we mean power ideas for the future of the left

Edited by James Purnell
and Graeme Cooke

Open Left

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We mean power

Ideas for the future of the centre-Left

James Purnell and Graeme Cooke

We launched the Open Left project in July 2009 by posing a simple yet fundamental question: *what does it mean to be on the Left today?* This collection aims to offer a set of arguments and ideas to help provide an answer.

Whatever happens at the election, the centre-Left needs a serious debate about what it stands for and the sort of society it seeks. And it must be a debate that is rooted in ideas. Fifteen years after the revision of Clause IV and over a decade since Labour came to office, this discussion is both necessary and overdue. The twin crises of the credit crunch and MPs' expenses only make it more urgent. By addressing tough questions and presenting a range of viewpoints, we have tried to demonstrate that openness and pluralism can be combined with a belief that (in historical terms) there is much that unites significant sections of the British centre-Left as we move into the second decade of the new century.

Following a large number of lively and high quality contributions on our website about the essence of centre-Left politics last summer, we decided to crystallise the debate through a set of fundamental tensions, or trade-offs, facing the centre-Left today. The goal was to focus in a precise way on the central issues of principle that reasonable people could reasonably disagree on. These were related to ideology; equality; political economy; community and identity; and power and democracy. We then posed a set of questions probing which direction the centre-Left should take and asked leading political thinkers to offer their responses. We followed this up with a set of debates at a one-day seminar in November 2010.

The product of this process is the collection of essays presented here, which testifies to the vitality of thinking across

the modern centre-Left. It shows that its traditions and values are rich and relevant to today's problems. Our introduction does not attempt to summarise the complexity or diversity of the ideas expressed throughout the collection, but it does seek to bring together the themes as part of arguing for a simple goal: powerful people in a reciprocal society. After defending the importance of ideology in politics, we try to show how this goal embodies the best of Labour's traditions and can provide a fertile ground for policy, both for the manifesto and beyond. We hope all the papers in the collection help to inform the ideological and political renewal of the centre-Left in this country in the months and years ahead.

Introduction

James Purnell and Graeme Cooke

Why ideology matters

Whatever happens at the next election, the Labour Party will need to renew itself, to make sure the previous generation's revisionism doesn't become the next one's orthodoxy.

The Party has always had a strong revisionist tradition, exemplified by Gaitskell and Crosland in the 1950s and Blair and Brown in the 1990s.

However, Labour's revisionism has been more successful at dropping outdated ideas and policies than at developing new ones. Gaitskell intended to move the Party on from an excessive focus on public ownership, as did Crosland, who wanted to replace it with a crusade for equality. In the 1990s, John Prescott's formulation that Labour needed to show 'traditional values in a modern setting' was an effective way of explaining the need for change to Party members.

In truth, our revisionism has been less effective at developing a new intellectual framework. Tony Blair's favoured formulation that the goal should be modernisation was useful for challenging established dogma, but less helpful for giving direction. He oscillated between describing New Labour as modernised social democracy, rooting himself in the centre-Left, and talking about the Third Way, when he seemed to want to move beyond Left and Right.

Of course, a perfectly respectable argument can be made that ideologies are dangerous in politics. The biggest crimes in the twentieth century were carried out in the name of ideologies, of Left and Right.

But an ideology does not have to be extreme to carry the name. Indeed, the ideologically driven crimes of the Left during the twentieth century were distortions of more moderate ideas. The way to avoid the same mistake in the future is not to stop

thinking, but to think better. Clarity is the antidote to distortion and extremism.

There is another, more tactical, argument against having an ideology: that travelling light is an advantage in politics. It allows you to bend with public opinion and to accommodate your mission to what is electorally possible. Indeed, this may be both David Cameron's current strength and his future weakness. The stark contradictions between the small state obsession of his Conference speech last year and the civic conservatism of his Hugo Young lecture a few weeks later do not point towards a clear governing philosophy.

In this respect, he shares with New Labour circa 1996 an ideological flexibility that may be an advantage in opposition but brought us three major disadvantages in government:

- First, it doesn't help prioritise. Modernisation was too shallow an ideology to give Labour a clear sense of priorities. In difficult arguments during spending rounds, we didn't have enough of a road map to decide which of many valuable goals should come first.
- Second, it can create blind spots. If we had been clearer about our commitment to empowerment, for example, we wouldn't have put democratic reform on the back burner after the first term. We extended choice in public services – we should have continued doing so in our democracy too.
- Third, it makes it hard to communicate political purpose and create an enduring coalition of support and partners for change. Thirteen years on, what Labour stands for is less clear now than it was in 1997. That means voters find it hard to understand what the government is trying to do, especially when buffeted by day-to-day problems. We haven't given people an ideological washing line on which to hang our policies.

So, ideology matters. It gives you an intellectual road map. It is vital to working out what you want to do with power, where to prioritise in government and how to win support before, during and after you have done it.

Today, Labour needs revisionism again, but this time it needs to be ideological.

Labour traditions

The danger of revisionism is that it can be mistaken for 'abandonism'. Its opponents seek to portray it as a betrayal of previous ideas. Its supporters, in an attempt to be seen as new, can fuel exactly that perception by talking as if it represents an entirely clean break from the past.

But true revisionism is the opposite of abandoning our principles. It is an attempt to return to them. An ideology is a combination of three things: values, an idea of society and the methods by which to implement them. Labour has spent much more of its history arguing about the third, about means: which industries to nationalise, whether to abandon unilateralism, what the trade union block vote should be. The revisionists have always tried to push the debate back to the first two – to values and to society, with the means following from a clear understanding of both.

We need to do this again. We need a revisionism of New Labour. But we should not fall into the trap of being portrayed as wanting to adopt another tradition's ideas or needing to change our identity. Because the tradition that we need is ours, the Labour tradition: it is a radical tradition, full of life, it grew out of the struggles of ordinary people in the face of the dislocation of the industrial revolution, it embodies their values, and has perhaps even more to teach us today, when we face the constant industrial and social change that comes with globalisation.

The relevance of those ideas to today's problems can be illustrated by picking just one thinker – RH Tawney, and in particular his essay 'We Mean Freedom'. Writing in 1944, he was attempting to convince the British public that the political medicine Labour would prescribe after the war would not mean the end of traditional British freedoms. In a move to be repeated by Roy Hattersley half a century later, he claimed freedom for the Left.

Tawney's essay is the classic statement of Labour's goals. He recognised that the banner of freedom is also claimed by the establishment – 'the House of Lords, the Conservative Party, the Press, the Stock Exchange' – and says that Labour therefore must explain that we mean something altogether different and more ambitious when we talk about freedom:

There is no such thing as freedom in the abstract, divorced from the realities of time and place. Whatever else it may or may not imply, it involves a power of choice between alternatives – a choice which is real, not merely nominal … Because a man is most a man when he thinks, wills and acts, freedom deserves the sublime things which poets have said about it; but, as part of the prose of every day life, it is quite practical and realistic. Every individual possesses certain requirements – ranging from material necessities of existence to the need to express himself in speech and writing, to share in the conduct of affairs of common interest, and to worship God in his own way or refrain from worshipping Him.[1]

Nominal freedom is not real. Freedom only becomes real when it is the power to choose between alternatives. If I am free to dine at the Ritz but can't afford to, then the alternative of dining at the Ritz isn't open to me – I am not free to do it in any real sense.

Tawney then went on to explain what is distinctively Labour about this idea. Theoretical freedom is just a way of protecting the privileges of those who already have. A free market for a monopolist is not free for the customer – she has no choice but to accept the excess price charged by the only provider. Nor is a society free if the rules are rigged against the majority and in the interests of an elite. A society is free only if those freedoms that are thought necessary to agency are available to all, not merely to a minority:

A society in which some groups can do much of what they please, while others can do little of what they ought, may have virtues of its own: but freedom is not one of them. It is free in so far, and only in so far, as all the elements composing it are able in fact, not merely in theory, to make the

most of their powers, to grow to their full stature, to do what they conceive to be their duty and – since liberty should not be too austere – to have their fling when they feel like it.[2]

All the threads of the Labour cloth are woven into these paragraphs. They grow from a simple idea of agency – that 'man is most a man when he thinks, wills and acts' – and the importance of people 'growing to their full stature'. Our agency depends on freedom from oppression, the freedom to choose and the responsibility on which that freedom depends. It contains a measure of fun, it is not austere. But it also requires us to value other people's freedom, and to be prepared to sacrifice a piece of our own to enable and sustain theirs.

The goal is real freedom, the power to do, but we can only reach our potential if we help each other. The Labour tradition understands that a good life is lived relationally, and that associating with others is not just the foundation for real freedom but is a good in itself. Reciprocity isn't just morally right – it is a necessary condition for us being the best we can be.

The ethical socialism that Tawney represented grew in particular out of a dialogue with the New Liberals in the period between the wars when Labour was overtaking the Liberal Party, and the groundwork was being laid for the ideas that forged the 1945 settlement. Tawney and Beveridge both lived at Toynbee Hall and both helped create the post war welfare state, with Tawney inspiring Labour's education policy as much as Beveridge did its social policy.

Richard Reeves and Ben Jackson mine these two traditions in their essays in this collection on the lessons for the Left today from social democratic and radical liberal thought: of Tawney and GDH Cole on the one hand, and Hobhouse and Mill on the other. New Labour's roots are in this debate, and its attractive early pluralism within and beyond the Party. As Patrick Diamond argues in his perceptive introduction to his book *New Labour's Old Roots*, New Labour isn't new. It is the inheritor of Tawney and Hobhouse, and the latter's battle cry that 'liberty without equality is a name of noble sound and squalid result'.[3]

Both these traditions focused on the goal of putting people in charge of their lives and the world around them, rejecting state paternalism and collective conformity. However, they also recognised that this requires a reciprocal society where people forge a common life together; a state that challenges injustices; and an economy that guards against concentrations of power. They did not promote the right of people to do what they like no matter the consequences for others, but emphasised the freedom that grows from our mutual dependence.

Importantly, the New Liberals and ethical socialists shared a healthy scepticism of both the arbitrary market and the centralised state – and the way both can crowd out individual freedom and collective associations. The interchanges that took place between these thinkers and their ideas in the early decades of the twentieth century also provide a good model for the kind of pluralist, open, constructive debates the centre-Left would benefit from in the years ahead.

Powerful people in a reciprocal society

The spirit of Tawney's argument was that for people to be powerful, we need a reciprocal society – and for society to be reciprocal, we need powerful people.

The difference between the Labour and liberal traditions is that where the latter starts from the right of the individual to be an autonomous agent, we start from the importance of human relations. This rests on a belief that most of what is best in life is relational – whether family, love, work, culture or friendship – and that those relationships work best when they are reciprocal. This does not mean subsuming all those relations into the state, but reflecting their importance through our politics and society. This informs four central claims about the practices which make for a good society:

- That we live a shared life, with a shared fate. An individual's power to shape their destiny grows from, is entwined with, and is enriched by, their social context and those around them.

- That power is not neutral. Power is exercised in complex and conflicting ways. The way people exercise their power affects the power of others. So power needs to be organised, fought over, negotiated and resolved through compromise.
- That markets, state and society can all empower people, but each can overpower too. We need to harness the potential of each, and keep them in balance, so that no one dominates.
- And that we decide, as a democracy, what is unjust – we don't just accept the 'natural', inherited or market outcome. Where there is manifest injustice, we challenge the outcome directly – but wherever possible, we shape the rules of the game, so that individuals can achieve a better outcome for themselves and alongside others.

To turn these beliefs into political action we need to think about the conditions of individual power and the conditions of collective power – and in particular the ways in which the state, market and society can empower rather than overwhelm people.

Concepts of security and democracy are central to both these conditions of power. As the Swedish social democrats argue, 'secure people dare'. Security is the foundation for individual power, especially in an increasingly risky world, and is enhanced by people acting together. Democracy is the means by which we negotiate power and come together to achieve change, but it is only as strong and healthy as the people within it. Both security and democracy are active and, at their best, demanding.

The goal, in short, is to combine the best of individuality – creativity, innovation and diversity – with the best of collectivity – solidarity, interdependence and mutualism. Before exploring these conditions of power in more depth, we set out two core routes to ensuring people are powerful and society is reciprocal: capabilities and active equality.

Capabilities

The work of Amartya Sen is the best place to start when thinking about what we mean by powerful people. Since his famous 1979 Tanner Lecture, Sen has advocated the theory of 'capabilities' as

a better framework for thinking about human development and social progress than either utilitarianism or the welfare liberalism associated with John Rawls.[4] He has updated and extended his thinking in his latest work *The Idea of Justice*.[5]

Sen defines the idea of capability in lots of different ways in his panoramic range of books, but perhaps his simplest definition is this: 'real opportunity… the freedom that a person actually has to do this or be that'.[6] This language is reminiscent of Tawney and the New Liberals, for example TH Green, who said, 'the mere removal of compulsion, the mere enabling a man to do as he likes, is in itself no contribution to true freedom'.[7]

Ever since Sen proposed the concept of capabilities there has been a debate about what it would mean in practice, if politics could turn it into reality.[8]

Could it mean equality of capability, perhaps? That has the appeal of simplicity, but it doesn't seem to chime with our moral intuitions. Take the example of Stephen Hawking. We would want to help him overcome the physical disability from which he suffers. But we would not want to reduce the inequality from which he benefits due to his intellectual abilities. So, aiming for equality of capability will not do.

Instead, we should be clear that our goal is power. And we do indeed mean power. Following Tawney's instruction about freedom, that means making sure that the choice is real, not formal, and tackling the inequalities which restrict power to a minority.

An essential role for the state is to give everyone the chance to develop the core capabilities they need to have any chance of leading a life they have reason to value.

The exact entitlement will vary over time and according to democratic discussion, negotiation and conflict. But the following should be fairly uncontroversial: good health and education; a decent standard of living; secure housing; basic democratic and legal rights; access to employment; personal and physical security; and a sustainable environment.

As well as guaranteeing a core of capabilities, we want to extend the range of capabilities from which people can choose. There are some capabilities that will not be relevant to everyone,

but which we want to exist, which we want people to be able to discover. As a society we cannot avoid making judgements between poetry and pinball, even if we are not all going to be poets, or read poetry.

This explains why we fund the BBC, academic research or community sports facilities – because we want those capabilities to be there for people to choose from, especially if they can't afford to pay for them themselves, and even if some never do, in fact, choose to make use of them. The state needs to make sure that choice is real, not nominal.

In renewing the centre-Left we should defend these kinds of areas, both politically and financially. Too often, Labour has justified spending on research, the arts or broadcasting as correcting a market failure. But that is to start the argument from the wrong place. The market does not decide what is important – we do, as a society and a democracy. That means making sure everyone has access to the capabilities that matter, and illustrates, for example, why free entry to museums has been one of Labour's most popular policies.

Active equality

So, we want to guarantee a core of capabilities – for individuals and for society. But translating this from an abstract goal to an actual reality is incompatible with unjustified inequalities. An unequal society will make it much harder for everyone to reach their potential. As Stuart White argues in his essay, any meaningful understanding of capabilities requires a concern for equality – in relation to income and wealth, but also with regard to the range of capabilities that contribute to people's lives going well.

Labour should not only be explicit that it cares about inequality, but also be clear about the inequalities that it cares about most. When deciding where public funding and political capital should be spent, we should prioritise those inequalities that prevent people being powerful and society being reciprocal.[9]

This means that our first priority must be to abolish child poverty. Any child that grows up without the money, schooling,

housing and opportunities that are necessary to their development will struggle to join society as an equal adult. This is about inequality, because we have rightly won the argument that poverty is experienced in relation to others. If children are excluded from the common life of their peers, or if they are looked down on by society, they will struggle to grow to their full stature.

For adults, there is a more complex interplay between our concern for equality, the reality of structural disadvantages, and our respect for effort and merit. People deserve a share of the proceeds of their work, whether through money, status or recognition. The liberal egalitarianism of John Rawls seems to neglect this moral intuition.

So, our goal is not a passive equality, where we leave the rules of society unfair and the initial outcome unjust, but then try to compensate by delivering equality simply through redistribution. Instead, our goal is what Marc Stears in his essay calls active equality, where we focus on ensuring that the rules of the game are egalitarian and democratic, so that people can achieve their goals through their own efforts and alongside others, on their own terms.

Just as there is no real freedom without equality, there is no real equality without responsibility. Redistribution is essential, but as a way of making people powerful and society reciprocal, not primarily to compress the Gini coefficient.

How do we do this? In his essay, Jo Wolff suggests seeking to eliminate corrosive disadvantage, so as to reach a 'society of equals'. He describes this elsewhere as:

… a society in which disadvantages do not cluster, a society where there is no clear answer to the question of who is the worst off. To achieve this, governments need to give special attention to the way patterns of disadvantage form and persist, and to take steps to break up such clusters.

If by improving the lives of the least advantaged, governments can achieve a general declustering of disadvantage to the point where we can no longer say who in society is worst off overall, then they have every reason to claim that they have moved society significantly in the direction of equality.[10]

This approach constitutes a powerful egalitarian insight and calls on us to think about the ways in which certain disadvantages, such as disability, drug abuse, long term unemployment and debt, cause other types of disadvantage to cluster around them.

