best to live in are the Scandinavian states, where universal welfare of a high standard is funded by progressive taxation, as we have seen, and market income gaps are substantially reduced as a result. Next come continental-European states like Germany, where welfare provision is general but revenue stems primarily from less progressive social-insurance arrangements. And last come countries like the UK and Ireland, where welfare is means-tested and stigmatised and the wealthy look to private alternatives while imposing tax aversion on the state. This is reflected in Gini coefficients ranging from .25 in Denmark and Sweden, to .28 in Germany and .33 in France, to .36 in the UK.⁷⁹

Even in Sweden, however, the Gini coefficient has been on the rise in recent times, as values of choice and competition have taken precedence over solidarity, notably in voucher schools, which have increased social segregation.⁸⁰ The Swedish

social democrats have kept silent about the issue and were heavily defeated, for the second successive time, in the 2010 elections. In Norway, by contrast, the ‘red-red-green’ coalition has sustained an attachment to ‘collective solutions’, under the banner ‘Everyone on board’, and was re-elected in 2009.⁸¹

Esping-Andersen argued that Nordic welfare states had to an extent ‘decommodified’ labour. That is to say, if Marx argued that the worker in capitalist society was at the mercy of the employer, having only his labour-power to sell, such welfare arrangements protected the employee against a range of social risks, including unemployment and ill-health. Allied to trade union organisation, this shifted the balance of power somewhat from capital to labour. If globalisation has been in many ways driven by the desire of capital to exit from such national constraints on its power, socially re-embedding firms by expanding employee ownership is thus a key next step on the agenda of decommodification.

6.4 Equality of life chances and social mobility

Coalition ministers have tried to shift the focus from the depth of the social gradient from rich to poor to the question of individual social mobility. But we know from the vast research collated by Wilkinson and Pickett that it is the steepness of the social gradient that defines not just income inequality but the prevalence of a host of associated social pathologies (bar suicide). Moving one individual above another on that gradient will do nothing to change that.

And of course social mobility is much higher in the Nordic countries than in the UK, because the ladder is not so steep and the rungs are closer. The huge increase in inequality during the Thatcher years – which ‘New’ Labour did nothing to reverse⁸² – seized up the mobility that was enjoyed by an earlier generation, which allowed many working-class children to move into professional life via free higher education. The correlation between parents’ and children’s income is three times stronger in the UK than in Denmark or Sweden.⁸³

So how to reduce the social gradient? In line with our goal of empowering all individuals to

enjoy autonomous lives, the objective should be equality of life chances, as the Fabian Commission on Life Chances and Child Poverty argued.⁸⁴ In the UK, there has been a narrower focus on ‘equal opportunities’, which has followed the dominance of law and weakness of social science in intellectual life by reducing egalitarianism to measures against discrimination. Critical as these are in themselves, they leave the much larger forces making for inequality, derived from the nature of contemporary capitalism and patriarchal social relationships, largely untouched.

As Esping-Andersen has also shown, if the revenue for welfare expenditure should be raised by progressive taxation, an expansive and progressive social policy should focus on the early years. This is much more effective in tackling disadvantage than remedial action later in life and investment in childcare has been demonstrated to repay itself many times over in reduced crime, unemployment and other social ills in adulthood.⁸⁵ The UK has long lagged in childcare, however, under the conservative assumption that this is a role for women to undertake – unpaid and unaided and often at great private emotional cost – in the family. Instead, the emphasis is on cash assistance, such as child benefit and working tax credit.

Effectively, this indirectly subsidises employers’ low wages, while unaffordable childcare is denied to parents and children who most need it. So this is much less efficient than the Nordic approach in tackling child poverty and gender inequality, according to research for the OECD.⁸⁶ In the Nordic welfare states, childcare is not only widely available at low cost but is of a high professional standard reassuring to parents. In the process, it employs many qualified women and helps to secure the social comfort a dual-earner household can enjoy. Gender segregation however remains, and this is not a vista of a ‘Nordic Nirvana’ for women.⁸⁷

6.5 Delegitimising ‘rent-seeking’ in the capitalist casino

The UK economy certainly needs to be ‘rebalanced’. But that is not between the public and private sectors, as Cameron has suggested: it is between the City and the ‘real’ economy.

In particular, ‘star’ salaries and conspicuous consumption have to be tackled for economic, social and cultural reasons if the ‘good society’ is to emerge.

Oddly, while it is often argued that poor people should have even less income as an ‘incentive to work’, it is often implied – particularly by remuneration committees of big finance companies – that rich people need not only huge salaries but giant bonuses on top, just to get them to come to work in the morning, rather than go elsewhere. This has not only caused massive, and entirely justified, public anger. It is highly undesirable for a raft of reasons.

First, Keynes recognised that those with assets will always want these to be as ‘liquid’ as possible and that this ‘liquidity trap’ would militate against investment in fixed capital. That is the logic behind the industrial and regional policies that used to be pursued in the UK – providing investment from the proceeds of general taxation – and which need to be restored if a broadly based and so successful economic recovery is to be possible.

Second, remuneration committees have allowed the bidding up of emoluments to ridiculous levels without regard to performance. The beneficiaries are thus able to extract what Keynes called ‘rents’, or unearned income, which should for reasons of economic efficiency – never mind morality – be counteracted by punitive taxation of excessive salaries, allied to a crackdown on corporate tax evasion.