In response we need to devise policies to fight those disadvantages – policies to reduce inequality, by giving people power and helping them take responsibility for their fate.

So, to prevent long-term unemployment, we should guarantee work to people who have been out of work for a year, and require them to take up that offer of a job.[11] To tackle drug addiction, we should improve the quality and availability of drug treatment, and where drug abuse is a cause of unemployment, people should be expected to address their addiction as a condition of benefits. To give disabled people greater control over their lives, we should give them the right to take the support they get from the state as an individual budget, and design jobs around their needs to make sure the chance of work is real. To prevent debt among people on low incomes, we should cap interest rates and improve the incentives for them to save.

This is a more ambitious egalitarian agenda for Labour, but also one that chimes with the moral intuitions of voters. It recognises that people's lives and the condition of society are scarred by the inequalities that arise from structural injustices. These must be challenged, but in a way that gives people the real power – and the responsibility for playing their part – to bring about a more equal society.

The conditions for guaranteeing capabilities and pursuing active equality reside in the potential of markets, state and society. The task is to work out where and in what ways each help make people more powerful and society more reciprocal – and equally where they undermine this goal. It is to this task that we now turn.

The conditions of power

All the main political parties today say they want to give people power.

Empowerment has become to modern political debate what freedom was in 1944: the term that everyone uses, but that only the Labour tradition properly understands and has the intellectual resources to make real. The Conservatives want to give people power without thinking about why they are powerless in the first place. It's a bit like walking up to a character in David Simon's TV drama, *The Wire*, and telling him that if only his parents had had a tax break to encourage them to get married, then he wouldn't have ended up as a drug dealer.

The Conservatives underestimate both the forces that need to be overcome so that people can be powerful and society reciprocal, and the range of tools we need to use to overcome those forces. They end up proposing largely biographical solutions to highly socially-constructed problems.

People can be disempowered if society discriminates against them, if the market impoverishes them, and if the state bullies them – and often by a combination of all three. So we need to make people powerful in respect of each, and to protect them from the overpowering potential of all. That is much harder to do if, as the Conservatives seem to be, you are confused about the state, indifferent about markets and wishful about society. You risk promising power but leaving many only with the shame of having failed to achieve an unrealisable dream.

So what would it take for empowerment to be real, for people to hear the word power and believe we really mean it?

For Labour, it would require us to become less shy about overturning market outcomes. We came in to government with a radical set of policies for restructuring power in the market, such as setting a minimum wage or the right to join a trade union and have it recognised. Our avowed approach was to combine open markets with social justice.

But we over-balanced. A claim to being neutral about markets has often ended up meaning we let the market be a measure as well as a method. The market outcome became the starting point. It was possible to prove that it wasn't perfect, but the burden of proof was on the side of those who wanted to argue against that market outcome.

So, a reluctance to act at the source of market-created

problems means we have relied more and more on public services, redistribution and the central state to alleviate their symptoms. We have been too hands-off with the market – and then too hands-on with the state. Or, to be more precise, we have ended up being overly reliant on the state as a corrective force because we were overly reticent to shape the market.

Contrary to the Conservative accusation, we have never forgotten the importance of society – what we have lacked, and what the Conservatives still lack, is a method for how to use the state, constrain the market, and give people the space to shape a reciprocal society.

Market power

We lefties should love markets. When they work, markets put power in the hands of individuals rather than a central organisation. If people think that kicking a football is a skill they admire, then they collectively decide to reward that skill. Markets are radical – they allow modes of life that are no longer valued to ebb away, and new ones to grow. At their best they can be liberating, anti-dictatorial, non-hierarchical, creative and iconoclastic. In other words, the centre-Left should not just tolerate markets because they are efficient and unavoidable – we should embrace them because they help us to achieve our goals.

However, that is only true if markets work, and are used as a method, not a measure. In 'We Mean Freedom', Tawney made this point, writing that:

since [monopolies] limit the consumer's choice to goods of the quality and price supplied by the monopolist, they create semi-sovereignties which are the direct antithesis of anything that can be, or in the past has been, described as freedom.[12]

Labour came to power with those semi-sovereignties in our sights. The Competition Act created the most robust competition framework in the world; OFCOM was set up to make sure that the monopolistic tendency of communications markets did not make the customer pay too much or the citizen hear too little.

But after a brief flurry of headlines about tackling 'Rip Off Britain', this imperative and set of arguments dropped down the agenda. The consequences of a concentration of economic power were demonstrated forcefully through the banking crisis of 2008, one of the issues Andrew Gamble perceptively discusses in his essay on the elements of a new centre-Left political economy.

Labour needs to reclaim its cartel-busting credentials, reassert its anger about arbitrary market power and re-engage with questions of ownership and control within the economy.

The consequences of the financial crash of 2008 and the subsequent bail-out of the banks are an important part of the new political and economic realities that we now have to confront. This starts from recognising that the citizens of Britain showed tremendous national solidarity with the financial sector. The financial services sector was salvaged and can continue to play a significant role in our economic growth. But we cannot rely on the City alone to generate wealth.

This is where wealth creation and power redistribution meet. We will need to engage the energies and talents of all people in generating growth, and one of the most important ways of doing this is to facilitate their initiative and power. The potential for wealth creation lies in the people and their ability to work together to generate value, through making things, serving each other and preserving what is good about our civic and natural world.

There is nothing wrong with our current steps towards a more activist industrial policy, as long as it does not tip over into protecting particular companies or sectors from competition or preventing new ideas, products and services from challenging established ones. But there is much more work to be done to develop a new centre-Left theory of wealth creation that takes account of the lessons of the carbon and credit crunches. It will need to be based on a fiscal framework that is prudent, yet flexible – unwinding the current fiscal stimulus when it is right for the economy, combined with a plan for deficit reduction that fosters credibility, sustainability and job creation.

To ensure that job creation reaches deep into all communities, we should examine whether we could endow local

areas better to fund start-ups, and make it easier for people losing their job to use their benefits and savings to set up businesses, on the model of the old Enterprise Allowance.

Tawney also reminds us that markets overpower people through fear as well as through monopoly:

The economic system is not merely just a collection of independent undertakings, bargaining on equal terms with each other. It is also a power system… The brutal fact is that, as far as the mass of mankind are concerned, it was by fear, rather than by hope, that the economic system was kept running – fear of unemployment, fear of losing a house, fear of losing savings, fear of being compelled to take children from school.[13]

The opposite of fear is security. Much of Tawney's writing about fear and insecurity feels as if could have been written today. The financial crisis highlighted areas where the state needed to do more to spread security, particularly in relation to unemployment and repossessions. The Labour government deserves more credit than it is getting for deepening the protection for people against those job and housing risks. These should now be hard-wired into the system, so that they are automatically there, in good times and in bad. For people to be powerful, they also need to be secure.

A modern welfare state should aim to increase job and income security in three areas:

1 It should provide a guarantee against long-term unemployment. When the market fails to provide sufficient employment, the state must step in, becoming an employer of last resort, as Minsky proposed.[14] The government is already doing this for young people. It should extend that approach to jobseekers of all ages who have been out of work for a year and not found work during this time.[15]
2 It should radically improve the incentives for people to protect themselves against income insecurity, on top of benefits. This should be done by making the government subsidy for savings much more progressive and drastically reducing the penalty for such savings in the current benefit system. This could be

achieved through a Lifetime Savings Account, potentially by uniting ISAs and Personal Accounts (the planned opt-out, low cost occupational pension scheme with mandatory employer contributions).

3 We should aim to guarantee that anyone who works hard earns enough to have a decent life and the respect of the society to which they contribute. This means prioritising action to address poverty among working people and their families – because we don't accept that it's just bad luck if someone works hard but still ends up poor.

Ending in-work poverty requires building on the real progress Labour has made through the minimum wage and tax credits. We should go further, through a combination of campaigns for a 'living wage', like those pioneered by London Citizens, and thinking about how public policy can support such campaigns. That could mean prioritising increases in the element of tax credits that rewards work, or offering a reduction in labour costs for employers (such as through lower NICs) in return for a higher wage floor.

Another way people are able to cope with insecurity is to borrow money when times get tough. But if people borrow money out of extreme need, they often can't negotiate a reasonable interest rate. No fair market would produce lenders that charge 1,000 per cent, and often far higher, through illegal lending. That is why we need to look again at the old laws on usury, which used to prevent exorbitant rates being charged to borrow capital. If that meant some people, perceived to be riskier borrowers, could not access credit through market channels then we would need to find a different answer, for example lending to them from an endowment created by reserving 1 per cent of the money paid back from the bank bail-out.

These ideas demonstrate that there is much that the state can and should do to ensure that markets work for people and that the rules of the economic game are not rigged against the majority in favour of a minority. It should guarantee people certain core capabilities, increase their security, and protect them

from fear. It can give them a realistic chance to make their way in the world.

But the state cannot – and should not – try to do it all for people. That would fail to reflect the dignity of human life; it would shackle the potential of markets to drive innovation, creativity and wealth generation; and it would neglect (and potentially squeeze) the space for people to act and come together with others to seek solutions that are right for their particular time and place.

For instance, while the state must ensure minimum standards in the workplace, it cannot influence every decision that happens in the firm or know what is right for every organisation. That is why workplaces need to be organised, so that those decisions can be negotiated on more of an equal footing.

This is not just an issue for the low wage economy. Although people with skills have greater bargaining power than those without, research from the Work Foundation shows that they can also feel stressed, undervalued, ignored and underdeveloped.[16] That cannot all be solved through education and legislation. To remedy it, workers need to act and organise in the workplace.

The state can help, for example by requiring that employees have a voice on remuneration committees, or by supporting workplace institutions and the extension of different models of ownership which encourage a greater sharing of power and rewards within firms.[17] However, the success of these vehicles for change rests, in the end, on workers themselves acting individually and collectively, through modern trade unions.

To give people power in the market we need to remember why we like markets: because when they are fair and competitive, they generate wealth, prevent excess prices, stimulate innovation and challenge the power of established elites. But the conditions of making people more powerful and society more reciprocal in the market are onerous – regulation to achieve competition, protection against the fear of employment or income insecurity, and ensuring there is space for power to be negotiated and employees' voices heard within the economy and workplace.

State power

In contrast to their scepticism of markets, people on the Left don't need much convincing that the state is a good thing. As we have already discussed, the state is essential to guarantee core capabilities and create the conditions for active equality. But, as with the market, the state can overpower as well as empower. To guard against this risk, we must democratise the state so that power is spread and interests negotiated, and prevent it from overreaching so that it does not dominate. The state is also a method, not a measure. Like the market, it is a good servant and a bad master.

The Labour tradition has always been democratic, and has believed in a parliamentary route to a better society. However, it has been and remains divided about the role of the state and the kind of democracy that it wants. Meg Russell explains in her essay why the Labour Party has had a long tradition of majoritarianism, of wanting to win elections so as to monopolise the levers of state power. That was right for a time when the Labour movement was fighting to get any recognition of the interests of working people, in the face of entrenched vested interests. It also fitted with an era when basic, uniform public services were being established and when society was divided along clearer and simpler class lines.

This approach is neither possible nor desirable now. A majoritarian approach might have worked when the two main parties had 97 per cent of the vote, as they did in the 1951 election. But that combined share has been falling, down to 69 per cent in 2005 (and 44 per cent in the 2009 European elections).[18] Those who are worried about moves to a more pluralist politics need to find something else to worry about – it has already happened. Whatever the rules of the game, the votes people are casting have made it so. The question is whether we can accommodate that pluralism within the system, or whether it gets expressed outside and against it.

To reflect that pluralism within our democracy, we need to make it truly representative. It needs to represent the different traditions in British politics, which is why we need electoral reform for Westminster, and it needs to represent a wider range

of people, which is why we need primaries to select Labour Party candidates.

But we do not just want our democracy to be representative. We want it to spread power. As Jess Search said at the launch of Open Left, it sometimes seems like everything has been democratised apart from democracy itself.[19] In the media, people can create their own content, and choose from programmes or applications from around the world. Broadcasters talk about the people formerly known as the audience.

Politicians need to start talking about the people formerly known as the electorate. These forces actually reflect a much older aspiration – for self-government, and not being the object of arbitrary rule by others. That's why, for example, the Lords should be elected. But it also means going further and locating power as close as possible to the people it affects, following Saul Alinsky's golden rule of community organising – never do for anyone anything they can do for themselves. We need to remember that democracy is as much a process for exercising power as it is a way of ensuring its outcomes are legitimate.

This means radical experiments in, for example, community housing trusts, self-governing schools, stronger local government and giving real power to cities through elected mayors. It will mean creating spaces where people can negotiate power, for example by having communities lead regeneration schemes, or deciding how to spend lottery and public funding for local projects.

It also means we should limit the way financial power can end up dominating political power. That means being brave about putting a low cap on political donations, in the hundreds or low thousands of pounds, to stop money from buying influence. It also means biting the bullet of public funding for political parties as the price for avoiding the market overpowering our democracy.

So, we need a democracy that gives people choice and power, so that they can control the state and ensure that it serves their ends rather than those of its elites. But we also need to do

the same for public services. Just as in democracy, we should never do something for people that they can do for themselves. That means giving citizens real choice and control over their public services. This can partly be achieved by making them more accountable to people through shared governance and through the ballot box. But it will be enhanced if citizens also have direct power by having real choices over which services they use and how they are offered.

It is not just that this approach works better, though the evidence that it does is strong.[20] It is also about principle. Both Tawney's and Sen's ideas start from agency – that life is about what we do, not what is done to us. This should be the guiding idea of our public services. As Saul Alinsky says:

We learn when we respect the dignity of the people that they cannot be denied the elementary right to participate in the solutions to their own problems. Self-respect arises only out of the people who play an active role in solving their own crises and who are not helpless, passive, puppet-like recipients of private or public services. To give people help, while denying them a significant part in the action, contributes nothing to the development of the individual. In the deepest sense, it is not giving but taking – taking their dignity… It will not work.[21]

New Labour was not wrong to try to give citizens choice and control. We were wrong when we failed to make it real. A half-hearted model of choice can end up giving power to the system rather than the individual. If the rules of the game are rigged, it can advantage the advantaged. Without creating the space for all the relevant agents – users, workers, owners and locality – to negotiate their competing interests, one can dominate the rest.

For example, school choice works well where students have a range of schools from which to choose – but not where schools end up choosing students. To make the choice real, we need more reform, not less. We need to allow the supply of schooling to expand to meet changes in demand – so students should apply to schools long enough, perhaps even two years, ahead of admission to enable over-subscribed schools to expand, or new

ones to enter the system. Conversely, schools that are persistently under-subscribed – a pretty good indicator of bad performance – should be taken over by new providers with a track record of turning schools around. We should aim to guarantee parents that their child will get in to one of the top few schools they choose.

The state has a central role to play in making people more powerful and society more reciprocal. By seeking to oppose the state and society, or only discussing where the state can constrain people's freedom, the Conservatives are choking off at source a crucial means to a better society. But we need a state that is controlled by its citizens, not one that tells them what to do or ignores their needs. Labour should therefore extend choice in democracy and public services as well as in the economy.

Social power

The Labour tradition has always been communitarian in spirit, but not always in practice. Tony Blair came to national attention after the Bulger murder by talking about the fraying of our society. He was not the first Labour leader to do so. In his famous 1959 Conference speech, Gaitskell said he wanted a society based on social cooperation rather than competition. But neither developed a method to achieve their goals, and Labour has moved from wanting to re-thread society to concentrating on delivering better public services and redistributing resources. Without a clear method, the goal has been relegated.

Labour revisionists have always struggled to turn their commitment to society into a programme of political action. As Patrick Diamond says:

the idea of a cooperative social purpose raised too many problems for revisionists who could not work out clear commitments arising from such a principle, foreshadowing difficulties for 'New' Labour in giving substance to its communitarian ideals.[22]

We are not the only ones who have struggled to turn theory into practice. The communitarian approach, growing out of the work of Alasdair MacIntyre and Michael Sandel, has failed to

develop a compelling policy programme despite 30 years of discussion. At worst, it descends into a sectarian politics masquerading as the common good or a form of nationalism that is either trivial or nasty, and sometimes a combination of both. Where the programme is substantial, as in Michael Sandel's engaging latest book, *Justice,* it does not appear to grow out of a distinct communitarian philosophy, but seems more a post hoc rationalisation of his pre-existing policy wishes.[23]

Choosing between a left communitarian and a right communitarian ends up being a bit like choosing between strawberry and chocolate ice cream – it's just a matter of taste. The appeal to community norms can justify whatever someone wanted to defend in the first place.

Communitarians were asking the wrong question: how can community norms be used to decide what the state should do with power? Instead, we should have been thinking about how people can take power. To paraphrase the Welsh political philosophers Goldie Lookin' Chain, 'states don't create society, people do'. Labour has spent the 50 years since Gaitskell's speech looking for ways to strengthen community through state action, when the answer was staring us in the face in the form of the Labour movement itself, and the ideas of organisation, reciprocity and political action on which it was built.

Under the harshest conditions, our forebears came together to care for each other and organise to resist the power of capital. But after 1945 we forgot some of those lessons and neglected the habits of organisation. Since then, little has been done to refresh the social capital of the Labour movement. Trade union membership has fallen from over 13 million at the end of the 1970s to around 7.5 million today. Just 15 per cent of workers in the private sector are members of trade unions and under a quarter of 25 to 34-year-olds.[24] Labour Party membership is now well under 200,000, less than half the level it was in 1997. In the early 1950s, there were over a million party members.

We treat these trends as if they marked an exogenous and irreversible decline in political participation or social activism – but the opposite is true. People can still be organised, but only if they have the prospect and promise of real power, not if they are

merely consulted or co-opted. That is invitation, not organisation. The growth of single-issue campaigns and online communities demonstrates that the desire to act when people care and believe they can make a difference is undimmed.

Organisation is how we take empowerment out of the seminar room. It makes power real. It's the way that change happens. As Saul Alinsky says in *Rules for Radicals*, 'change comes from power and power comes from organisation. In order to act, people must get together.'[25] Power is not a means to an end – it is the end. The process is the goal: to create powerful people, through organisation and action. That is how society is strengthened – not by being a client of the state, or a consumer of the market, but by having its own strength, through association, based on the driving idea that 'if the people have the power to act, in the long run they will, most of the time, reach the right decisions. The alternative would be rule by the elite – either a dictatorship or some form of a political aristocracy.'[26]

So, just as Labour needs to go back to the ideas of its early thinkers, we also need to return to the methods of our pioneers. A democratised state and a constrained market are necessary for a reciprocal society, but the main agents, in the end, are people, and the way we relate to each other.

This includes the role of the Labour Party itself, but extends far beyond it. We want a vibrant Labour Party, that does not just *represents* its voters and members, but *knows* them and *works with* them. This means the Party should be a direct vehicle for change in people's communities, as well as a vehicle for getting people elected. And we need to feel more comfortable with a civil society that is organised too, and which sometimes works with us, but is sometimes against us. In short, we need an organised pluralism, not an atomised majoritarianism.

This means, as we discussed earlier, ensuring that the market doesn't overwhelm, or overpower society. Similarly, it does not mean the state leaves the stage when it comes to society. Or, as the Conservatives suggest, that less state means more society. It means that it focuses on its supporting role.

First, government can ensure there is space for civic organisations, independent of both market and state. This is why

we should value the autonomy of our universities, the BBC and Channel 4, self-governing schools and hospitals, housing associations, trade unions and professional organisations. These are institutions which resist the power of the market and balance the power of the state, but are also vehicles for sustaining norms of behaviour – whether academic rigour, independent journalism or medical professionalism.

Where such institutions fall short of their own standards, by being a closed shop or failing to self-regulate, this insight would push us to seek internal reform, through ensuring the reformers within them have the ability to act, rather than by exerting external control.

It also gives us a further reason for valuing diversity in public services. A varied ecology of organisation can help flesh out society, but only if those organisations are representative of, and accountable to, the people they serve. Academies, foundation hospitals, charities and private companies providing public services all have the potential to fulfil this role, but only if they are genuinely governed in a way that involves all the interests concerned – citizens, workers, owners and locality.

Second, government can help society talk to itself. Amartya Sen makes the simple but central point that democracy is a forum for discussion as well as a process for decision. We need a democracy that allows us to confront and debate complicated questions – but not necessarily legislate on them. This is a further reason why we fund public service broadcasting and universities and defend a free press – because they are the collective water coolers where we find flaws in previous ideas and discover the appeal of new ones.

The digital revolution in the media has given voice to far more views – we have gone from a few to many world, a broadcast world, to a many-to-many market, a cacophony of blogs and tweets. The role of public service broadcasting is to make sure that we hear each other – and that different communities speak to each other, rather than disappearing into smaller and smaller solipsistic, self-reinforcing niches.

Third, government can make sure that communities are not overwhelmed and overpowered by the market. Recent data

revealing that the bottom half of households own just 9 per cent of the country's total wealth, while the top half owns 91 per cent, underlines the concentration of wealth in Britain today.[27] Alongside the industrial dislocations associated with globalisation, this has left many local communities with less power and fewer choices.

The regional development agencies are intended to change the direction of the flow of capital, but can feel just as remote as the City. Neither the market nor the state can fully revive local communities – communities need to be given the power to renew themselves. To kick-start this process, we could use 1 per cent of the money paid back by the banks following their bailout to create locally governed endowments to fund the projects that the state shouldn't and the market wouldn't. These could range from setting up new businesses in poor areas to investing in the infrastructure that will allow those businesses to thrive. Such endowments could then be used to help shape the market, for example by making usury laws possible, or by rebalancing the relationship between local communities and Whitehall when negotiating for public money, making them partners rather than supplicants.

Fourth, government can provide the basis for citizenship. The society we are describing here is one based on reciprocity, on the understanding that most of what matters in life is relational. Any political approach that is based on a simplistic view of human nature and behaviour is destined to remain a theory, as it will jar against reality. Most people care for others *and* want the best for themselves and their families. Voters are a complex mix of self-interest *and* selflessness. The way through this apparent paradox is by remembering that politics, like life, is relational, and that responsibility is the essential partner of reciprocity.

Responsibility is what makes the basis for a reciprocal society leak-proof – because if others are taking responsibility for themselves, we are happy to help them and assured we are not being taken for a ride. Solidarity works if we know it is being met with responsibility – otherwise, 'solidarity is theft', as Dutch voters told the social democrats when they surveyed why they had lost much of their traditional vote. In their essays for this

collection, David Miller and Mike Kenny grapple with precisely these issues of community and identity, which have long proved difficult for the centre-Left.

An example of the way government can create a basis for that reciprocity is in the rules it sets for citizenship. By being citizens of our country, we should expect to be protected from what Maurice Glasman has called 'unnecessary suffering'.[28] But we should also contribute in return. Some of that contribution can be legislated for – the responsibility to pay taxes, to work if a job is offered, not to make the lives of our neighbours a misery, perhaps the duty to vote. What unites the widely felt anger about welfare cheats and bankers' bonuses is the fear that others are pulling at the thread of the common cloth of citizenship.

Such an approach to citizenship reframes, for example, the debate on immigration. It moves it from numbers to rules – to what we can expect of people we welcome into our society. We should expect newcomers to work as a condition of being part of our society, while saying that access to our welfare system depends on their having contributed.

Our forebears built the welfare state, and it is fair to say that our claim to benefits such as housing or a pension grows from their contributions. Preserving it for our children requires our own continuing contribution in turn. It is indeed a birthright, one that people who have lived elsewhere can earn, but should not get immediately or unconditionally on entry.

Giving people greater confidence that citizenship and its advantages were earned would create the basis for a more positive debate about immigration and the benefits of an open, tolerant, diverse society – rather than the current Dutch auction where politicians of all parties talk tough on immigration while privately acknowledging its economic and social dividends. Instead, we could say that immigration is beneficial, but only if the rules of contribution are clear and its impacts are managed.

So, a certain amount can be done legislatively to strengthen citizenship. But doing too much would not just be ineffective; it would undermine the very reciprocity it aims to embody and foster. If we are only compassionate or responsible because the law says so, we are neither – we are merely law-abiding. In the

end, genuine reciprocity is about human decency – putting in an honest day's work, caring for your family, treating others with respect. Self-government must be partly about self-policing. This is demanding; it asks something of people. People need to be given the tools and the space to knit those relationships together.

There is a longstanding, but largely circular, debate about whether the Labour tradition is more liberal or communitarian. In truth it is distinctive from both. Liberals cannot conceive of the scale of association and resistance to market power necessary to preserve liberty, and communitarians are unaware of the leadership, innovation and individual initiative necessary to preserve an effective sense of community. To renew that thick conception, citizenship is a very exacting task but defines what is at stake in rejecting both a passive sense of community inheritance and a form of liberalism that treats children as merely future choosers. One could almost call it socialism.

Conclusion: we mean power

It is often said that Margaret Thatcher was an inconsistent neo-liberal in that she believed in free markets, but not in a free society or a small state. But in fact the opposite is true: she was highly consistent. A free market requires a strong state. If you are prepared to tolerate the injustice a genuinely free (as opposed to competitive) market creates, you need a strong state to regulate society and control the anger that injustice will generate.

If you believe in open markets but are not prepared to tolerate that injustice, you also need a strong state to alleviate the consequences of the market. That is the story of New Labour – trying to harness the best of markets, but correcting their failures through the state.

The consequence of these good intentions is that the state has been too strong in respect of society, and not strong enough in respect of markets. When the state tries to prevent things it can't stop, it undermines society's ability to solve them itself – so, if we try to tell parents they need a criminal record check before giving lifts to their children's friends, we end up stopping people from helping each other. New Labour originally understood this

danger of state overreach. That's why we wanted to give people choice in public services. At our best, when we did this, we used the state well.

But too often, when those reforms were compromised or when we tried to do things to people rather than with them, we have ended up relying too much on state power, and failed to balance it with a strong, organised society, which could argue for and legitimise overturning market outcomes.

To get out of that counter-productive cycle of good intentions, we need to create the conditions for people to take power and for society to be reciprocal. Like Tawney before us, we need to remember that nominal power is just the power of those who already have. With state, society and markets in balance, they are less likely to crowd each other out, and so the individual can flourish. Conversely, when any one dominates, the individual is overpowered.

A strong society without a strong state can discriminate – the Deep South was a strong community, and states' rights was the way of stopping black Americans gaining their freedom. A strong market without a strong society can rule through fear. And a strong state alone can only treat the symptoms of market inequality, and can do little to rebuild society. Instead, we need all three to be strong – so the state can save markets from their tendency to catastrophic failure, so society can mediate the forces of the market that are rightly beyond the control of the state, and so that society does not become oppressive or intolerant.

Where our collective institutions are strong but in balance, individual power can become real, not nominal. We can respect the dignity of individuals by remembering that they need to solve their own problems, and we can make that a realistic dream, not a game they are set up to fail.

The power game needs new rules. Where people are guaranteed work. Where people earn a living wage. Where they control their public services. Where their children don't grow up in poverty. Where disabled people have control. Where usury is outlawed. Where a good life includes a shared culture. Where democracy is representative and not for sale. Where we recapitalise local communities. Where we are positive about

immigration. Where the welfare state is reciprocal. Where citizenship means something.

Where, when we say power, we mean it.

James Purnell is MP for Stalybridge and Hyde and Director of the Open Left project. Graeme Cooke is Head of the Open Left project.

Notes

1 RH Tawney, 'We Mean Freedom', a lecture delivered for the Fabian Society in 1944 and published in *What Labour Can Do* (London: The Labour Book Service, 1945), reprinted in RH Tawney, *The Attack and Other Papers* (Freeport, NY: Books for Libraries Press, 1971), p 83.

2 Ibid, p 84.

3 LT Hobhouse, 'The Contending Forces', *English Review* 4, no 10 (1909), quoted in P Diamond, *New Labour's Old Roots* (Exeter: Imprint Academic, 2004), p 13.

4 A Sen, 'Equality of What?', The Tanner Lecture on Human Values, Stanford University, 22 May 1979.

5 A Sen, *The Idea of Justice* (London: Allen Lane, 2009).

6 Ibid, p 231.

7 P Clarke, *Liberals and Social Democrats* (Cambridge: CUP, 1978), quoted in Diamond, *New Labour's Old Roots*, p 13.

8 See for example, P Collins and R Reeves, *The Liberal Republic* (London: Demos, 2009) for a convincing attempt to do this from within a radical liberal perspective. Their essay was an inspiration for this introduction, both in the areas of agreement and disagreement.

9 For a fuller discussion of a Labour approach to inequality consistent with the argument advanced here, see G Cooke, *A Society of Equals* (London: Demos, 2010).

10 J Wolff and A de-Shalit, *Disadvantage* (Oxford: Oxford University Press, 2007), p 10.

11 J Purnell and G Cooke, 'Every one of us should be guaranteed a job', *Financial Times*, 4 Dec 2009, www.ft.com/cms/s/0/00fe4682-e045-11de-8494-00144feab49a.html (accessed Feb 2010).

12 Tawney, 'We Mean Freedom', p 89. A word on public ownership is necessary here. Tawney put much more emphasis on public ownership than New Labour ever did. However, by the standards of his time, Tawney was arguing against more extensive forms of public ownership. He argued for a relatively limited set of industries to come under public control, and often talks about social ownership rather than nationalisation. He also had a much stronger emphasis on regulation to prevent monopolies than many others in his time – a tradition with which New Labour would be much more identified.

13 Tawney, 'We Mean Freedom', p 90.

14 HP Minsky, 'The Role of Employment Policy' in MS Gordon (ed), *Poverty in America* (San Francisco, CA: Chandler Publishing Company, 1975).

15 Purnell and Cooke, 'Every one of us should be guaranteed a job'.

16 D Coats and R Lekhi, '*Good Work': Job quality in a changing economy* (London: The Work Foundation, 2008).

17 W Davies, *Reinventing the Firm* (London: Demos, 2009).

18 C Rallings and M Thrasher (eds), *British Electoral Facts, 1832-2006* (Aldershot, Hampshire: Ashgate Publishing, 2007); T Travers, 'European elections 2009: how the two party system is ebbing away', *Telegraph*, 9 Jun 2009.

19 Available as a podcast at www.openleft.co.uk.

20 See for example the Social Market Foundation's review of the evidence, which found that 'contestability under parental choice can work to improve the quality and the efficiency of state schools, given the right policy conditions': J Williams and A Rossiter, *Choice: The evidence* (London: The Social Market Foundation, 2004). www.smf.co.uk/assets/files/publications/Choice-The_Evidence.pdf, p.19. A shining example of this would be the KIPP schools project in New York, where contestability between charter schools and traditional ones, with places allocated by lottery, has closed by two-thirds the gap between students from the poorest part of New York and the richest neighbourhoods. CM Hoxby, S Murarka and J Kang, 'How New York City's Charter Schools Affect Achievement, August 2009 Report', second report in series (Cambridge, MA: New York City Charter Schools Evaluation Project, 2009), www.nber.org/~schools/charterschoolseval/how_NYC_charter_schools_affect_achievement_sept2009.pdf. The same is true in health, where an OECD review of the international evidence found that contestability 'may induce specialists to increase productivity and may also discourage the formation of visible queues because of competitive pressures'. See L Siciliani and J Hurst, 'Explaining Waiting Times Variations for Elective Surgery across OECD Countries' (Paris: OECD, 2003), www.oecd.org/dataoecd/31/10/17256025.pdf.

21 S Alinksy, *Rules for Radicals: A pragmatic primer for realistic radicals* (New York: Vintage Books, 1989), p 121.

22 Diamond, *New Labour, Old Roots*, p 16.

23 M Sandel, *Justice: What's the right thing to do?* (New York: Farrar, Straus and Giroux, 2009).

24 C Barratt, *Trade Union Membership 2008* (London: Department for Business, Enterprise and Regulatory Reform, 2009), http://stats.berr.gov.uk/UKSA/tu/tum2008.pdf.

25 Alinksy, *Rules for Radicals*, p 111.

26 Alinksy, *Rules for Radicals*, p 9.

27 C Daffin (ed), *Wealth in Great Britain: Main results from the Wealth and Assets Survey 2006/08* (London: Office for National Statistics, 2009).

28 M Glasman, *Unnecessary Suffering: Managing market utopia* (London: Verso, 1996).

1 We are all social democrats now

A response to the question: should the Left draw more on its social democratic or radical liberal traditions in looking to the future?

Ben Jackson

In the summer of 1924, as the Labour Party took its first tottering steps as a party of government, the leading liberal intellectual Leonard Hobhouse turned his attention to the topic of socialism in one of his regular columns for the *Manchester Guardian*. The inspiration for this particular piece was an edited collection drawing together answers by various luminaries (HG Wells, Bertrand Russell etc) to the question: 'What is socialism?' Hobhouse alighted on the contribution to the volume by a certain Major Clement Attlee, MP for Limehouse since 1922 and already a junior minister. Hobhouse approvingly quoted Attlee's characterisation of socialism as grounded on the belief 'that the freedom and development of individual personality can be secured only by harmonious cooperation with others in a society based on equality and fraternity'. This definition, Hobhouse thought, 'helps to explain the very close relations between the more advanced liberal and the more moderate socialist', for both based their politics on a similar understanding of the ideals of liberty, equality and fraternity:

The philosophic socialist would contend, with Major Attlee, that these ideals cannot be realised, as earlier generations of liberals thought, merely by abolishing monopolies and reducing state control to a minimum. They must be sought through the medium of social and economic organisation. It is this discovery, due principally to TH Green, which gave rise to the social liberalism of recent times and to its twin, the ethical socialism described by Major Attlee. Between these there is really no quarrel, though he who takes the one label will probably find himself in a Liberal committee room perhaps appealing for votes against his brother who has adopted the alternative

label. But the true divisions of political thought often wander far from the lines dividing parties.[1]

In my view, Hobhouse was correct to conclude that there was no salient philosophical difference between his own social liberalism and the ethical socialism of Attlee. Both shared a social democratic philosophy that sought to deploy collective action to realise the material conditions necessary for 'the freedom and development of the individual personality'. To that extent, I will argue, the stark ideological contrast sometimes drawn between 'radical liberalism' and 'social democracy' is a false dichotomy. Nonetheless, there is certainly one other important body of 'radical liberal' ideas that does differ significantly from social democracy: the neo-liberalism that served as the intellectual inspiration for the market liberal revolution of the last three decades. Since market liberalism is premised on an atomistic individualism and an abiding hostility to many categories of collective action, this form of 'radical liberalism', I will conclude, has little to offer the Left.