Third, the vast inflation in City pay has skewed the labour (and, in London, housing) markets. It has sucked talent out of essential disciplines, from metal-bashing into money-making, on a vast scale. The ‘good society’ cannot find its role models in brash boys in braces bragging in City bars. It should value those who dedicate themselves to helping others, to the benefit of us all – like the many unsung heroes and heroines in caring roles – rather than those who merely help themselves.

6.6 Women and the incomplete revolution

If social class is crucial to positioning on the stretching social hierarchies of capitalist societies, gender is still a key dimension too. Salary gaps

remain, particularly in the private sector, and remain unaudited. Stubborn inequalities persist in the distribution of domestic labour and cuts to statutory services will, as ever, only enhance the differential burden on women as presumed voluntary carers. And the distinct voice of women remains largely absent from the boardroom, despite the significant role of male-dominated 'groupthink' in the recklessness that led to the financial crisis.

Indeed, the intersection of class and gender has left the gender revolution, as Esping-Andersen has also argued, incomplete: professional women have been much more able to avail themselves of the enhanced life chances it has brought than their working-class counterparts.⁸⁸ The big difference is the advantage in cognitive development enjoyed by children in professional homes. Hence the centrality of investing heavily in childcare that is both universal and of professional quality.

Time, too, is a critical issue at this intersection. 'New' Labour only valued paid work, and its support for childcare for lone parents came across as instrumental in this regard, rather than being motivated by concern for gender equality or child development. Rethinking the economy in terms of its social embedding must see a new focus on supporting, sharing or socialising unpaid care, which women are largely required to monopolise unless they can buy private help, and to which their own aspirations for autonomy are routinely subordinated.

Wilkinson and Pickett provide us with a means to address together inequalities around class and gender – and, indeed, ethnicity – which were often counterposed in an unhelpful way in the late twentieth-century era of 'identity politics'. In *The Spirit Level* they present a clear choice between societies organised as 'dominance hierarchies' and those organised on the principle of 'mutual interdependence'.⁸⁹

The former are characterised by steep social gradients, mistrust and rivalry, with those subordinated on one or other dimension of inequality tending to be grouped around the bottom of the pile – and all too often competing mainly with those in range, while those at the top get off scot-free. The latter are premised on the idea that the security of each of us depends on our relationships with others and our self-worth comes less

from status than from the contribution we make to the wellbeing of others.

6.7 Equality, diversity and 'multiculturalism'

This inclusion of the other within oneself provides a simple definition of the idea of 'cosmopolitanism'.⁹⁰ And one of the most frustratingly insular debates in the UK has been that about how best to cope with today's ever-growing cultural diversity – another product of globalisation.

That debate has oscillated between a demand that migrants and refugees assimilate to 'British' values and a 'multiculturalism' which has instead emphasised collective apartness or, as Amartya Sen puts it, 'plural monoculturalism'.⁹¹ Neither has recognised the implications of the individualistic concept of society, which defies such monolithic ways of thinking.

A century ago, the 'Austro-Marxists' Otto Bauer and Karl Renner, wrestling with the challenge of how to generate solidarity among workers of different nationalities in Vienna, arrived at their individualistic 'personality principle', which recognised the basic idea that individuals should be able to choose their ethnic or national affiliations.⁹² It was an idea way ahead of its time. Adolf Hitler determined instead that Jews would be collectively dehumanised and communally slaughtered. And so the post-war European investment in universal values was to reinstate the individual as democratic citizen, enjoying human rights and the rule of law as we have seen.

With the disturbing reappearance across Europe of parties of the radical populist right,⁹³ it is time to reinvest in those values against nationalistic particularism – not to indulge the populists, with such insidious slogans as Brown's 'British jobs for British workers'. And it is time to realise that the stereotyping 'multiculturalism' which the UK imported from its colonial administration⁹⁴ is a recipe for ghettoisation and mutual incomprehension.

The alternative is not the ill-defined British idea of 'community cohesion',⁹⁵ and still less the stigmatising 'Prevent' programme targeted at members of Muslim communities. It is the

wider and more sophisticated European notion of ‘intercultural dialogue’, which has been sponsored by the Council of Europe and fleshed out in its *White Paper on Intercultural Dialogue* of 2008.⁹⁶

With a firm foundation in universal norms, this argues that ‘broadmindedness’ can best be fostered by a regime that provides for equality of individual citizenship, reciprocal recognition of our common humanity and impartial treatment by public authority of contending identity claims – the conditions of existence of cosmopolitan life.⁹⁷ This would make the ‘good society’ better through enriching its cultural repertoire. Spain has led the way in this regard, with its national integration plan,⁹⁸ and Barcelona has produced a fine intercultural plan at city level.⁹⁹

6.8 The citizen as bearer of the good society

Everywhere in Europe, there is public hostility to a ‘political class’ viewed as remote at best and venal at worse. This smears committed political figures with the stain of the corrupt and belies the real centre of power in unaccountable transnational corporations – News International, for instance – to which mere national politicians feel they can only genuflect. But there is a rational kernel:

democracy needs to be democratised if citizens are to feel that they exercise popular control.

‘New’ Labour treated the citizen as a passive ‘consumer’, who was assumed to have only an instrumental attitude to politics. Yet once we understand that the ‘good society’ is a *civil* society, the citizen must be placed centre stage. For its leitmotif must be individual responsibility – rather than the irresponsibility of the capitalist firm, for which every impact on society is just an ‘externality’, or the denial of individuality of the illiberal state, for whom citizens must be kept under constant surveillance.

Compass has always echoed the Gandhian slogan ‘Be the change you wish to see in the world’. While the avoidance of catastrophic climate change or biodiversity loss requires binding and effective transnational agreement, this must be inspired by, and in turn must frame, a multitude of individual actions to conserve the fabric of the planet.

The Co-operative, for decades a rather fusty nineteenth-century relic in the UK, has reinvigorated itself for a twenty-first-century context, by giving a distinctive voice to its members, responding to their ethical demands and supporting their civic activities on the ground. Membership is soaring. The chief executive, Peter Marks, explained: ‘We’re already seeing a flight to trust.’¹⁰⁰

7 The ‘good society’ manifested

The ‘good society’ must be more than a good narrative, however well rounded: it must be something that political activists can translate into meaningful campaigning on the ground and which can guide a progressive administration in power. Here we show how it informs key policy arenas.

7.1 Addressing ‘aspiration’: from employees to citizens

One of the odd things about ‘New’ Labour is that it so unbent the springs of democratic action as to forget that, in the spirit of the collective intellectual, party members comprise a huge asset for a daily, continuing dialogue with the constituencies of actual and potential supporters. The periodic commissioning of focus groups from commercial pollsters represented an impoverished, yet expensive, alternative. And one of the most one-dimensional ideas to emerge from this was the notion of ‘aspiration’.

‘Aspiration’ was taken to be the defining value ‘New’ Labour had to address. Yet this was to simplify the varied and complex *aspirations* of individual citizens, were they to be enabled to act autonomously – ranging from bettering themselves, to looking out for their family, to helping out in the neighbourhood, to living in a better society or, even, saving the world – to the idea of the individual ‘getting on’, in isolation from others and, by implication, in competition with them. And this, in turn, was to reduce ‘aspiration’ to elevation up the social hierarchy – without the idea of hierarchy ever being placed in question.

Instead of fostering a more mutual and interdependent society, with the security that can offer, ‘New’ Labour only held out the prospect of doing better in the rat race. This was self-defeating, particularly for those at the bottom of the scale, if everyone was going faster and the best endowed were soaring further away. So life under ‘New’ Labour just seemed to become more

stressful and pressurised, particular for those defecting ‘core’ Labour supporters.

A focus on the ‘good society’ brings a better way. To ensure each individual is equally empowered to realise their diverse and evolving aims autonomously, it centres not on the acquisition of ‘club goods’ – those that are select and competitive and which are at the heart of ‘keeping up with the Joneses’. Instead, it stresses the production of public goods – a pleasant park where everyone can exercise and bump into friends, for instance, rather than a private, members-only gym with iPod-clad individuals staring ahead expressionless on bicycle machines. Ironically, only in the ‘good society’ are we really ‘all in this together’.

Fundamentally, this entails one key transition – from the status of mere employee to that of equal citizen. The ‘good society’ is the ‘classless society’ of which John Major naïvely spoke. And the key challenge is the decommodification of labour so that individuals, on their own and in combination, can realise their various aspirations as citizens of their own society and of the wider world.

John Lewis is thriving as a retailer, despite the deflationary macroeconomic context hammering its competitors, because its 75,000 staff are owning ‘partners’, not employees. That is not only more democratic and fair; it is also more productive, as each partner enjoys the positive incentive of an equal percentage share in the distributed surplus – not the demoralising frustration of watching huge bonuses being scooped by managers on the top floor. The company plans not to cut jobs but to add more than 4,000 in 2011.¹⁰¹

Similarly, in manufacturing, the Scottish paper mill Tullis Russell has dramatically increased productivity since a transfer to employee ownership was completed in 1994 – many other UK mills have meanwhile closed. The former Tullis Russell owner, David Erdal, who had looked at the success of the Mondragon co-operatives in the Basque country, is convinced employee ownership has allowed difficult decisions to be made which would otherwise have taken longer and been more fraught.

The United Steelworkers of America supports employee share-ownership programmes. And US research indicates these will usually increase productivity, as long as – counter-intuitively for orthodox economists – the supervision

of workers is reduced and they enjoy greater responsibility.¹⁰²

7.2 Rebuilding trust in welfare: springboards for every citizen

The traditional metaphor for the welfare state has been a ‘safety net’ for victims of market failures. For those who cannot afford private alternatives, this can often be a minimal and impersonal service. In a means-tested system like that in the UK, moreover, entitlement is often in question and individuals can be subjected to degrading and intrusive interviews.

The moral compass of equally enhancing the autonomy of every individual immediately redirects us to seeing ‘welfare’ not as a combination of below-subsistence benefits allied to coercion into the labour market for the poor, but as a state to be encouraged through individual springboards¹⁰³ available to all at different points in the life-cycle. While the most vulnerable will need these most, everyone can face the same risks and enjoys the same right of access – and should thus contribute on the basis of their ability to pay.

Such transparent and defensible rules make for a cohesive, trusting society: trust is high and has been rising in the Nordic countries with their universal welfare states. In the Anglo-American world, by contrast, increasingly exercised by tensions between stigmatised welfare beneficiaries and a tax-averse middle class, it is lower and has been falling.¹⁰⁴

‘Co-production’ between professionals and service users becomes a strong theme where responsible autonomy is the goal. And welfare providers must be flexible and responsive to provide an individualised service. The ethos and expertise of third-sector organisations may well best meet needs, particularly where these are complex. A more ‘associationalist’ welfare model can offer the pluralism the socially excluded depend on.¹⁰⁵

7.3 Redefining education: a public good for citizenship

One of the travesties of the current UK coalition government is to shift the notion of higher

education from a public to a club good. This will not only cut off the opportunity for many middling- and low-income students to go to the university best suited to their interests. It will also encourage a purely instrumental attitude to education on the part of students while diminishing the scope for academics to engage in independent research – the very opposite of the critical minds and innovation a knowledge economy requires.