What is social democracy? Images and lineages

The discussion of social democracy in Britain is often hampered by a preponderance of fuzzy images over rigorous analysis. Most popular treatments of the subject cook up a rhetorical stew that boils together a gristly chunk of Crosland with a sprig of allusions to Keynes, before squeezing in some bitter flavouring from the social memory of the 1970s and, inevitably, adding a dash of hostility to the trade unions. But these clichés do not constitute a genuine effort to understand the social democratic tradition. Instead, social democracy must be placed in a broader historical and comparative perspective.

What, fundamentally, is social democracy? A helpful starting point is to see it as a movement that has used democratic collective action in order to extend the principles of freedom and equality valued by democrats to the organisation of the economy and society, chiefly by opposing the inequality and oppression created by laissez-faire capitalism. Thanks to an extremely

sophisticated comparative literature, we are now able to gauge the full historical significance of this movement.[2] What would later be called 'social democracy' emerged in the mid-to-late nineteenth century in the labour movements of central and north-west Europe. Early non-European outposts were also established in Australia and New Zealand around the same time. In countries such as Britain, France, Germany and Sweden, labour movements inhabited polities that were characterised by rapid industrialisation and the slow, inconsistent emergence of liberal constitutionalism and democratic citizenship.

These circumstances created a complex structure of constraints and opportunities for labour that differed from those in southern or eastern Europe. In this relatively liberal environment, the politicised elements of the working class could build powerful political parties and trade unions to advance their ideals, and ultimately, or so they hoped, use democratic means to abolish the profound poverty and social oppression generated by nineteenth-century capitalism and its market-state. The leaders and theorists of these movements, figures such as Keir Hardie in Britain, Jean Jaurès in France, Eduard Bernstein in Germany, and Hjalmar Branting in Sweden, were influenced by a variety of ideological traditions, including Marxism, progressive liberalism, republicanism and 'utopian' socialism. They drew on all of these intellectual currents as they sketched the outlines of a social democratic political theory. But a recurring theme of this political theory was that social democracy represented an attempt to implement more consistently and comprehensively the radical goals espoused by liberals and republicans.

Individual freedom and democratic self-government, they argued, required certain constitutional and social innovations resisted in practice if not always in theory by the nominal advocates of liberalism: first, a universal franchise, incorporating both men and women, so that politics was wrested from the control of one social class or gender; second, a legally binding freedom of association that liberated unions and other proletarian social movements from judicial and other forms of state repression; third, regulation of the economy, especially the labour market, by the democratic state and other agencies, so

that the sphere of production was not dominated by the interests of employers; and fourth, the narrowing of inequalities in opportunities, resources and security through the entrenchment of social rights, so that class distinctions did not undermine freedom, citizenship and social solidarity. Although Bernstein, for example, voiced his hostility to liberal parties because he regarded them as highly partial defenders of freedom for some but not for all, he argued that 'with respect to liberalism as a historical movement, socialism is its legitimate heir, not only chronologically but also intellectually'. The aim of his socialism, he concluded à la Attlee, was 'the development and protection of the free personality'.[3]

As leading democratic socialists in the early twentieth century converged on this model of social democracy, the vanguard of liberalism, particularly in Britain, was arriving at the same destination.[4] Obviously, such advanced liberals did not accept the partisan claim that liberal parties were inevitably partial in the application of their professed values, but they did agree with the underlying philosophy of the democratic socialists. These 'new liberals' – such as Hobhouse and his great ally JA Hobson – took pains to distance themselves from the individualist market liberalism espoused by precursors such as Herbert Spencer. Instead, they regarded individuals in modern industrial societies as necessarily interdependent and subject to social harms that could only be alleviated through collective action.

Like their socialist counterparts, they therefore aimed to secure the material conditions for all to enjoy liberty and democratic citizenship, endorsing the democratisation of the state; the regulation of the market; and a more egalitarian distribution of goods. In many respects, the social democratic or, as they sometimes called them, 'liberal socialist' reforms advocated by Hobhouse and Hobson, and then by later liberals such as Keynes and Beveridge, corresponded quite closely to those implemented by Attlee after 1945. Leading new liberal theorists, for example, endorsed the use of progressive taxation to prevent the concentration of income and wealth in the hands of a narrow elite, and advocated the public ownership of basic utilities, the railways and the coal mines.[5]

What do we learn from this quick historical recap? First, that social democracy was an international movement, varying in timing and emphasis between different national contexts, but nonetheless consisting in a potent response by democratic labour movements and other progressive allies to certain structural features of laissez-faire capitalism: severe economic inequality and insecurity; a politics dominated by the interests of the rich; and a lack of individual control over the organisation of production.

Second, that social democracy has a longer pedigree than simply the three decades after 1945. Its ideology lies at the very root of modern progressive politics. A rejection of social democracy would constitute a turning away not just from 'labourism', but from the whole point of being on the Left in modern political argument.

Third, that social democracy was in close and constructive dialogue with the liberal tradition from its very inception – and they frequently spoke in unison. In Britain, the insights of liberalism were absorbed by leading socialists and integrated into the ideas and policies that they espoused later in the twentieth century. The best example of this, of course, was Attlee's government: not only was its philosophy and agenda similar to that advocated earlier in the century by Hobhouse and Hobson, it also freely drew on the ideas of that inescapable new liberal duo, Keynes and Beveridge.

Fourth, extrapolating from these points, we learn that social democracy is a complex tradition, occupying a broad but distinctive ideological space, which is inadequately captured by the shorthand images usually invoked in political debates. Ideologically, it married the democratic ideals of liberals and republicans to new insights into the social interdependence of individuals and the capacity of collective action to protect individuals from the consequences of unhindered market forces. Strategically, it drew on the mobilising energies of new social movements such as trade unions and cooperatives, but harnessed them to an emphasis on electoral politics as the arena in which democratic principles and the market could be reconciled. Practically, this generated a policy agenda organised around the democratisation of the state and civil society; collective social

provision; the prioritisation of economic stability and employment; and sharing the benefits of economic growth in an egalitarian fashion.

Social democracy today

What can we draw from this historical account that could usefully inform the political theory, strategy and policy agenda of a contemporary social democracy? First, at the level of political theory, the Hobhouse–Attlee argument is that individuals require strong social support if they are to be genuinely free to develop their potential and to chart their own course through life. Such social support should be aimed at eroding the role of inherited social disadvantages in stratifying life chances according to social class, gender or race. According to this analysis, liberty is eroded by poverty, unemployment, economic insecurity, arbitrary managerial authority and social prejudice just as much as by the unaccountable powers of the state identified by earlier liberals and republicans.

In this sense, social democracy highlights the necessity of securing the social and material conditions for individual freedom and self-development. But it also says something stronger than this: social and economic institutions are currently organised in such a way that the odds are stacked in favour of certain groups rather than others, so social democracy aims to narrow these inequalities by reforming our institutions. This more egalitarian distribution of opportunities and resources is emphasised for a number of reasons: to reduce material deprivation and economic insecurity; to equalise access to social positions; to increase individual freedom; to prevent wealthy elites from dominating democratic debate and political decision-making; to maintain economic growth and stability; and to foster a community that is not divided into socially segregated and hierarchically ranked classes.[6]

As this list suggests, these egalitarian concerns are underpinned in social democratic thinking by a belief in the importance of solidarity. Citizens in market societies, the argument goes, are embedded in an incredibly complex but volatile system

of social cooperation. They share in common, therefore, certain vulnerabilities – to economic change, to ill-health, to exploitation in the workplace – and must work together to overcome them. In a market society, it is not possible to live as a hardy independent peasant-proprietor, nor can wealth be acquired without depending on the efforts of others, whether they provide labour, education, health care, or even legal protection for property rights. Solidarity between citizens, rather than a competitive free-for-all, has accordingly been the social democratic goal.[7]

Second, the social democratic tradition has a story to tell about the means by which these ideals can be pursued: through democratic collective action. A fairly clear historical lesson is that inequalities of power and wealth cannot be redressed by individuals acting alone. Inequalities can only be challenged by individuals working together in social movements and political parties, and, ultimately, by using the power of the democratic state. The essence of social democratic strategy is, as Martin McIvor has put it, 'empowering people by bringing them together'.[8] The great progressive victories of the past – a universal franchise, legal rights for trade unions, the welfare state and so on – were only secured by the sustained mobilisation of a variety of collective agencies, and by the use of the state to uphold the public interest against concentrations of private power. As a result of this aspiration to forge effective democratic collective action, social democracy has always been a politics of coalition: between different social classes and ethnic groups, between social movements, and between moderates and radicals. Inevitably, such a coalition will be plagued by tensions, but the quintessential task of social democratic statecraft has always been the construction of a broad-based alliance for social improvement that aggregates and popularises the aspirations of its social base.

Third, this social democratic tradition can generate a rhetoric and policy agenda that resonates with contemporary politics and places the Left on the front foot in political debate. A full justification of this assertion would require more detail than I can provide here. For present purposes, I will give two examples of how social democracy speaks to the present political

situation and can pose difficult strategic challenges to the Right. The first, unsurprisingly, concerns economic policy. It would be hard to script a clearer demonstration of the social democratic message than the current economic crisis. The social dangers posed by unregulated capitalism and widening economic inequality have now been placed at the heart of political debate.

These points have been widely discussed elsewhere, but it is worth underlining two respects in which these events have bolstered the persuasiveness of a social democratic analysis and undermined the authority of the right's economic philosophy.

1 As Kevin Rudd, the Australian prime minister, has pointed out, the crisis has revealed the necessity of a social democratic state. Social democrats have of course long argued that the state must play a crucial role in regulating capitalism and making it fairer, while the free-market Right has sought to diminish state capacity and to reduce its role in shaping distributive outcomes. But this latter position is now exposed: in present circumstances it either lapses into a utopian anti-statism or endorses socialism for the rich but market discipline for the poor. As Rudd has argued, the state's role in preventing economic catastrophe has been a potent practical demonstration of the case for a modern social democratic state focused on a more attentive regulation of markets, the provision of public goods and the egalitarian sharing of economic risk.[9]

2 The post-mortem on the crisis currently being conducted by economic commentators has a discernibly social democratic hue. The analytical foundations of new classical economics are now the subject of coruscating critique.[10] Authoritative voices stress the importance of a mixed economy that combines a respect for markets with a mature recognition of their limits, in particular of the need for a substantial range of non-market social services to protect the disadvantaged and ensure economic stability.[11] Within the policy-making councils of the democrats, the architects of Rubinomics have recanted their former intense unconcern about income inequality, financial deregulation and the collapse of organised labour.[12] All of this should give advocates of a social democratic political economy greater intellectual confidence.

My second example of the contemporary relevance of the social democratic tradition is perhaps more surprising, since it relates to the politics of the workplace. But social democratic politics, rooted in the lives of working people, has in fact long been concerned about the lack of individual liberty inherent in the structure of the capitalist firm. In order to emancipate individuals from arbitrary managerial authority, social democrats prioritised the regulation of the labour market, particularly working hours; supported collective bargaining by trade unions as a means of ensuring that managers' decisions took account of workers' views; and sought to introduce works councils, worker representatives on the board, and other mechanisms to give employees a voice in the organisation of their workplace.

Our memory of this has recently been refreshed by Paul Mason's gripping account of the labour mobilisations that sustained this agenda in the nineteenth and twentieth centuries. Mason has characterised this 'working class republicanism' as an improvised ideology that emerged from the industrial struggles of skilled workers and centred around three 'big asks': 'self-betterment, work-place autonomy and democratic rights'.[13] Given the cultural centrality of individual liberty, and the recent interest in revitalising a republican notion of freedom, this agenda seems ripe for reconsideration.[14] To hammer out a workable political programme in this vein will be difficult, but certainly mutualism, employee ownership and profit-sharing, cooperatives, trade union representation and works councils could all usefully be promoted as a means of making republican ideas of freedom from arbitrary authority a lived reality for workers.

Strategically, this agenda exposes a tension in the political thought of the Right. Such 'working class republicanism' does not focus political attention on the relationship between liberty and economic equality, the right's favoured trade-off, but on the relationship between liberty and the capitalist firm. This is less hospitable terrain for the Right to pick their way through, since they are intellectually committed both to maximising individual liberty and allowing work to remain a protected sphere of arbitrary authority and control.

Conclusion

My central argument has been that the social democratic and liberal traditions substantially overlap. We should therefore not pose a false choice between liberalism and social democracy when they are in agreement on so many issues, including their understanding of core political ideals such as liberty, equality and solidarity, and their support for collective action to redress the political and economic barriers to the fulfilment of these ideals, particularly concerted public action to share economic prosperity widely. There is, however, one influential strand of liberalism that stands outside of this progressive consensus. The neo-liberalism associated with figures such as FA Hayek and Milton Friedman rejects egalitarian ideals, regards the concentration of income and wealth in the hands of a small elite as perfectly acceptable, and seeks to disempower democratic collective agencies by disaggregating them into separate individuals. But it is hard to see this as a promising starting point for a renewed left-wing agenda that takes seriously both the valuable inheritance of the past and the challenges of the future. Surely, then, everyone on the Left should be a social democrat now.

Ben Jackson is Fellow and Tutor in Modern History at University College, Oxford University.

Notes

1 LT Hobhouse, 'What is socialism?', *Manchester Guardian*, 10 Jun 1924; D Griffiths (ed), *What is Socialism?* (London: Grant Richards, 1924), p 15.

2 I have drawn in particular on G Esping-Andersen, *Politics Against Markets: The social democratic road to power* (Princeton: Princeton University Press, 1985); J Kloppenberg, *Uncertain Victory: Social democracy and progressivism in European and American thought* (Oxford: Oxford University Press, 1986); D Sassoon, *One Hundred Years of Socialism* (London: IB Tauris, 1996); D Sassoon, 'Socialism in the Twentieth Century: An historical reflection', *Journal of Political Ideologies* 5 (2000); G Eley, *Forging Democracy: The history of the Left in Europe* (Oxford: Oxford University Press,

2002); S Berman, *The Primacy of Politics: Social democracy and the making of Europe's twentieth century* (Cambridge: Cambridge University Press, 2006); S White, 'Reclaiming the Republican Roots of Social Democracy', unpublished paper, Jan 2009.

3 E Bernstein, *The Preconditions of Socialism* (Cambridge: Cambridge University Press, 1993 [1899]), p 147.

4 See for example P Clarke, *Liberals and Social Democrats* (Cambridge: Cambridge University Press, 1978); G Gaus, *The Modern Liberal Theory of Man* (London: Croom Helm, 1983); M Freeden, *Liberalism Divided* (Oxford: Clarendon Press, 1986); M Freeden, 'True Blood or False Genealogy? New Labour and British social democratic thought' in A Gamble and T Wright (eds), *The New Social Democracy* (Oxford: Blackwell, 1999); M Stears and S White, 'New Liberalism Revisited' in H Tam (ed), *Progressive Politics in the Global Age* (Cambridge: Polity Press, 2001).

5 See for example LT Hobhouse, *Liberalism* (Cambridge: Cambridge University Press, 1994 [1911]), pp 46–7, 88–102; his *The Elements of Social Justice* (London: Allen and Unwin, 1922), pp 174–5, 177–82; and JA Hobson, *The Social Problem* (London: J Nisbet & co, 1901), pp 176–7, 193.

6 For further discussion, see B Jackson, *Equality and the British Left* (Manchester: Manchester University Press, 2007). These objections to inequality correspond to those recently defended by political philosophers: see eg TM Scanlon, 'The Diversity of Objections to Inequality' in M Clayton and A Williams (eds), *The Ideal of Equality* (Basingstoke: Palgrave Macmillan, 2002).

7 Some social democrats have also advocated a stronger 'communitarian' ideal than the one I have just sketched – Hobhouse, for example, probably held such a view – but historically not all social democrats have agreed. Anthony Crosland, for example, took a markedly libertarian line on 'the cooperative aspiration': see Jackson, *Equality*, pp 183–95.

8 M McIvor, 'The Problem of Social Democracy', *Renewal* 15 (2007), p 7.

9 K Rudd, 'The Global Financial Crisis', *The Monthly*, Feb 2009, www.themonthly.com.au/monthly-essays-kevin-rudd-global-financial-crisis—1421 (accessed 3 Feb 2010).

10 P Krugman, 'How did economists get it so wrong?', *New York Times*, 2 Sept 2009, www.nytimes.com/2009/09/06/magazine/06Economic-t.html (accessed 3 Feb 2010); R Skidelsky, *Keynes: The return of the master* (London: Allen Lane, 2009), pp xiv–xv, 29–51, 105–14.

11 A Sen, 'Capitalism Beyond the Crisis', *New York Review of Books*, 26 Mar 2009.

12 R Rubin and J Bernstein, 'No more economic false choices', *New York Times*, 3 Nov 2008; J Calmes, 'Rubinomics recalculated', *New York Times*, 24 Nov 2008; J Crabtree, 'How Obama won', *Renewal* 17 (2009), pp 78–80.