Even though Great Britain has non-selective education, schooling in England in particular has been, in effect, a club good ever since the education ‘market’ was brought in by the previous Conservative government. ‘Good’ schools are now much sought after by pushy parents anxious to do the best for their children in a climate where such rivalry is unavoidable. The result is, of course, a system that focuses far too much on rote-learning, testing and specialisation, at the expense of children themselves being able to flourish in a self-determining way – and of a long tail of under-achievement, worst in schools deemed to have ‘failed’.

A further exacerbating factor in this chaotic system is the increasing prevalence of ‘faith’ schools, each determined to inculcate their particular dogma rather than allow children to make up their own minds, with the associated ethnic and stealthy social segregation. No wonder the overall performance, by the international Programme for International Student Assessment standard, is mediocre: the UK came in 25th in the 2009 league table.

It is often claimed that education should prepare young people for employment. And the snobbery that sustains UK education – from the ‘academy’ schools to the A-level ‘gold standard’ – seriously crowds out the technical education which is at the heart of the German economic powerhouse. But this is still too narrow: education should aim to create a world of autonomous citizens, not docile employees – and ensure firms can compete globally in the knowledge economy, where creativity, teamwork and problem-solving are at a premium.

In this context, citizenship education should not be just a thin strand of schooling – it should be the driving ethos, including in the way it combines formal and non-formal education. This requires individual teachers to have the licence to

teach autonomously, and schools to collaborate in networks to share good practice, rather than acting as isolated units in competition with their neighbours.

As in top-of-the-class Finland, formal schooling should not be imposed on young people until age seven. Until then, universal provision should focus on learning through play and developing curiosity among all children – not just those from professional homes. Reggio Emilia in Italy has had decades of experience in this pedagogy, which focuses on child development and autonomy, through projects which teachers as ‘co-learners’ elaborate in line with the child’s interests.

7.4 Health and ‘choice’: how citizens can ‘co-produce’ well-being

‘New’ Labour’s critique of the health ‘reforms’ being ideologically pursued by Lansley would be more effective were it not for the fact that the minister can claim to be continuing the marketising logic of his predecessors. Essentially, this has been driven by a simple confusion – between the healthcare system and health as a state of well-being. The former is only a means to the latter end – and not a very efficient one at that, since it is well established that ‘upstream’ interventions of a preventative character are much cheaper and effective than ‘downstream’ activities by the health service.

The ‘good society’ should instead focus, not on the capacity of health ‘consumers’ to ‘choose’ their hospital, but on the ability of autonomous citizens equally to enjoy a state of well-being. That entails a refocus on the overall health of the public and on the idea of health as a public good.

It is often superficially suggested that poor health is a matter of individual ‘lifestyle’. But we know that public health is the product of ‘social determinants’ – above all, that social gradient of inequality again. Michael Marmot has shown that as one goes down the hierarchy that is the Whitehall civil service fine differences in grade are associated with significant increases in mortality and morbidity rates.¹⁰⁶

Norway provides an excellent example of a public-health strategy, developed under the ‘red-red-green’ government. It recognises the need

for an ‘intersectoral’ approach: few of the social determinants of health have anything to do with health directly. And it sets as its aim to ease the social gradient – to ‘reduce social inequalities in health by levelling up’.¹⁰⁷

7.5 Preventing crime: from marginalised individuals to resilient citizens

The sheer human – and economic – waste of a focus on the ‘downstream’ is even more evident when it comes to crime. ‘New’ Labour was theoretically as committed to being ‘tough’ on its causes as on crime itself but this rhetoric remained just that. It costs £45,000 on average to keep a prisoner in jail for a year and the prison population has soared to 85,000. Far from it being true, as the former home secretary Michael Howard claimed, that ‘prison works’, half of all prisoners reoffend within a year of release.¹⁰⁸

So what does cause crime? Criminal behaviour is once again concentrated among those at the bottom of the social hierarchy – though many crimes of the rich and powerful, such as tax evasion, are often not considered criminal at all – with violent crime in particular associated with a heightened sensitivity about stigmatisation, shame and ‘respect’.¹⁰⁹ But only a minority of the disadvantaged engage in crime. Individually, qualitative research has shown, offenders tend to be characterised by a life history of weak social relationships, with family, school and so on.¹¹⁰

Office for National Statistics (ONS) figures show that 90 per cent of inmates are ‘society’s misfits’, with mental disorders and/or addicted to drugs (including alcohol).¹¹¹ The reason, thus, that prison *doesn’t* work is that it severs any residual social relationships the offender may have sustained and warehouses individual prisoners rather than addressing their problems.