13 P Mason, *Live Working or Die Fighting: How the working class went global* (London: Harvill Secker, 2007), p 45.

14 See for example N Hsieh, 'Freedom in the Workplace', in S White and D Leighton (eds), *Building a Citizen Society: The emerging politics of republican democracy* (London: Lawrence & Wishart, 2008); W Davies, 'Republicans at Work', *Our Kingdom*, 22 Sept 2009, www.opendemocracy.net/ourkingdom/william_davies/republicans_at_work (accessed 3 Feb 2010); W Davies, *Reinventing the Firm* (London: Demos, 2009).

2 Flee your tents, O Israel! Why radical liberalism offers the best hope for the British Left

A response to the question: should the Left draw more on its social democratic or radical liberal traditions in looking to the future?

Richard Reeves

In 1984, after Labour's second defeat at the hands of Margaret Thatcher, a leading party figure offered a way forward. 'Socialism', he wrote, 'is a commitment to organise society in a way which ensures the greatest sum of freedom, the highest total amount of real choice and, in consequence, the greatest human happiness.' The idea of liberty, recorded the author, had been stolen by the 'neo' liberals of the Right, and the Left had to win it back: 'Labour has increasingly allowed itself to be caricatured as the "We Know Best Party" when we are (or ought to be) the "We Will Make You Free Party".'

And – here's a sentence you don't read every day – Roy Hattersley was right. He was right to say, in *Choose Freedom*, that the Left should not cede the morally forceful arguments for liberty to the political Right. He was right to say that even if the recipients of more generous benefits spent some of their economic gains on beer and tobacco, 'we should not be too sanctimonious about that – particularly if we are supporters of the view that a real extension of individual choice is the object of policy'. He was right to recognise that the right-wing attack on the instinctive statism of Labour had to be countered by 'the demonstration (in deeds as well as words) that socialists take freedom seriously'.

But freedom should not simply be 'taken seriously' by the Left. Freedom, properly defined, is the very basis of left of centre

politics. Equality is an important political value, but as Hattersley argued, equality should only be pursued as a means to an end, rather than as an end in itself. 'We Will Make You Free' is indeed the rallying cry for the Left. Or at least, it should be.

Hattersley's policy conclusions did not, however, fit easily with his inspiring liberal rhetoric. It is hard to equate 'taking freedom seriously' with a policy of banning private medicine and private education. It is hard to square a commitment to 'an extension of individual choice' with his hostility to the (then) SDP's policy of letting 'parent power' (ie parental choice) drive education. And Hattersley's insistence that the lack of freedom of the poor was explained by the gap between their income and the incomes of the rich was simply stated, rather than demonstrated. These policy positions may help to explain why Hattersley's belief that the Conservatives were 'on the brink of defeat' when the book was finally published in 1986 proved unfounded.

Hattersley's book was an attempt to connect twentieth-century social democratic political concerns with the deep well of liberal philosophy and history. He was in good company; many volumes have been written on the historical connections between the 'advanced liberals' and 'early socialists' of the late nineteenth and early twentieth century. For a while, at least, they even dined together, as part of the Rainbow Circle, a discussion group that included Hobson, Hobhouse and Ramsay Macdonald, which met from the 1890s to the 1930s. And there is indeed much that is shared between the traditions, including a commitment to a political system granting equal rights to all citizens, a participatory economy, a welcome – or at least tolerance – of social diversity and a concern with the life chances of the most disadvantaged.

These connections are worth revisiting today. But showing that the liberal and social democratic traditions often coincide does not mean that there is no choice to be made between them. In many instances, the instincts and philosophies of the social democrat and the liberal will lead them in markedly different directions. We cannot just label ourselves 'liberal socialists' and magically remove these tensions. And we certainly can't simply absorb the liberal lineage into a social democrat story. Radical

liberals and social democrats may frequently march together – but they are not in same army.

Whether the Labour Party can properly accommodate radical liberalism is a question of a different order from the ones addressed in this paper. But I believe that Labour is likely to have a better future after 2010 if it embraces the liberal side of the progressive lineage, rather than retreating to an overly statist, neo-Fabian social democracy. (A general realignment, involving a probable merger with the Liberal Democrats, would certainly help in this regard.)

In the spirit of provoking debate, in this paper I focus on the key differences between the two strands in a number of critical areas. I will be arguing for the liberal side, but I hope that I have done reasonable justice to the other side, as any good liberal ought. It is worth saying that there is also a strong republican streak in left-liberalism, which is implicit in much of what follows but is not drawn out explicitly.[1]

The six themes addressed in this paper, the ones on which liberals and social democrats will most often argue, are listed below, with a very short summary of the argument made in each section:

- *The nature of liberty.* To be free a person must have choice, power and capability. To be free also means not being at the mercy of another.
- *Individuals and communities.* Individuals live within and are profoundly shaped by communities, but form their own individual valuations of a good life.
- *Role and scope of the state.* Social democrats tend to see the state as an expression of society; conservatives tend to see the state as society's enemy. The liberal-left stance towards the state is agnosticism: state actions that give people more choice, power and capability are welcome – those which do not are not.
- *Moral basis of politics.* 'Liberal morality' is in many ways more demanding than 'social democrat morality'. Tolerance, respect for self, respect for others and personal responsibility are all vital ingredients of a successful liberal society. Appeals to 'the common good' are rhetorically appealing but intellectually vacuous.

- *Concepts of equality.* The liberal-Left will strive for a more equal distribution of capabilities. Questions about the distribution of income and wealth enter importantly into liberal egalitarianism, but only as possible means to the end of more equal capabilities, rather than as ends in themselves.
- *Democratic reform and power dispersal.* Social democrats have historically been more interested in capturing the state than reforming it; for liberals, the need for a political apparatus that breaks power up is an enduring concern, from proportional representation to House of Lords reform and localism.

Liberty

Liberalism is a contested term. Liberty itself is, in Isaiah Berlin's phrase, a 'protean word'. There are neo-liberals, market liberals, social liberals, American liberals, Liberal Democrats, republican liberals and classical liberals. In some nations, the Liberal Party is the party of the Right; in others, Liberals are firmly on the Left. In philosophy, thinkers as diverse as Hayek, Mill, Sen, Locke and Rawls claim the liberal label.

The most fruitful branch of the liberal tradition, in terms of modern political philosophy, is the one occupied by John Stuart Mill, Leonard Hobhouse and Amartya Sen. At the heart of this humanist, republican liberalism are two profound convictions: first, that individual flourishing is the sine qua non of a good society, that each person should have the space and opportunity to create a good life for themselves. Second, that people should not live at the mercy of others: being subject to the arbitrary power of another is a form of 'unfreedom'.

Liberalism of this kind, predominantly associated with the political Left, is concerned with far more than non-interference, described as 'negative' liberty or 'freedom from'.[2] Sen, echoing Mill and Hobhouse, sees freedom as measured by 'what kind of lives people can actually lead'.

The first distinction, then, of 'left' liberalism from the right-wing version is a concern with resources, capabilities and opportunities. The freedom to 'lead a life you have reason to value', in Sen's phrase, depends not only on being *allowed* to lead

it, so long as it does not harm others, but on having the *capabilities* to do so.

This is a pragmatic liberalism, less concerned with finding the perfect rules or institutions of a liberal society than with identifying and removing the obstacles to people leading the kind of lives they would like to lead. The abolition of slavery, the granting of votes to women and the creation of the NHS did not come anywhere near creating a perfect, or perfectly just, society – but they all expanded the freedom and capability of millions of people, and were therefore actual blows struck for social justice.

This approach to liberty also focuses attention on the distribution of power. If a capability is, as Sen says, 'the power to do something', liberals will instinctively oppose concentrations of power – political, bureaucratic, social or economic. The default assumption should be that power lies as close to the individual as possible. Rather than having to argue why power should be 'devolved' downwards, the burden of proof should be on those who want to consolidate power *upwards*, away from people.

Individuals should be free to determine their own career; parents should be able to choose their children's school; patients with chronic health problems should control their own budgets; neighbourhoods should determine policing priorities; localities should determine social care needs. All, at least, unless there is a strong liberal argument why they should not. There often will be such an argument, of course. Action on climate change to prevent the destruction of lives and life chances across the world requires power to be consolidated up from nation states, to protect what Mill called 'the citizens of that wider country, the world'.

Freedom also requires people to not be living at the mercy of others; this is the vital republican insight. The slave is not free even if his master gives him free rein – because the master might change his mind. Being subject to the arbitrary power of another person or institution is a condition of 'unfreedom'. This is why liberals have to be democrats, and why they lead the charge against concentrations of arbitrary market power as well as against arbitrary state power.[3]

Liberal communities

Debates about liberalism often end up sounding like GCSE physics lessons. It is only a matter of time before someone accuses the liberal in the room of promoting an 'atomistic' view of the world. Liberals are relentlessly caricatured as seeing individuals as atoms, floating freely from the rest of society. Atoms actually come out of the analogy rather badly, usually being additionally seen as 'selfish', 'individualistic' and quite often 'materialistic' too.

Let's put this matter as clearly as possible. People are profoundly shaped, or 'encumbered' in Sandel's memorable phrase, by their social environment. No sensible liberal denies this or wants it to be untrue. Social and moral norms develop for good reasons, and act as important guidelines for the lives most of us lead. The institutional and moral norms around marriage might be a good case in point; the moral obligation to care for others, especially those who care for or have cared for us, is another. Social customs are extremely important. They contain important information – the wisdom of the ages. But they can also be constricting, prejudiced and even tyrannical, and we each have to form our own judgement about that. As Mill put it:

It would be absurd to pretend that people ought to live as if nothing whatever had been known in the world before they came into it; as if experience has as yet done nothing towards showing that one mode of existence, or of conduct, is preferable to another… But it is the privilege and proper condition of a human being, arrived at the maturity of his faculties, to use and interpret experience in his own way… He who does anything because it is the custom, makes no choice.[4]

Moral, communal and personal values are all important constituents of life. The point at which liberals part company from communitarians, and from many social democrats, is on the *location* of the valuation process. In the end, it is up to each and every one of us to make our own value judgements – allowing for social and institutional influence, but not being bound by it. This is a point Amartya Sen makes in response to accusations – and they are, unfortunately, accusations – that his philosophy promotes 'methodological individualism'. Sen points out that

'people who think, choose and act' are 'a manifest reality in the world'. Communities certainly influence people, 'but ultimately it is individual valuation on which we have to draw, while recognising the profound interdependence of the valuations of people who interact with each other'.[5]

This is why Hattersley was right to warn against the 'We Know Best for You' strand of Fabian social democracy. One of the most important disagreements in the New Liberal philosophy of the early twentieth century was over the usefulness of the 'organic' analogy for society. Collectivist liberals like Hobson rested a good deal on their view that society was indeed like an organism, with individuals making up various parts of the whole. For liberals like Hobhouse, the organic metaphor was inappropriate because it risked dissolving individuals' diverse wants, needs and plans into a general plan for society. Hobhouse was here following directly in Mill's footsteps, not least in his attack on the Comtean view of 'social unity' as the end-goal of politics:

Men, however, in a state of society are still men; their actions and passions are obedient to the laws of individual human nature. Men are not, when brought together, converted into another kind of substance, with different properties.[6]

Bertrand Russell similarly warned against 'attributing ethical qualities to communities as such', and insisted that 'what is good or bad is embodied in individuals, not primarily in communities'.

And it barely needs saying that individuals do embody the good as much as the bad. One of the most dangerous elisions in anti-liberal argument is that of 'individualism' and the 'rational maximisation of utility'. People very often make a perfectly rational, reasonable decision to use their capabilities in a way which does not maximise their own utility in any recognisable sense: by caring for an elderly relative, giving their life to helping the neediest in society, or by simple daily acts of kindness. That these moral choices are made freely – *individually* – does nothing to make them less valuable. Quite the opposite.

Liberal morality

It is ironic that liberals are now often seen as the promoters of an amoral, anything-goes world, when liberal philosophers and politicians have often been the ones most concerned with moral questions. A few points are worth making on the moral dimensions of liberal thought:

- Morality results from the attention, commitment and revisions of reflective individuals, rather than from expert, elite opinion. Morality will always be contested and debated, and this is of course just as it should be. Yesterday's immorality is often today's norm, and vice versa. The moral norms around sexuality – especially pre-marital sex, homosexuality and women's choices – have been greatly altered in recent decades. In a range of areas of life, ranging from religion to parenting and multiculturalism, moral norms have been and continue to be revised. It is conservatives – of both Left and Right – who oppose the evolution of morality, harking back to a golden age of one era or another.
- Liberalism relies quite heavily on certain moral norms, especially tolerance and responsibility. It is necessary in a liberal society to tolerate people and practices that may be deeply unappealing to you. Tolerance is a moral skill that is often underestimated. It is often easier for politicians to ride waves of intolerance rather than striving for liberal tolerance.
- Freedom carries a good deal of responsibility with it. If we are each creating our own lives and choosing how to use our capabilities, then our responsibility for the nature of our life and the use we make of our capabilities is necessarily greater. Questions of duty are put more sharply if we insist that people are responsible for choosing their own life-course, rather than following a pre-determined path.
- Invocations of the 'common good' do not help very much. For one thing, the common good is hard to define. There are certainly goods that it is better to provide commonly – such as health care – but this is not really the 'common good' that communitarians and social democrats seem to be focused on. In political debate, the 'common good' seems to mean one or more of a few things:

- people should care about each other in their daily interactions
- inequality (especially of income) should not be too great
- people should be more public-spirited (eg by volunteering more)
- markets should be restrained – or 'be kept in their place'
- people should not be greedy

These are of course valid concerns and/or ambitions. Virtue is, as discussed above, an important ingredient of successful liberal societies. But in a liberal society, virtue is chosen. As Alan Ryan rather brilliantly puts it, liberals 'want volunteers for virtue, not conscripts'.

On interrogation, arguments made under the general heading of 'the common good' need either to be argued for on stronger grounds – income redistribution would fall into this category, for example – or end up as no more (and no less) than perfectly laudable pleas for people to behave a bit better. (And as discussed, we should redistribute income from rich to poor in order to further the capabilities of the most disadvantaged, not because of a mystical attachment to a 'common good'.)

A liberal state

Twentieth-century discussions on liberalism have been dominated by the role of the state and, very often, by a concern about its over-weaning, over-centralised power. But a consistently liberal approach will look at the state in the same light as other institutions, asking whether its operations are genuinely expanding opportunities and capabilities. The state, intrinsically, is neither good nor bad, neither liberating nor authoritarian. 'Progressive' policies might result in a smaller state; 'conservative' ones in a bigger state; it is not its size but what you do with it that counts. A 'state' school might be managed from Whitehall, with its curriculum dictated, and with parents having little choice over the school their children go to or how they are taught once they get there. Or a 'state' school might be chosen by, run by and influenced by parents themselves, while still being funded out of the public purse. But the difference between the two models is huge. The question is

less about state versus non-state provision, and more about who, in the end, has the *power* over the institutions in question.

The obsession in both the main political parties with the state and the constant futile search for an over-arching 'theory of the state' (ie a theory *for* the state from the Left, and a theory *against* the state from the Right) is one of the unfortunate legacies of twentieth-century politics. What is needed is for politicians of all stripes to be clear about their ultimate goals, and pragmatic about the possible role of the state in reaching them. It might help to reach back past the twentieth century for guidance. Asked by a friend in 1847 to spell out his theory on the 'province of government', Mill wrote: 'I doubt if much more can be done in a scientific treatment of the question than to point out a certain number of *pro's* and a certain number of *con's* of a more or less general application… leaving the balance to be struck in each particular case as it arises.' Or as Tony Blair might have put it: 'What matters is what works.'

This is why the current Conservative attack on 'big government' descends into incoherence. It is nonsense to claim that 'big government' was the cause of the financial crisis. 'Big government' will provide the extra supply in the education system needed to make parental choice work. 'Big government' will fund Sure Start, which the Conservatives rightly value for its capacity to help the poorest parents raise their children more effectively. But it is equally nonsensical to argue for state intervention *per se*. Labour has overseen the creation of a number of new state, or quasi-state, agencies, and should be hard-headed about identifying those which have not delivered, or which are no longer a priority. When you have a secretary of state for education mandating home–school contracts and cooking classes you know the spirit of the Webbs, who wanted the state to 'constrain' the individual in order to make them each 'a healthier, nobler and more efficient being', lives on.

Liberal equality

Equality is the focus of other papers in this collection, so I will not say too much here about it. But there are two important

distinctions between liberal and social democratic approaches to equality – one old, and one new.