Prevention is evidently better than cure, but would a supposedly ‘authoritarian’ British public wear it? Attitudes to crime are the most risky to read off from choleric red-top newspapers. When respondents to an ONS survey were asked if they favoured money being spent in their area on ‘tough action against perpetrators’ of anti-social behaviour or ‘preventative action to deal with the causes’, only 20 per cent favoured the former, while two-thirds preferred the latter.¹¹²

Universal, professional childcare is the best antidote to crime – and the significant cost of the former should be weighed against the exorbitant costs of the latter. But if young people still go astray, diversionary youth projects have been found to be effective, if they focus on improvements in cognitive and social skills, reductions in impulsiveness and risk-taking behaviour, raised self-esteem and self-confidence, and improvements in educational and employment prospects.¹¹³ If that fails, the restorative youth conferencing run by the police in Northern Ireland diverts youngsters from the criminal justice system, from which they may perversely embark on a ‘criminal career’. It also provides more satisfaction for victims than the adversarial court system – belying, in the process, another stereotype, that of the ‘vengeful’ victim.¹¹⁴

7.6 Devolution, ‘Britain’ and Europe: multi-level citizenship

‘Westminster village’ politics is still stuck in a narrow conception of the state and an even narrower conception of participation in it. The expenses scandal revealed the vast gap between this media bubble and the rest of the UK. Belatedly, the BBC has come to recognise in its ‘national’ – actually, ‘multi-national’ – coverage that devolution is a reality. But Parliament and Whitehall still operate with daily amnesia as to whether they are governing England or the UK – which the lazy references to ‘Britain’ in mainstream political discourse elide. Devolution, in a typically patrician-English muddling through, has still left the UK without a written constitution. And its *ad hoc* character has meant intergovernmental relations – critical in other distributed systems of government – have never been properly formalised.¹¹⁵

Nor is devolution a panacea for all ills: Wales and Northern Ireland and parts of Scotland are still, like the north of England, the disadvantaged regions or nations they always were in a lop-sided economy dominated by the City. The nationalist parties, seeking to sever their own politics from others, have failed to confront these macroeconomic realities in a credible way, or to recognise that it is the structure of the tax and welfare system which above all governs the incidence of inequality within and between their jurisdictions.

What is now needed is a genuine and open conversation right across the UK about a new constitution, written down, which would be driven by the values of the maximisation of democratic autonomy (including, for Northern Ireland, full autonomy to co-operate in all arenas with the Republic of Ireland) and the maximisation of policy exchange, while safeguarding equality of citizenship. It should include a new public-finance formula, replacing the back-of-an-envelope Barnett formula by arrangements based on social need. The constitution’s guiding democratic principle should be that the citizen – not the ‘crown in Parliament’ – is sovereign.

This conversation should reopen the stalled debate on regional assemblies: England now remains almost alone in Europe in having no such democratic regional structures. These are recognised as key to developing ‘agglomeration economies’, greater than the sum of their individual enterprise parts, as in model regions like Baden-Württemberg.¹¹⁶ Only in that light can the Lords reform conundrum – how do you have an elected second chamber that does not second-guess the Commons? – ever be solved. Rather than being an undemocratic sinecure for ruling party supporters and funders, it would be an indirectly elected voice for the UK nations and regions, similar to the German *Bundesrat*.

Of at least equal concern is the brittle relationship between the UK state and the wider Europe. And the two are interconnected: failure to understand the European norm of devolution led to the oxymoron of the ‘federal super-state’, which left ‘New’ Labour neuralgic about further European integration. Federalism is what ensures states like Germany are – unlike the pre-devolution UK – *decentralised*, and any future development of Europe’s political architecture will always embrace the ‘multi-level governance’ of regions, member states and Brussels-based institutions.

While there is much complaint about a perceived ‘democratic deficit’ in the EU, in the UK (and in this it is not alone) the problem is principally on the ‘output’ side – about how adequately decisions by the EU are discussed and implemented in the member state, rather than how adequately democratic are the inputs via the European Parliament, the Council of Ministers and so on. There is a cultural clash between the regulatory goals of much EU legislation and the

quasi-religious faith in 'free' – unregulated – markets in the UK.¹¹⁷

Meanwhile, the folly of the supposed 'special relationship' with the USA continues to distract the UK from developing a closer European affinity – with the associated egregious waste of excessive spending on military hardware, most notably on the 'independent' nuclear 'deterrent'. This makes no sense in today's post Cold War world, where 'new' wars are mostly intra-state rather than inter-state and where *human* security, rather than the military conception of securing the state against its 'enemies', is the pressing need.¹¹⁸

At home, 'Europe' is constantly represented as an external threat, for example in the recent ruling of the European Court of Human Rights on the right of prisoners to vote. 'Those who break the law should not make the law' it was widely intoned. Yet this is fundamentally to misunderstand the nature of human rights as one of the triptych of universal norms Europe best embodies in today's world. Human rights are precisely that because *every* human is entitled to them, as a result of the very humanity we all share, rather than the state in which we reside. And they complement, rather than contradict, the rule of law.

Making 'Europe' part of day-to-day life in the UK is also critical. For example, acquiring the facility with other European languages that vast numbers of other Europeans have with English is essential if UK citizens are in reality to be citizens of the European Union, which formally they are, rather than being stuck in an old nationalistic story of 'Britain' and its peculiar greatness and unable effectively to avail themselves of the right of free movement in the EU.

7.7 Managing diversity and 'immigration': making citizens our fellows

Labour, like other social-democratic and liberal parties across Europe, has found itself on the back foot on immigration. Here the right in its many guises over decades has fused a variety of authoritarian, conservative and sometimes racist ideas of the threatening ethnic 'other' to more widely felt insecurities of a socio-economic character: 'they're taking our jobs; they're taking our houses'. As working-class living standards

have stagnated and the financial crisis has come to the fore, the consequence has been twofold: an explosion in electoral support for openly racist and populist parties of the far right, from Hungary to Denmark, from Austria to Holland; and a tacking to this agenda by the mainstream right, as in Germany and Italy. Race and migration are the most volatile issues Europe faces in the early twenty-first century.