The old distinction is the greater emphasis placed on wealth by liberals, and on income by social democrats. Radical liberals were in the vanguard of land tax advocacy in the late nineteenth century, and Hobhouse and others drew heavily on the central distinction in Mill's political economy between 'earned' and 'unearned income'. While it was a Liberal government that made the first moves towards a thoroughgoing income tax system, there is a much greater appetite in liberal theology for attacking unearned income, through property, capital gains and inheritance tax. For a century and a half, liberals have argued that nobody on a low income – an income below that sufficient for 'life, health, and immunity from bodily pain'[7] – should pay income tax. But 'unearned income' from land ownership or inheritance, money that 'falls into the mouths of the rich as they sleep', should be aggressively taxed. Ideally a land value tax should be back on the agenda – but so should capital gains tax on principal residences (raising around £6.5 billion a year) as well as the reversal of the planned doubling of the IHT ceiling for couples (which will cost £1.5 billion a year). For liberals, such measures are much more attractive than higher marginal rates of income tax – such as the new 50p tax band, which is of doubtful economic and political value – which tend to be favoured by social democrats.

This is not to say that liberals are not concerned with income inequality, not least because of the role of income in enhancing capability. But the gap that most troubles liberals is the one between the bottom and the middle. If some groups are excluded because of low income from the life of society – and they are – then this is the problem that needs addressing. Adam Smith's linen shirts still matter. Social democrats worry about this gap too, of course. But they also obsess about the gap between the middle and the top, or indeed between the top and the very top, in other words between the merely 'rich' and the 'super-rich'. The Gini coefficient is a good measure of social democrat equality, being hugely influenced by income changes at the very top of the scale, but it is not such a good measure for

liberal egalitarians. Liberals share the social democrat concern with making the poor richer, but not their desire to make the rich poorer.

The second difference is focus on capability and advantage. Liberals will favour policies that enhance the capabilities of the most disadvantaged, relative to the majority. The focus on capability does not diminish the case for egalitarian politics; rather it significantly broadens its informational foundation. As Sen argues: 'The problem of inequality in fact gets magnified as the attention is shifted from income inequality to the inequality in the distribution of substantive freedoms and capabilities.'

It is the pursuit of liberty for all that gives moral force to left arguments for reform. Liberty captures the essence of the enlightenment project in a way which Fabian egalitarianism, based on a narrow, financial view of equality, never could. It is hard to imagine anyone building a Statue of Equality.

Democratic reform and power dispersal

Liberals have historically placed much more emphasis than social democrats have on the reform of political institutions in order to disperse power. One of the causes of the historic split between Liberals and Fabians in the early 1900s was the support of the latter for imperialism; a key element in the liberalism of people like Hobhouse and Hobson was the right of colonies to move towards self-determination. Mill was the first MP to introduce a bill to introduce proportional representation in the voting system; twentieth-century Liberals took on and beat back the House of Lords. In recent years, the Liberal Democrats have remained in the lead on these issues, although Labour did perform a substantial piece of 'horizontal devolution', in Vernon Bognador's phrase, with devolution to Scotland and Wales. The accumulation of power in institutions – parliament, Downing Street, the City, boardrooms – is always viewed with suspicion by liberals, who naturally seek the dispersal of power. Liberty, as someone wrote, is 'power cut to pieces'.

Liberals are instinctively more localist than their social democrat cousins, because of their underlying belief that power

should lie as close as possible to the individual. Social democrats worry, legitimately, about resulting differences in service quality or policy development, or what has (unhelpfully) become seen as a 'postcode lottery'. They also place a good deal more faith in the power of central government to deliver social justice. For liberals, this diversity is good news, providing experiments in governing, so long as there is enough information flow and democratic pressure to ensure that good practice spreads.

In truth, localism cuts across traditional party lines. There is a strong localist tradition in Conservatism, too, though it was largely invisible in the 1980s and 1990s. Devolution of some powers to local government was on the agenda of Mrs Thatcher's first cabinet meeting – although as Thatcher herself noted, she 'would in due course be forced down the path of still tougher, financial controls, as the inability or refusal of local councils to run services efficiently became increasingly apparent'. Tony Travers of the London School of Economics characterises Thatcher's reign as an '11-year-long war against local government'.

Unsurprisingly, the localist instincts of both the main parties wane when they get control of central government. It remains to be seen whether the same fate will befall Cameron's latest rhetorical burst of localism. Either way, it is ground that a properly liberal Left should be fighting to occupy.

Conclusion

Radical liberalism will give the British Left the new energy it needs. In many cases, liberals and social democrats will agree in practice, if not in theory, and sometimes in both. Where differences occur, there should be an honest intellectual engagement, rather than an attempt to paper over important cracks. So in this paper I have highlighted some areas of potential disagreement.

But it should be said that the breach between the advanced liberals and the moderate socialists of the late nineteenth and early twentieth centuries was a tragedy for the British Left. The Whiggish caution of the Liberal Party left it vulnerable to being

overtaken by a Labour movement, confidently – and, at the time mostly correctly – making the argument for collective action via the state. But the Labour Party that surpassed the Liberals was then left without vital liberal instincts and intellectual resources, necessary counterweights to the centralising, statist tendencies of much of the Left.

It is worth quoting Hobhouse, writing to the great Guardian editor CP Scott in 1924, on the potential for a progressive partnership:

… the distinction between that kind of Labour man who does not go the whole hog for nationalisation on the one side and the Liberal who wants social progress on the other is obsolete. I myself have always felt that it was unreal and that if we divided parties by their true principles, the division would be like this

Communist	*ordinary Labour*	*bad Liberal Diehards*
Theoretical Socialist	*Good Liberal*	*ordinary Tory*

In 1893, the Fabians published their pamphlet, 'To Your Tents, O Israel', which attacked the Liberals for their caution on social reform, gave up on the policy of 'permeation' of the liberal movement and called instead for a new, independent Labour Party to carry forward the progressive mantle. The rest, of course, is history. Now it is time for the Left to flee the tents, and embrace radical liberalism once again.

Richard Reeves is Director of Demos and author of John Stuart Mill: Victorian Firebrand.

Notes

1 See R Reeves and P Collins, *The Liberal Republic* (London: Demos, 2009) for a fuller argument for this connection.

2 This is not the 'positive freedom' Berlin worried about in his famous essay: that was freedom defined as becoming your 'true self' – a self which only external agents, usually state ones, could truly define. Berlin correctly warned that a political philosophy

based on experts knowing better than people themselves what they really want is the foundation of most tyrannies.

3 The works of Cicero, Rousseau, Harrington, Machiavelli, Wollstonecraft, de Tocqueville and Arendt offer a rich perspective on popular power. In recent times political philosophy has taken a welcome 'republican turn', embodied in the work of, among others, Cecile Laborde, Quentin Skinner, Philip Pettit and Stuart White.

4 JS Mill, *On Liberty* (London: Penguin Classics, 1982), p 64.

5 A Sen, *The Idea of Justice* (London: Allen Lane, 2009), pp 245–6.

6 JS Mill, *System of Logic Ratiocinative and Inductive* (New York: Cosimo, 2009), p 573.

7 JS Mill, *Principles of Political Economy: And chapters on socialism* (Oxford: Oxford University Press, 1998), p 173.

3 Equality – a theory of capabilities and disadvantage

A response to the question: should the equality that the Left now pursues be more focused on capabilities than just resources?

Jonathan Wolff

In considering this question we need to be clear, first of all, on what is distinctive about the capability approach to social justice. For present purposes it is helpful to bring out two aspects. First, the capability approach is pluralistic, assessing how someone's life is going not in terms of their control over resources, or their satisfaction with their life, but over a wide range of 'beings and doings', such as life, health, bodily integrity, control of the environment and affiliation. Second, typically capability theorists insist on a distinction between capabilities and functioning. Sen illustrates this distinction with a wealthy man who has chosen to fast. He currently lacks the functioning of being well nourished, but he has the capability because he could easily arrange things so that he starts eating again. Hence he is very different to an impoverished person who is unable to obtain nutrition. The wealthy person has the capability for nutrition but lacks the functioning. The poor person has neither. Sen plausibly suggests that the poor person has a claim on others that the rich person lacks, and that this is to be explained by their different capabilities.

The capability approach appears to have two highly desirable features as an account of well-being. First, it is much more realistic than 'single measure' accounts, emphasising the whole range of things that can make a life go well or badly. Second, especially in Sen's hands, it has a central place for freedom, which is built into the idea of a capability. A capability

set, says Sen, is an individual's freedom to choose from numerous different sets of functioning available to them. Capabilities are, in this reading, holistic, and offer wide freedom of choice between particular functionings. Hence on the face of it capability accounts are very liberal. Note, however, that others have tended to interpret capability theory in a different way, supposing that for each particular functioning there is a specific capability, and that capabilities cannot be traded against each other. Hence, for example, there is a growing literature on the capability approach to health. On Sen's approach, strictly conceived, this makes little sense, but it is not difficult to see, in principle, how this idea can be developed. In essence it will concentrate on each individual's freedom to achieve a particular functioning. Taking capabilities one by one in this way makes the account much clearer as an approach within social policy.

The capability approach does, however, have its problems. One is extremely well known. This is the indexing problem: how do you tell whether one person is doing better than another on a capability approach? If two people have different capability sets, and neither is better off than the other in all respects, how can we determine whether one is better off overall? This seems especially pressing for a theory of equality. Sen appears to advocate a society of equal capability. But it is very unclear what it would be to achieve it. Generally we can see a dilemma. For the sake of realism we are attracted to pluralist accounts of well-being, but for the sake of indexing it is much more convenient to have a restricted account, ideally something that can be captured in a single measure.

I will return to this problem shortly but in the meantime I want to reconsider the distinction between capability and functioning. Recall that Sen motivated the distinction with his example of the rich faster. This does illustrate the distinction very well, but we must ask how important such cases are from the point of view of public policy. It is not as if we have a pressing policy question of which starving people to offer food aid, needing to make a distinction between those with the capability to nourish themselves and those who do not. Of course there are unusual cases of people fasting for religious

reasons and people with eating disorders, but as a matter of social policy we would not go far wrong if we offered food aid to everyone who was suffering from extreme hunger.

Take some other functionings, such as health. Suppose we discovered a part of the country where people were in poorer health than elsewhere, and when we investigate we see a good deal of their poor health is a result of freely made choices about diet, smoking, alcohol and lack of exercise. It appears, then, that they have the capability for good health, but are choosing to do things that undermine the functioning. Our policy response is not to celebrate their freedom of choice but to consider this a major public health problem. The reason, I presume, is that we believe that health is a very important component of anyone's life and those who choose to ignore it are making a damaging mistake. In other words, in the case of health we are much more concerned about the functioning than the capability. The same is true of education. If children go to school and emerge illiterate, again we do not celebrate this as an exercise of freedom, but consider it a major failure. Once more it is the functioning society aims to supply, not the capability.

Does this mean that as a society we should always try to supply functionings and not capabilities? Nussbaum has pointed out that in the case of religion it is very important that people have the freedom to choose whether or not to be religious. Hence, it seems, the policy requirement is to ensure that everyone has the capability for religion, rather than making them religious. We might say the same thing about some of the political freedoms that permit a very active engagement in politics, such as running for office. Once more we do not want to force this on people, and feel that they should be free to choose, although we should also note that sometimes it is thought that low levels of political participation, such as low turn-outs in an election, are problematic, and not just a sign that people are exercising their own freedom their own way.

The point I want to make, though, is that the emphasis on freedom within the capability approach is, arguably, overdone. In many cases we are much more concerned with the achievement of the functioning than with giving people the

freedom whether or not to achieve that functioning. I think there may be a potential confusion between the idea, first, of giving people freedom whether or not to achieve it at all, and second, giving them a good deal of freedom in how (as distinct from whether) they achieve it. The second, in many cases, will be highly desirable. The first is desirable in some cases – most obviously religion – but much less so in others, such as health, education, nutrition, housing, bodily integrity, and possibly even affiliation. Just to illustrate the last example, in the greater Chicago area hundreds of thousands of people over the age of 65 live on their own. Do we hold off from making a judgement about whether this is a social problem until we know whether they have freely chosen to live this way or whether they have no real choice? Perhaps it seems even more tragic if so many people have made such a decision freely. In sum, then, in most cases governments can safely assess well-being in terms of functionings rather than capabilities. Freedom remains important, but it is the people's freedom to achieve functionings in their own way, in many cases, that is important, rather than their freedom whether or not to achieve it.

We are still left with the first problem, that of indexing. How can we tell whether two people with different functioning sets are as well off as each other, and, if we can't, how can we use the capability approach in social policy, or indeed politically?

Before addressing this issue it is worth asking what types of comparisons are going to be needed for progressive social policy. Up to this point I have more or less assumed that the point of social policy is to aim at equality. Yet no one, I think, would believe that in the current political and economic context it is credible to argue for anything like strict equality of income. There is, of course, protest at the widening of inequality that has been experienced in recent decades, and hopes have been expressed that the gap can be closed to some degree. Yet, in the formulation of an ideal, equality of income seems unhelpful. The point is not so much that it can never be achieved, but rather it gives very incomplete guidance when we are so far away from achieving it. Furthermore it may be important, first, to identify and act on obvious cases of injustice, rather than to

hope to find a theory of 'perfect justice' by which we can guide social policy.

Consequently, policies of sufficiency, ensuring everyone is above a particular level, or giving special priority to the worst off, will be more helpful in real social policy. However, while these provide greater policy guidance, there is also something rather disappointing about them, as they are consistent with widening inequality, provided that everyone benefits from it to some degree. Hence focusing on income measures and advocating sufficiency or priority can lead to worsening social inequalities and the further undermining of communal bonds. Indeed, some will argue that this is exactly what we have experienced during the tenure of the current government. The advantage of the capability approach, however, is that it measures achievement in more than one dimension and so can capture losses as well as gains. By these means we might sometimes argue that economic growth has been accompanied by overall loss.

To explore how this can be done in more detail, we need to return to the indexing problem of trying to deal with the difficulty of comparing one person's performance in terms of capabilities with another's. There are, in fact, a number of approaches that are possible.

The most obvious is to try to give a weighting to each different functioning or capability so that an overall assessment is possible. In principle this should be technically possible, for example following the model that health economists use for comparing different health states. A number of techniques are possible, but the essence is to give members of the public a set of scenarios and to elicit their preferences between them. It would then be possible to aggregate the responses and then anyone can be given a single score for their functioning level, just as it is theoretically possible to do this for a health level using standard instruments. As far as I know this has not been attempted. Possibly the reason is that what attracts people to the capability approach is its pluralism, and such a reductive approach is in conflict with its driving intuition that human well-being is multifaceted. Indeed, a concern is that this reduces capability measures to preference accounts.

Another approach is the 'separate spheres' account, which suggests that we do not need an overall evaluation; rather we should try to achieve equality, as far as we can, for each functioning. We should equalise life expectancy, health, education, affiliation, and so on, one by one, without worrying about overall assessment. Now there is something attractive about this, but it has at least two defects. The first is that it seems to encourage exactly the 'silo mentality' that talk about 'joined-up government' is attempting to overcome. Perhaps, though, this is not inevitable. Second, and probably much more important, this account cannot help us with budget allocation between sector. It is all very well saying that people should have equal health and equal education, but sometimes we need to know whether it is time to switch funds from the health sector to the education sector, and without some way of assessing total well-being it seems we have no clue how to do this. Accordingly, for budget allocation purposes, the separate spheres argument is inadequate.

Martha Nussbaum adds an important modification by claiming that for each capability we can define a threshold level that constitutes an adequately decent life, and the task of governments is to bring each person to that threshold. This, then, solves the budget allocation problem by instructing government to spend enough in each sphere to achieve the desired result. However, this solution is normally regarded as highly problematic. First it is hard to see how a non-arbitrary threshold can be defined for each capability. But more importantly, we will need further guidance as to what to do if available resources do not stretch far enough to bring everyone to the threshold. We will need an account of where action is most urgently required, and unfortunately the threshold approach appears to need supplementing with further evaluation – exactly what it is designed to avoid – if it is to accomplish this task.

Wolff and de-Shalit attempt to turn the problem on its head. Rather than seeking equality of capabilities, or a threshold level, we argue that government's first priority is to take steps so that the lives of those who are worst off can be improved. Accordingly it is necessary to identify those who are among the worst off. Here, then, we hit the indexing problem and the

difficulty of identifying the worst off. Our response, however, is that this theoretical difficulty is not one we experience in practice. In the real world it is not difficult to identify groups that do badly on a range of important functionings. In our terminology there are people who suffer from a 'cluster' of disadvantages: poor health, life expectancy, bodily integrity, control of the environment, education, difficulties with the criminal justice system, affiliation and so on. People who suffer from such 'clustered' disadvantage will uncontroversially be among the most disadvantaged in society. Such an analysis also suggests a policy objective – to decluster disadvantage, or, in other words, to make it very difficult to know who is among the worst off in society. This does not mean making sure that everyone achieves the same level of functioning on every dimension, but making it the case that no one does badly across a wide range of functionings. Our view is that a type of equality will have been achieved when the question of who is very badly off in society becomes very hard to answer.