Yet the reality of the past 50 years is that migration has fundamentally changed the face of Europe – and there is no going back. Third-generation Turks in Berlin, north Africans in Paris and Lyon, Latin Americans in Madrid and Barcelona, and blacks and Asians in London and Birmingham are here to stay. And their contribution to the daily working life of our continent is immense. Just spend some time in an NHS hospital to see the reality of an integrated, multicultural workforce. The future of Europe is multi-ethnic. The political issue is how to manage these processes of change.

Here there are three distinct dimensions. First, for those seeking work from outside the EU, a common policy of non-discriminatory regulation is needed. Second, for asylum-seekers, states are obliged to accept as refugees those whose fear of oppression in their country of origin is 'well-founded', as the 1951 Geneva Convention puts it. Third, there is the issue of the movement of people within the EU itself, which has raised the political temperature within the UK over the last few years.

In the years after 2004, when eight countries from central and eastern Europe joined the EU, it is estimated that a million east Europeans came to the UK to work. The Labour government was complacent about the likely number of newcomers. Along with its Conservative opponent and the Murdoch press, it was relaxed when large numbers of migrants arrived – since as Mervyn King, the governor of the Bank of England, acknowledged, they kept wage levels down. In other words, they were acting as a classic 'reserve army of labour', as Marx described it. It was not surprising that those who normally took low-income, unskilled, manual jobs were less relaxed about the sudden impact of this labour-market competition. It is on this ground that the far right has found fertile territory.

This is not an issue that can be resolved within one country. The nationalist right wants to pull

up the drawbridge, as with the protectionism of Marine Le Pen's Front National. But for progressives what is required is concerted action at the European level. They have long argued that a European single market needs to be matched by a strong social Europe, to prevent undercutting of wages and working conditions. First, there needs to be an agreed maximum working week across Europe, and, second, there needs to be an agreed minimum wage, set at say 50 per cent of the average wage within each country. The effect of these two measures, especially if combined with stronger regulation, would be to undermine the temptation for employers to recruit labour from the cheaper parts of Europe.

Thinking through what the 'good society' means in this context would allow Labour to go on to the front foot, in offering a vision of a society that is both richly diverse and provides security to all, regardless of colour or creed. That includes a recognition that encouraging unionisation, particularly of those at the bottom of the labour market – as Unite has done very successfully with cleaners in the City – and facilitating citizenship access for (non-EU) migrant workers will prevent employers treating them as a disposable pool for super-exploitation and favour integrated workforces.

7.8 Ecological rescue: contributing to global citizenship

Social democracy's internationalist commitment suffered a near-mortal blow in the twentieth century, when the Second International collapsed into competing national chauvinisms with the outbreak of the First World War. Now a reinvigoration of that internationalism is absolutely essential, as a runaway capitalism threatens to destroy irrevocably the fabric of life on earth.

It is easy to become defeatist about the threat of catastrophic climate change, not to mention diminishing biodiversity and the threat of exhaustion of a range of natural resources. Yet all is not lost – for a reason Marx would have understood. In *Capital*, Marx brilliantly dissected the UK factory acts, which were introduced to stop capitalists employing child labour and subjecting adults to punishing working weeks. For individual firms, workers' health and wellbeing was

a mere 'externality' – yet, from the standpoint of capital as a whole, this super-exploitation was destroying the very workforce on which it depended for the creation of value and so profit. This was an insoluble conundrum, were it not for the labour movement which the industrial revolution itself had brought into being: in true dialectical fashion, its campaigning against Dickensian working conditions brought about the necessary constraints on capital to ensure its long-term survival.

Now, on the global scale on which capital operates today, its rapaciousness is once again threatening to destroy its conditions of existence – this time the world ecosystem. Enter however the environmental movement of recent decades, alongside a swathe of scientific opinion. While there are no guarantees of success, they have the potential to provide a countervailing force, comparable to the labour movement in the UK of the nineteenth century, which could yet save capital – and so the planet – from itself. These 'new' movements, offspring of the 1968 'moment', have a cosmopolitan and autonomous flavour, which chimes with the individualistic concept of society. They have made the idea of 'global civil society' – and of the individual global citizen – a reality rather than a utopian phrase.¹¹⁹

Of course we still have a long way to go – and very little time – as the debacle of the 2009 Copenhagen climate-change conference showed. The world is still organised principally on the basis of the 'realist' principle of 'nation states' pursuing their perceived 'interests' one against the other, rather than on the cosmopolitan principle of the global public good. And no states more so than the USA, its government even under the liberal Barack Obama captured by corporate America, and China, its pursuit of state capitalism still cloaked in the language of the authoritarian left. Yet, even there, Obama's energy secretary, Steven Chu, has described renewable energy as the 'new industrial revolution',¹²⁰ while the latest Chinese five-year plan identifies environmental protection and energy conservation as investment priorities.¹²¹

The 'good society' will of course invest heavily in green technologies, both products – goods and services – and those offering 'eco-efficiencies' to firms. The 'Green New Deal' developed by the New Economics Foundation in a UK context¹²²

resonated with the times we live in and has been taken up globally by the UN Environmental Programme. It responded to the triple challenge offered by climate change, the credit crunch and rising oil prices. It set out a vision of a new economic order, making the transition to a low-carbon economy under a new financial architecture – recognising the truth of Keynes’ claim that finance must be the ‘intelligent servant’ of productive industry, not its ‘stupid master’.

A ‘Robin Hood tax’ on international financial transactions – of which the vast majority are speculative in nature and therefore should be damped down – could provide hundreds of billions per year for investments to address climate change

and assist the global south to make the necessary developmental adjustments. With all the optimistic talk of a new Marshall Plan for north Africa, one of the most obvious candidates for investment should be the Desertec proposals for a network of massive solar power plants across its sands.¹²³ It would be the very embodiment of the mutual interdependence underpinning the ‘good society’ on a global scale. Yet the market fundamentalism of the coalition government, which means finance continuing to pour into more liquid instruments, is leaving the UK far behind in green investment: in 2010 just £2 billion of capital was committed to alternative energy and clean technology; Germany spent £26 billion.¹²⁴

8. Conclusion: being the change

Finally, we discuss how collective political action can turn the ‘good society’ from an engaging vision into a lived reality.

8.1 From the hierarchical to the networked party

Labour is still a Fordist organisation in a post-Fordist world. Blair and Brown believed in the same egocentric, male ‘strong leadership’ of Dick Fuld, the feared boss who brought down 185-year-old Lehman Brothers, triggering the second Wall Street crisis. Yet today’s ‘network’ enterprises are replacing the ‘vertical bureaucracies’ of the Fordist age,¹²⁵ to cope with the need to absorb diverse, complex and volatile information flows and utilising the unprecedented capacity of modern IT to do so. The great irony was that Blair – who was notoriously computer-illiterate when he entered Downing Street – saw his *uno duce, una voce* (‘one leader, one voice’) reconstruction of the Labour Party as ‘modernisation’.

What above all characterises modern organisations is porous boundaries, externally and internally. Labour needs to relearn to be an open party, with a visible presence in neighbourhoods and workplaces, constantly open to challenge in every social milieu. This is not a matter of MPs having more ‘surgeries’: this politics of patronage gets in the way of impartial advice agencies and what a properly empowered local government should do, and treats citizens as supplicants. It does mean that local Labour Party members should be intimately connected with all the networks in their constituency, including NGOs, local trade-union structures, school governing bodies, the media and so on.

One person, one vote was a basic democratic reform in the party towards a more individualistic structure. But ‘New’ Labour often behaved as if the only person with a meaningful vote was the prime minister. Labour needs to become a party defined by the ‘wisdom of crowds’. The govern-

ance focus should shift from the monopoly of the staged and TV-oriented annual conference to a year-round process of continuing research, discussion, practice and evaluation, involving working groups of members at all levels and using the party website for moderated debates in which members and supporters can take part.

The party also needs desperately to become better connected to international networks. The dismissal by Blair and Brown of the ‘European social model’ was deliberate. In particular, their call for labour market ‘flexibility’ showed a failure to understand how this has to be married with security if workers are to feel able to risk and manage job changes, resulting from the impact of globalisation, rather than seeking to defend threatened jobs at all costs.¹²⁶ The ‘good society’ debate, fostered across Europe by the Friedrich Ebert Stiftung, is exactly the kind of international conversation across the entire progressive spectrum in which Labour needs fully to engage.

8.2 Beyond the Labourist monopoly: rethinking coalition politics

When socialism has lost sight of its emancipatory origins it has acquired a dull and monolithic character. In the nineteenth century in the UK, it could take the various forms of the co-operative experiments of Robert Owen in Scotland, the aestheticism of William Morris or the radical sexual politics of Edward Carpenter – each in their own ways about pioneering new ways of living. Socialist Sunday schools were another late nineteenth-century innovation and a genuinely liberal socialism for the twenty-first century should (metaphorically) be a broad church with a similar connection between the theoretical and practical, and an openness to progressive ideas and projects from wherever they may come.

That not only means broadening the focus of Labour from behaving purely as an electoral machine – which, paradoxically, eventually means not even being good at that – to being a fluid organisation that fosters a ferment of new thinking. It also means recognising that the party does not have anything like a monopoly on progressive thought.

Across Europe, the rise of green and further-left parties, as well as the capture of many liberal

parties (as in the UK) by economically as well as socially 'liberal' positions, betrays the failure of rigid social-democratic machines with a narrow political 'line' – supposedly tailored for electoral purposes – to articulate adequately the liberal socialism which can act as a supportive umbrella across these diverse progressive constituencies.

But then monopolies are no better in politics than in the economy. While social-democratic parties clearly should seek to broaden their support to the maximum, there will always be idealist activists who will prefer a purer political niche, which may be the forcing house of innovation, like nimble small or medium enterprises. That is why the success of the 'red-red-green' coalition in Norway, held together by mutual political commitment, is so interesting.

To move in that direction requires genuine electoral reform. After the debacle of the referendum on the alternative vote, it is not hard to see the best solution: it is staring everyone in the face in Scotland and Wales. Mixed systems predominate across the world¹²⁷ and the German-style additional-member system in the two devolved jurisdictions provides the best possible political shell for individualistic society for three reasons.

First, it is genuinely proportional and would allow the Greens as well as the Lib Dems to punch their weight. Second, it liberates representatives elected from the top-up lists to focus entirely on regional, national and international policy issues, rather than constituency business. Last, but by no means least, it provides a key mechanism – allied to women-only shortlists and internal party quotas – for addressing the appalling parliamentary representation of women in England (and Northern Ireland), as has been markedly evident in Scotland and Wales since devolution.

There is every chance that, as elsewhere, a genuinely proportional system in the UK would see a liberal-left coalition elected much more frequently than Labour could manage in the Conservative twentieth century. It is the most short-sighted tribalism – associated with outdated belief in 'strong government' – for some Labour figures to hold out against this long-run pluralising trend. How much Liberal Democrat parliamentary representation will survive the next election is a moot point. But Labour should, for principled as well as pragmatic reasons, look

to make alliances with genuine social liberals in the party.