Note, then, the important difference between 'priority to the worst off' when interpreted in terms of income and in terms of capability. In income terms we simply look at the income levels of the worst off and do what we can to improve them. However this is compatible with the deepening of two types of troubling gaps. First, as argued by Reagan and Thatcher, it could be that the best way to make the poor somewhat better off in terms of income is to make the rich much better off. Hence priority to the worst off in terms of income is compatible with growing income inequality. Second, such growing income gaps may well increase a sense of social difference and undermine the forms of solidarity that have long been the goal of leftist political philosophy. However, on the pluralist view advocated here, the task of giving priority to the worst off is interpreted as the project of making it ever more difficult to tell who the worst off are. If disadvantage is declustered those who do poorly in one respect may nevertheless do better in others, and so it becomes very hard to say, uncontroversially, who is worst off. Of course any individual may have their own sense of what is most important, but if disadvantage is declustered this will lead

different people to different judgements about who is worst off. The tragedy at the moment is that it is not at all difficult to identify those who are towards the bottom of the distribution, even on a pluralist view in which there is disagreement about which categories are most important.

How, though, is such a declustering to be achieved? We have introduced the terms 'corrosive disadvantages' and 'fertile functionings' as a way of helping to conceptualise one approach. A corrosive disadvantage spreads its ill effects elsewhere while a fertile functioning does the opposite. Drug addiction is probably a good example of a corrosive disadvantage, leading to poor health, family breakdown, crime and many other problems. Probably there is less known about fertile functionings but a supportive family environment and high-quality early years education may well help people develop other functionings. In general social policy needs to concentrate on preventing the formation of corrosive disadvantages and encouraging the formation of fertile functionings in individuals. Local authorities are going to be key in carrying out such programmes, but to do so they will need to adopt more of a 'person-centred' or perhaps 'family-centred' approach than often they do at present, where a 'sector-centred' (housing, education, criminal justice etc) approach remains common. One unfortunate aspect of a sector-centred approach is that it has a tendency to see a person as a set of problems, rather than a person with problems who needs to be helped to overcome those problems in their own way. As a result, arguably, too many resources are spent on problem containment, and not enough on personal development. Much more needs to be said about this, but that is a task for another time.

In sum, the capability approach can be very useful in reconfiguring a 'Left' approach to social policy, although more work is needed before it can really make a difference. However, it is not simply a matter of getting the terminology right and solving some tricky problems about measurement. It is also a matter of re-inventing the relationship between central government, local authorities and disadvantaged people.

Jonathan Wolff is Professor of Philosophy at University College London.

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4 Equality – if capabilities matter, so do resources

A response to the question: should the equality that the Left now pursues be more focused on capabilities than just resources?

Stuart White

Thus, with an equal performance of labour, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right instead of being equal would have to be unequal… only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!

Karl Marx, *Critique of the Gotha Program, 1875*

Equality is a central, defining value of the Left. But, as Marx's *Critique of the Gotha Program* attests, it has also been a hotly contested one, and remains so. The question this essay addresses is the relative importance of 'resources' and 'capabilities' in the Left's understanding of the kind of equality it is to 'pursue'. In approaching this topic, I want to make a distinction between two questions:

1. What kind, or kinds, of equality matter in a fundamental way for egalitarians?
2. What kind, or kinds, of equality is it important for the left to pursue in order to realise its egalitarian ambitions?

There are familiar and good reasons for thinking that 'capabilities' is the answer to the first question, although this answer is by no means as obviously correct or unambiguous as it might seem. However, turning to the second question, I also think the Left should continue to see the reduction of inequality

in income as an important policy goal (where this means reducing inequality over and above what is needed to prevent or alleviate poverty).[1] These two thoughts are not in contradiction because, so I will claim, a high degree of equality in income is instrumental to achieving equality of capabilities (on any reasonable construal of what 'capabilities' means).

The basic motivation for focusing on capabilities

Let's start by reminding ourselves of the basic rationale behind the 'capabilities approach'. If we say that we want 'equality', what, fundamentally, do we want to equalise? Most political philosophers who have worked on this topic are agreed in rejecting a 'welfarist' conception of equality: the view that what matters, fundamentally, is only equality in 'happiness' or preference satisfaction.[2] Perceived problems with welfarism include:

1. Equalising welfare commits us to subsidising 'expensive tastes' which people have chosen to cultivate. But if Smith chooses to cultivate an expensive taste, eg, for high-price opera concerts, it is not clear that others ought to have fewer resources in order to enable Smith to remain equal in terms of happiness or preference.[3]
2. Equalising only welfare implies that we should not give special assistance to those who suffer serious 'handicaps', eg, impaired mobility, if they happen to have a disposition that enables them to be as happy as others despite their handicaps. But surely the 'handicapped' do warrant such special assistance.
3. Related to point 2, equalising only welfare implies that we should not transfer resources from, say, rich to poor, if the poor have managed to 'adapt' their preferences to their lot so that they are as happy as the rich.[4]
4. By no means all of us treat welfare (understood either as happiness or preference satisfaction) as the fundamental goal of our own, personal lives. Why accept for political purposes a 'conception of the good' that by no means all of us accept for our own lives?[5]

If, for such reasons, we reject welfarism, what is the alternative?

'Resourcists', such as John Rawls and Ronald Dworkin, argue that equality needs to be fundamentally conceived in terms of a set of all-purpose means to good living. Resourcists tend to be liberals, and, as such, they are very sensitive to the fact that people have very different conceptions of the good (eg, some endorse welfarism for their own lives while others do not). If we are to develop a liberal theory of equality, they argue, we must conceptualise the fundamental focus of egalitarian concern in a way that is minimally presumptuous as regards the claims of different conceptions of the good. The way to be minimally presumptuous, they claim, is to focus not on the ultimate goods that people pursue as such, but on various kinds of resource or good that are, in general, instrumentally valuable in being able to pursue a conception of the good. The claim is that while there is no ultimate good that all reasonable people can agree on, there is a set of instrumental goods – goods we can use to pursue the ultimate good as we see it – which reasonable people can and should agree on.[6] (This is of course a controversial claim.) The equality we should seek is equality in the distribution of these goods.

Now, if we equate such goods – or 'resources' – simply with income, the motivation for the capabilities approach quickly becomes clear. Amartya Sen argues persuasively that if we focus simply on the income that people have, then we are at risk of a certain kind of 'commodity fetishism'.[7] For what matters – fundamentally – is surely not how much income people have, but what they have the *power to do or be* with the income they have.[8] And, quite obviously, two people with the same amounts of income can have very unequal powers to do and be things because of differences in their personal characteristics. If, say, Smith has an illness that means she requires more food to maintain normal bodily functioning, then she will not necessarily be able to do or be as many things as Jones even if she has equal income. For she will need to use up more of her income to achieve one outcome – normal bodily functioning – leaving her with less income to devote to other potential 'doings' and

'beings'. For Smith and Jones to be equal in the space of power – power to do or be things – then they will almost certainly have to be unequal in the space of income: Smith will have to have more income than Jones.

The basic insight arguably goes back at least as far as the attempt to capture the egalitarian goals of the Left in the form of the slogan: 'From each according to their ability, to each according to their needs!' The future socialist or communist society ought not to distribute income to all individuals or households in equal amounts. Rather, as Karl Marx argued in the *Critique of the Gotha Program*, it should take account of the fact that, say, this household has more children than that, and *disequalise* in the space of income in order to equalise in the space of needs-satisfaction.[9] This Marxian insight is really the same one that Sen presses against, a view which would identify 'true' equality with equality of income.

Questions for the capabilities approach

There are, however, some tough questions for the capabilities approach. First, while the basic Senian–Marxian criticism of income equality is valid, it is one that the resourcists can readily accommodate. It is not actually quite so obvious that we *have* to abandon resourcism to accommodate various compelling intuitions we have about the nature of disadvantage. Second, the capabilities theorist has to say something about *which* capabilities matter, and this raises various tricky problems. Let's take each point in turn.

Is resourcism inadequate?

In both Rawls's and Dworkin's theories, the notion of 'resources' at work is much broader and more complex than 'income'. Rawls identifies the currency of justice with what he calls 'primary goods', which include income, but also opportunity (for jobs and offices), leisure-time and the 'social bases of self-respect'. Indeed, they include what he calls 'natural primary goods' such as bodily and mental health. Rawls himself does not offer an

account of how shares of income should be varied to accommodate inequalities in natural primary goods. But his theory does not exclude the possibility that there should be such variation.

Dworkin, for his part, explicitly conceives of 'resources' as including individuals' skills and 'handicaps'. Those who suffer a specific 'handicap', such as limited mobility, suffer a kind of resource deficit in his view. As such, they might well have a claim to receive additional income, or goods-in-kind, to tackle this deficit. Thus, the basic Senian–Marxian point that people have unequal power to do or be things with equal amounts of income because of differences in health states and disability is one that the resourcist theories can (and, in Dworkin's case, do) accommodate.

The key question is whether there is some other kind of capability deficit which both (a) is obviously and unambiguously a disadvantage (the way, say, severely limited mobility is) and (b) cannot be acknowledged as such within a resourcist framework. My view is that the jury is still out on this question.[10]

This said, it also has to be acknowledged that insofar as resourcist theories can accommodate intuitions that seem to point towards the capabilities approach, the conceptual distance between the two is narrowed. Both theoretical frameworks endorse fundamentally pluralistic accounts of what 'advantage' and 'disadvantage' are. Both endorse the proposition that there is much more to equality than equality in the distribution of income. Here it is perhaps worth noting that some of the work that empirical social scientists have done drawing on Sen's capabilities approach could just as readily draw on a resourcist theoretical framework. For example, Tania Burchardt's very interesting and important work, which explores poverty as a function of income *and time* – basic insight: someone is not out of poverty if they have to work 60 hours a week to have a decent income – explicitly draws on Sen's capabilities approach, but the substantive insight is no less available to a Rawlsian working with a pluralistic notion of resources than to a Senian capabilities theorist.

Which capabilities matter?

The capabilities approach tells us to focus on the powers people have to do or to be various things. But *which capabilities*, which powers to do or be, *ought we to be concerned with*? We can't say that the relevant capabilities are simply the ones that individuals subjectively value because that would land us right back with welfarism and its attendant problems.

One option is to adopt what we might call the 'unspecific capabilities approach'. We refuse to say which capabilities, out of the myriad capabilities that people might or might not have, matter. What matters is the power to do or to be… anything and everything. This collapses the notion of capability into what Philippe Van Parijs terms 'real freedom': *the freedom to do whatever one might wish to do*.[11] Capability, in this conception, is the total set of actions and achievements that it is realistically open to one to perform and attain. It is notable, however, that when Van Parijs comes to operationalise this idea of real freedom his theory becomes fully resourcist. 'Real freedom' turns out to mean, at least on Van Parijs's elaboration, civil liberty plus one's share of external resources weighted to reflect whether or not one has some kind of 'handicap'.

The other option is the 'specific capabilities approach'. We try to give a list of specific capabilities which we think are of fundamental importance. Martha Nussbaum's version of capabilities theory exemplifies this approach,[12] as does that of Jonathan Wolff and Avner de-Shalit, who develop and revise Nussbaum's framework.[13]

However, if we do offer a list of specific capabilities that we think are of fundamental importance, isn't there a danger that this list will embody a specific conception of the good life? Given that reasonable people disagree about the content of the good life, this would mean that the capabilities list systematically favours some citizens' judgements about the nature of the good life over others'. On the view of (some) liberal political philosophers, such as Dworkin and Van Parijs, this effective discrimination in favour of some citizens' conceptions of the good is morally problematic: the state will be taking sides on the nature of the good life, affirming the views of some while denying the

validity of others' views, rather as if the state were to affirm that Christianity is true and other religions are not.

One response is for the capabilities theorist to try to formulate a list of key capabilities that he or she thinks could be accepted as very important by people across a wide range of conceptions of the good. Again, Nussbaum's work represents an important starting place here. But, as de-Shalit and Wolff argue, it seems unlikely that one philosopher by herself is likely to succeed in determining such a list. Thus, they seek to complement philosophical reflection with public consultation, asking people what capabilities they think are important.[14] (At the same time, it is important to complement public consultation with philosophical reflection, for otherwise we could end up back in welfarism and/or with an overly sectarian list of capabilities.)

If the capabilities approach does take this form, then, once again, it looks as if the conceptual distance from resourcism is reduced. For at least some capabilities will look plausibly to be of ecumenical importance, across a wide range of conceptions of the good, because they look like 'all purpose means' to pursuing a conception of the good, that is, because they look like what resourcists mean by 'resources'.

Policy implications

Thus far we have been concerned only with the underlying philosophical question: What kind, or kinds, of equality matter in a fundamental way for egalitarians? Assume, for the sake of argument, that we think some version of the capabilities approach gives us the right answer to this question. What policy implications follow from this?

One conclusion we should not draw is that reducing inequality in the space of income is unimportant. Certainly, the capabilities approach tells us, rightly, that achieving equality in the distribution of income is not sufficient for achieving 'true' equality (that is, equality in the space of capability). To repeat, this is the insight which Marx and many others had when they

contrasted the communist 'to each according to their needs' formula to a hypothetical principle of simply giving every individual (or household) equal income.

But it does not follow from this that reducing income (or income and wealth) inequality is not important as part of the objective of achieving capability equality. The basic claim I wish to make here is this: *on any reasonable construal of what 'capabilities' are, a person's overall capability will be positively correlated with their income and wealth such that the more income and wealth they have, the higher their overall capability level will tend to be*. Simply put: the more money you have, the more power to do or be (relevant, significant) things you have.

More exactly, the more money you have relative to others, then, other things being equal, the more capability you have relative to others. *Ceteris paribus*, inequality of income carries over directly into inequality of capability: if two people are otherwise the same but have unequal income, the one with the higher income will tend to have a higher overall level of capability. In order to achieve equality in the space of capability, therefore, we will have to give attention to inequality in the distribution of income. To be sure, the capabilities approach tells us, rightly, that the distribution of income is not all that matters. But it still matters.

The point can be appreciated by going back again to Marx and the communist slogan 'From each according to ability, to each according to need!' The slogan implies that income should not be distributed in strictly equal amounts across individuals or households. But to achieve it, there will clearly have to be considerable equalisation of incomes. Disequalising factors *other than differences in needs* – eg, inequalities in productive talent – will have to be handled, or else the resulting inequalities in income will frustrate (rather than help to realise) the principle of distributing according to need. Something similar is true, I am claiming, for capability equality.

In some of the initial discussion stimulated by Open Left regarding the capabilities approach, it was acknowledged that income matters for capability insofar, but only insofar, as (income) poverty detracts from capability.

However, while poverty certainly does detract from capability, I see no reason to think that differences in income above the poverty line are not also relevant to the question of whether, or how far, there is equality of capability. If relative capability increases with relative income, and we do indeed care about equality of capability, then we also have reason to be concerned about unequal income distribution above the poverty line. If one thinks that the moral demand for changing the distribution of income runs out when all are out of poverty, then I am not sure one really believes in *equality* of capability rather than, say, *decency* or *sufficiency* of capability.[15] The latter is a perfectly respectable point of view. But it is arguably confusing to present it as deriving from a commitment to equality of capability.

Stuart White is Lecturer in Politics and Tutorial Fellow at Jesus College, University of Oxford.

Notes

1 Sometimes, as currently in the UK, official poverty lines are defined in relative terms, eg, the poverty threshold might be defined as 60 per cent of median income. In this case, a commitment to eliminating poverty also implies some commitment to reducing income inequality. But one might still think it desirable to reduce income inequality over and above the level needed to eliminate poverty in this sense. I am grateful to Graeme Cooke for pressing me to clarify this.

2 J Rawls, *A Theory of Justice*, rev edn (Cambridge, MA: Harvard University Press, 1999 [1971]) and *Justice as Fairness: A restatement* (Cambridge, MA: Harvard University Press, 2001); R Dworkin, *Sovereign Virtue: The theory and practice of equality* (Cambridge, MA: Harvard University Press, 2000); A Sen, *Inequality Reexamined* (Oxford: Oxford University Press, 1992); GA Cohen, 'On the Currency of Egalitarian Justice', *Ethics* 99, (1989), pp 912–44.

3 Dworkin, *Sovereign Virtue*; Cohen, 'On the Currency of Egalitarian Justice'.

4 A Sen, *The Standard of Living* (Cambridge: Cambridge University Press, 1987).

5 Dworkin, *Sovereign Virtue*.

6 J Rawls, *Political Liberalism* (New York: Columbia University Press, 1993).

7 A Sen, *Inequality Reexamined* (Oxford: Oxford University Press, 1992).

8 I speak simply of 'income' in the main body of the text but unless otherwise indicated this can readily be understood as referring to income *and wealth*.

9 K Marx, *Critique of the Gotha Program* (Peking: Foreign Languages Press, 1976 [1875]).

10 For one interesting line of discussion, see A Williams, 'Dworkin on Capability', *Ethics* 113 (2002), pp 23–39; R Dworkin, '*Sovereign Virtue* Revisited', *Ethics* 113 (2002), pp 106–43; and J Browne and M Stears, 'Capabilities, Resources and Systematic Injustice: A case of gender inequality', *Philosophy, Politics and Economics* 4 (2005), pp 355–73. Williams argues that Dworkin's resourcist approach is unable to accommodate the intuition that women are problematically disadvantaged relative to men if and when it is harder for women to find partners willing to share child care or to be primary care-givers to children. By contrast, Sen's capabilities approach can accommodate this intuition (and can do so without collapsing into welfarism). Dworkin replies that his approach can accommodate this intuition insofar as the capability inequality is the result of historic discrimination and stereotyping and that, if it cannot accommodate it further, then this is (in part) because his resourcist theory quite rightly refuses to make controversial

judgements about the relative merits of the various capabilities people have. Browne and Stears argue that Dworkin's theory can accommodate the intuition insofar as the preferences leading to the capability inequality reflect discrimination and prejudice. One thing to note is that, quite independent of whether Dworkin's theory can accommodate the intuition, Williams's suggestion of why the relevant inequality in capability might matter (other than for welfarist reasons) appeals to Rawls's idea of 'fair equality of opportunity'. So Williams himself seems to explain the moral significance of the relevant capability inequality by drawing on a resourcist conception of advantage – except that it is Rawls's, not Dworkin's. Thus, even if Williams is right in his claims about the inadequacy of Dworkin's theory, this does not necessarily tell against resourcism as such (and Williams does not claim that it does).