8.3 NGOs, users and citizen-centred governance

When next returned to office, alone or in coalition, Labour also needs to rethink its approach to government. The modern concept of 'governance' reflects an appreciation that the process of democratic social steering now goes way beyond central government, to include (as well as transnational institutions) regional and local government and myriad non-governmental associations. Indeed, it involves individual citizens too – in everything from managing an employment portfolio to recycling rubbish.

The Fabian tradition saw public services as delivered by impartial professionals employed by the state. Top-down statism is incompatible with today's individualistic society, where individuals demand to be treated as citizens rather than deferring as subjects to established authority. But privatisation only benefits a privileged few and by enhancing inequality undermines the performance of society – how 'good' it is – as a whole.

The alternative is socialisation, or what has been called 'citizen-centred' *governance*.¹²⁸ Here, a public programme is neither delivered through a one-size-fits-all bureaucracy nor left to the mercy of the market but is pursued through bespoke combinations of public and voluntary organisations, with the user at the heart and driving innovation. There is an inevitable focus on decentralisation of authority, experiment and sharing of good practice, user engagement and co-production. This offers the flexibility and responsiveness individual citizens now rightly demand, while still guaranteeing the security of reliability and equality of treatment.

8.4 'Community organisers?': activism and the renewal of progressive politics

There has been a recognition within the Labour Party that there is a need to support individual activism within society at large and that this should not be confined to activities by Labour members on the party's behalf. But it is all

too characteristic that, having diagnosed the problem, a solution has been spotted on the other side of the Atlantic rather than nearer to hand in continental Europe.

‘Community organisers’, like Obama once was, make sense in parts of hollowed-out US cities, where utterly marginalised African Americans can rely on nothing other than their own – inevitably very limited – capacity for collective bootstrapping. That’s why the Tories were so happy to borrow the idea in turn from David Miliband: it assumes that the poor are fundamentally the authors of their own downfall, and that a little community work – rather than a political transformation towards equality – is the best way to help them.

Looking at the European picture, rather, Sweden’s third sector stands out for its activism and volunteering. Influenced by the country’s social-democratic history, which has constrained capital through a strong state and strong civil society, this has been described as the ‘popular mass movement model’.¹²⁹

The ‘movements’ embrace the traditional labour movement, which played a formative role in the emergence of Sweden’s post-war welfare system, and the new social movements of the 1960s – the women’s, environmental and peace movements – as well as consumer co-operatives, sporting and educational bodies. In Sweden, citizens are on average members of around three associations.¹³⁰

Moreover, Swedish associations operate on the premise of the ‘active’ member – rather than one, say, sending off a payment to Greenpeace as a conscience-salver. Volunteering then becomes a dimension – even a duty – of membership rather than merely unpaid employment. Around half the population between 16 and 74 years volunteers and, of those, seven out of ten are also members of the organisation concerned.¹³¹

The popular-movement organisations in Sweden have often been described as ‘schools for democracy’. Key supportive features are open and active memberships, transparency in the operation of the huge associations, a high degree of formal internal democracy and fairness, and generous access to public policy-making as well as funding.¹³²

The ‘good society’ is thus so much better than the *status quo* in two senses to be worth the struggle and sacrifice to achieve it. It is not

only markedly more egalitarian but also radically more democratic.

8.5 Making the change

The approach to politics outlined here is avowedly pluralist. Those Labour politicians who believe otherwise have not been looking at electoral trends across Europe – perhaps the party’s disastrous decline in Scotland will focus their minds. The truth is that the European left and progressive spectrum is broad – and broadening. It always has a social-democratic core. But there are now powerful green movements, almost all anchored on the left, in much of western Europe. Regional and small-national parties, in Scotland, Wales and elsewhere, also take up broadly social-democratic stances. Within liberal parties there is often a tension between free marketeers and social liberals but any pluralist left needs to find ways to work with the latter. And there are more traditional left forces with a smaller but significant following, notably in eastern Germany, France, Portugal, Sweden, Norway and Greece.

Indeed, looking beyond Europe on to the global canvas, the ambition should not stop there. As Copenhagen demonstrated in 2009, a weak and disunited Europe can be brushed aside by powerful nationalistic forces in the USA and China, to the disbenefit of the global south and progress for the world as a whole. The veteran Italian left-wing leader (and former colleague of Gramsci) Palmiro Togliatti conceived in the post-war period of the need for a ‘polycentric’ world to emerge.¹³³ European progressives must see themselves as part of a wider global alliance – including for example Brazil and the wider Latin American liberal left – if they are to demonstrate that another world is genuinely possible.

The task for any future left perspective must be to draw these elements together and find ways to combine them in alliance with the range of broad popular movements and associations outlined in this paper. That’s the way to develop a reinvigorated politics of progressive change.

Social democracy failed to catch the last wave of radicalism that washed over the globe from Europe and America in the 1960s and 1970s, because – as in the Wilson and Callaghan years in the UK – it had become too managerialist, too

electoralist, too devoid of idealism. Now that the decades of neo-liberal counter-revolution have come to a crashing close, a new wave is emerging – first among the dispossessed of north Africa and the middle east, armed not with an AK-47 but a mobile phone. Social democracy must

remember the democracy in its name if it is to ensure this wave does not wash over it too – and that others, including those dark populist forces on the right with which it has historically had to contend, do not catch it instead. If it can, a ‘good society’ is within its grasp.

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