11 P Van Parijs, *Real Freedom for All: What (if anything) can justify capitalism?* (Oxford: Oxford University Press, 1995).

12 M Nussbaum, 'Aristotelian Social Democracy' in RB Douglas, GM Mara and HS Richardson (eds) *Liberalism and the Good* (New York: Routledge, 1990), pp 203–52; 'Human Functioning and Social Justice: In defense of Aristotelian essentialism', *Political Theory* 20 (1992), pp 202–46; *Women and Human Development: The capabilities approach* (Cambridge: Cambridge University Press, 2000).

13 J Wolff and A de-Shalit, *Disadvantage* (Oxford: Oxford University Press, 2007).

14 Wolff and de-Shalit *Disadvantage*.

15 Is this still true if income poverty is defined, as currently in the UK, in relative terms, eg, as 60 per cent of median income? Quite possibly. As Sen himself argues, viewing poverty as relative in the space of income is entirely consistent with seeing it as absolute in the space of capabilities: my absolute capability

to 'appear in public without shame', to take one of Sen's examples, arguably depends on my not having too low an income in relative, as well as absolute, terms (Sen, *The Standard of Living*). I am grateful to Graeme Cooke for suggesting that I clarify this point.

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5 A new model capitalism

A response to the question: should the Left seek to shape a fundamentally different model of capitalism in the aftermath of the banking crisis and subsequent recession?

Andrew Gamble

The 2008 financial crash shook the international economy and brought into question the model of capitalism that had become so dominant and pervasive in the previous 30 years. Governments reacted with unusual speed to prevent the crash from plunging the international economy into a global recession by using a range of measures including bank bailouts, fiscal stimulus packages and quantitative easing. During 2009 these efforts had a considerable effect. There was a severe recession, but signs of recovery prompted hopes that the recession might be relatively short-lived and V-shaped. But uncertainties about the future remained high, and the recovery had been purchased at a very heavy price in fiscal debt in many countries. In the aftermath of the crash it was plain that in certain respects nothing would be the same again, that there could be no return to the model which had self-destructed in such a spectacular way. But there was also considerable disagreement as to where the fault lay, and what the remedies should be, as well as pressure to return as quickly as possible to the world as it was.

This response should be resisted. The crisis presents an opportunity to reflect on the performance of the British economy over the last 15 years, and to identify what was wrong and what was right about it, what might be changed, and what new directions might now be taken. This is a time for taking stock and for some radical rethinking, but it is also a dangerous moment for both Left and Right, because it is very easy to slip back into old ways of thinking which while comfortable are

likely to be not very effective in political terms. The events of 2008 were a crisis of capitalism, as profound as the 1970s and the 1930s, and many changes will ensue in the course of the next few years. But, unlike in those two previous periods of great structural transformation, in the international capitalist economy there are relatively few today who still think that there is an alternative to capitalism in this world that capitalism has made. During the boom some took this further and argued that there was no longer even a choice to be made between models of capitalism, and that only one model, the Anglo–American model, was destined to succeed. That idea has been punctured beyond repair, and the discussion of the merits of different models is back.

Models of capitalism tend to be national and deeply rooted in particular institutions, history and cultures. Many attempts in the past to copy elements of one national model to another have been unsuccessful. In order to avoid past mistakes it is necessary to be clear-headed about what has gone wrong with the existing model and what are the principles that should guide reform.

Narratives of political economy

One of the enduring distinctions in political economy is between markets and states, and this has tended to structure left and right narratives of political economy. On the Right this has led to markets being regarded as the source of freedom, enterprise, vigour and responsibility, while the state is the source of restrictions, regulation, waste, inertia and featherbedding. On the Left, by contrast, markets are regarded as the source of excess, inequality, waste, insecurity and short-termism, while states offer redistribution, security, long-term investment, accountability and fairness. The first approach leads to the narrative of rolling back the state to allow markets to flourish, while the second sees the main task of policy to be taming the market to realise collective purposes. In the response to the current crisis, these two narratives are coming once again to the fore and are defining the characteristic response of Left and Right. Yet one of the successes of the modernisation of Labour,

which started with Neil Kinnock in the 1980s, was the rejection of the simple dichotomy between states and markets, and the largely successful attempt to embrace instead a policy that combined social justice and efficiency, strategic investment and market dynamism, a smart state and ordered markets.

It would be a major mistake to give up that approach and go back to the older narrative that opposes states to markets rather than seeing the way in which they are necessarily combined. That does not mean that there should not be some radical re-thinking about the balance and about the objectives. There were important ways in which the model that the Left embraced was not sustainable and could not deliver the kind of economy and society that the Left seeks. Another way of thinking about models is to contrast a laissez-faire policy with a social democratic policy. A laissez-faire policy is one that promotes openness, flexibility and a free-for-all. It seeks the most dynamic economy possible and is little concerned with social protection. The emphasis is on encouraging growth. A social democratic policy, by contrast, puts much more emphasis on regulation and welfare. Its tool for promoting growth is strategic long-term investment rather than the animal spirits of the players in the markets.

The great insight of the social democratic tradition in political economy, which owes a lot to Keynes, is that many of the markets of developed capitalist economies need constant political intervention if they are to work properly. The success of the bubble economy of the 1990s led to that insight being neglected. Financial markets seemed to be so successful that the lighter regulation the better came to be accepted as the right policy. Alan Greenspan believed that markets had become so sophisticated that even if market agents and regulators could no longer fully understand them, they had found a way of becoming self-regulating and self-balancing, able to price every risk. The financial innovations of that era were certainly remarkable, and market agents displayed enormous ingenuity, but what failed was that no one was thinking about the systemic risk of the new kinds of lending that were mushrooming so fast. As a result, the entire financial system came close to collapse.

A new model capitalism

What are the changes that should be sought? The big challenge for the Left is to identify the appropriate vehicles for intervening in markets. It is necessary to decide where and how to intervene, and to extend further the idea of 'smart' government. Naturally no one sets out wanting government to be stupid, but too often government intervention is just that, because of the way in which regulation and bureaucracy typically work. A Left political economy needs to be associated with creativity, dynamism and flexibility as well as with protection and security. It has to be as much about making certain things happen as about stopping certain things happening, empowering some agents and disempowering others. Questions of power are always central to political economy and cannot be avoided. In the response to the present crisis a clear divide has emerged between those who want to give priority to getting rid of the fiscal deficits by drastic cuts in public spending, and those who seek to maintain spending to prevent a deflationary spiral. But this reflects a deeper division about what kind of capitalism is desirable and possible.

If a different model of capitalism is to be built, it will have to involve as a minimum promoting a New Deal, which acknowledges that the old model was not sustainable, and gives priority to finding effective ways to regulate the banks, to redistribute income and assets, and to promote investment in new infrastructure, green technologies, education and skills. This strengthening of national regulation and national policy needs to be combined with policies to safeguard the international economy. This will require new forms of financial governance, a change in the balance of many international economic institutions, including the IMF, the WTO and the World Bank. There will have to be new rules for a multilateral trading order and a new international currency regime. Such things can only be achieved if there is close cooperation between the leading economic players grouped together in the G20. This new model capitalism will also need a compelling narrative. Such a narrative would be best built around ideas of sustainability, limits and social investment.

Finance

On finance, the ideas of sustainability and limits have an obvious appeal after the recent experience of excess. There is widespread agreement that the financial sector needs to be reined in to prevent a similar crash in the future, but radicalism appears to be faltering. There is currently enormous pressure to suggest that things in the financial sector can go back to the way they were relatively quickly, and that there does not need to be major change. In particular, the separation of investment banking from high street banking, which was enforced in the USA by the Glass Steagall Act until it was repealed in 1999, does not seem likely to be adopted. If this problem is not addressed then the risk of another systemic failure in the financial system will remain. As a result of the decisions taken in 2008 after the failure of Lehman's, the banks now know that collectively they are regarded by governments as too big to fail, and that means that effective regulation of their lending, especially once the memory of the financial crash begins to fade, will be extremely difficult.

Governments seem likely to sell off the banks they have nationalised or part-nationalised as soon as they are able to, partly for fiscal reasons, but it would be more prudent for governments to keep a substantial stake in retail banks, and enforce a clear distinction between them and investment banks. The behaviour of the latter would not have had such serious consequences had the crisis not revealed that allowing a bank like Lehman's to go bankrupt raised doubts about the financial viability of all banks. Getting back to a position where banks that take high risks are not bailed out seems overdue. It means ensuring that a large part of the financial sector becomes treated as a public utility and made subordinate to the needs of the rest of the economy, rather than appearing, as it did for a time in the UK, as the leading sector. The banking sector should be decentralised as much as possible, to encourage competition and minimise the impact of the failure of any one bank on the whole system. New forms of local finance should be explored.

None of this will be easy because of the extent of the financialisation of the British economy, and the dependence of this economy on ever-higher levels of consumer debt to keep growing and to maintain high levels of employment. If

restrictions are placed on this financialisation then there may be a higher risk of lower growth and more painful adjustment. If the financial sector is to be put on a more sustainable footing, however, this may have to be accepted. New ways of boosting domestic demand other than through private credit may have to be found. This suggests a larger role for government.

Industry

Applying the ideas of sustainability within industry requires finding ways to make industry the spearhead for the introduction of the new green technologies as they are developed. Without this, there is little prospect of the ambitious targets for reduction of carbon emissions, to which the British government is now committed, being met. Putting in place the kind of regulatory framework that will encourage industry to innovate, and transforming products, working practices and consumption in the process, is essential for a new model capitalism.

In developing this strategy, a key need is to encourage innovation and entrepreneurship in the small business sector, particularly in areas such as the creative and software industries, as well as amongst shop floor workers. Achieving this depends on more effective redistribution of income and assets, for example by extending, not contracting, the Child Trust Fund, establishing the right fiscal and regulatory framework and sorting out problems of credit lines, as well as ensuring that the provision of legal forms for different kinds of enterprise is adequate. A new model capitalism should promote a diversified ecology of business enterprises, which will include not-for-profit companies and mutuals as well as owner managers. The carelessness with which mutuals were allowed to disappear in financial services during the 1990s was a significant policy failure that contributed to the financial meltdown. A centre-Left political economy needs a vibrant network of different kinds of companies, organisations and enterprises. Making it easier for these to emerge and to prosper should become a key aim.

Large companies are indispensable to the way modern economies function, and they have enormous power over

investment and employment. They also have a key role in innovation and in creating the research teams that are vital in seeking new technological solutions. These companies because of their size and responsibilities are already partly socialised, and it is important to strengthen their sense of corporate responsibility to encourage them to pursue wider public objectives. Changes in corporate governance arrangements should be considered to embed these large firms more securely in the economies and communities they serve. Some ideas of how to do this were put forward at the time of the Company Law Review and also more recently by the TUC. Consideration also needs to be given to finding ways to coordinate the activities of companies with government.

After the collapse of the banking system, the source of future jobs in heavily financialised economies like the UK is unclear. There can be no going back to traditional forms of industry, but there is considerable scope for developing new environmental industries, in both services and manufacturing. Many jobs will also need to come from the more labour intensive activities that a sustainable economy will require.

Sustainability

Policies towards finance and industry need to be shaped by a coherent set of principles that emphasise sustainability and limits. If majority scientific predictions on climate change are correct, human societies must either adapt their economies to cope with its effects as best they can or find ways to cut carbon emissions drastically. Probably they will need to do both. Such shifts, including those required by adaptation, will be politically very difficult to achieve, and will only be successful in the context of a long-term strategy which changes the balance of the economy away from consumption towards long-term investment, and away from unlimited growth towards sustainable growth. It can only be approached gradually and in stages and carries considerable implications for personal behaviour and lifestyles. But the potential rewards are very great. A policy on sustainability would need to determine the boundaries of the market,

and therefore the extent of commodification, the services and products which should be subject to market exchange and those which should not. The removal of certain areas from market exchange, such as health and education, and the protection of others, such as certain aspects of family life, has been a central element in social democratic programmes. The boundaries are, however, never fixed, and there needs to be a new debate on where the line should be drawn in the context of moving towards a sustainable economy.

Some green advocates of a sustainable economy advocate a zero growth strategy, justifying it on the grounds that nothing less will save the planet. But it will not be politically feasible to achieve, even if it were desirable. Continued economic growth will be necessary to help overcome the gross imbalances between rich and poor in the international economy, and to smooth the process of adaptation. But it is certainly correct that the biggest challenge in the shift to a more sustainable economy is how to change cultural assumptions about growth and consumption. It will also mean different attitudes to housing. This will need to be accompanied by legal and policy changes which alter the balance of incentives in the economy, directing economic activity into some areas, for example new green technologies, and away from others, such as energy intensive industries.

Reforming international governance

A new model capitalism will be based on strengthening national regulation and the capacity of government to ensure a more sustainable path of development. At the same time, it cannot succeed by turning inwards and embracing protectionist policies. The need for greater international cooperation in many different areas, including dealing with environmental threats and providing more effective economic and financial regulation, is manifest. The development of the G20 to replace the G7 is overdue. China, India, Brazil and other emerging economies need to be brought fully into the governance structures of the world economy. Representation of some other areas, such as the

EU, should be scaled back. Similar considerations apply to the IMF and World Bank.

As the current deadlock in the Doha round demonstrates, the prospects for securing the kind of far-reaching agreements necessary to maintain a stable and legitimate set of rules for the operation of the international economy is far from easy. There needs to be a new currency regime and new rules for a multilateral trading order. Otherwise it will be very difficult to create conditions that will promote growth in the international economy. The potential for growth in the international economy with the rise of China and India and the acceleration of technological innovation is very large. But it needs to be harnessed and directed in ways that will continue the rise out of poverty for many developing countries, while at the same time addressing some of the key environmental issues that the ever deeper and wider industrialisation of the world is causing. The New Deal in the 1930s was an essentially national affair. In the 2010s this is not an option. There has to be greater international cooperation if the problems arising from the unchecked growth of the last 15 years are to be solved, and a new sustainable form of capitalism that can deliver to all the world's citizens is to be created. We are a long way from that at the moment, but this has to be one of the guiding principles in seeking a way ahead from this recession and building a new model capitalism.

Andrew Gamble is Professor of Politics at the University of Cambridge.

6 An embedded economy

A response to the question: should the Left seek to shape a fundamentally different model of capitalism in the aftermath of the banking crisis and subsequent recession?

Maurice Glasman

The sheer scale of support to the banking sector is breathtaking. In the UK, in the form of direct and guaranteed loans and equity investment, it is not far short of a trillion (that is, one thousand billion) pounds, close to two-thirds of the annual output of the entire economy. To paraphrase a great wartime leader, never in the field of financial endeavour has so much money been owed by so few to so many. And one might add, so far, with little real reform.[1]

Mervyn King, 20 Oct 2009

These are paradoxical times. The celebration of diversity has led to increasing homogeneity, the upholding of fairness to greater inequality, the pursuit of efficiency to market failure. The data does not make sense. The European economy with the greatest constraints on managerial prerogative and capital flows, Germany, has emerged with the strongest growth and highest living standards. The creativity, innovation and dynamism characteristic of the financial sector has led to the City of London becoming a welfare recipient of unprecedented scale. In these circumstances, when an axiomatic assumption of predictive social science such as 'free markets lead to greater efficiency' has broken down, there is an ideological equivalent of what Kuhn called an 'epistemological crisis' in the explanatory paradigm that defines the rational parameters of action.[2] Unless there can be some explanation of what went wrong, then the fate of any ideology will be incoherence and irrelevance. Alasdair MacIntyre writes that:

When an epistemological crisis is resolved, it is by the construction of a new narrative that enables the agent to understand both how he or she could intelligibly have held his or her original beliefs and how he or she could have been so drastically misled by them.[3]

It is necessary, therefore, to honour the New Labour paradigm of political economy in terms of its coherence, plausibility and relevance before embarking on an analysis of its shortcomings. This is necessary in order to avoid a return to a form of Keynesianism, the problems with which led to the adoption of the Third Way and which gave Thatcherism so much of its rational plausibility in the first place.[4]

The New Labour political economy was a combination of classical liberal economics in relations to prices and equilibrium with endogenous growth theory and human capital investment. By concentrating resources on the training and skills necessary for flexible adaptation to global demand, the dislocation and insecurity generated by open markets could be ameliorated and constrained. It was more coherent than the previous paradigm in that it did not simultaneously commit itself to state direction of the economy and a competitive market. It was more plausible in that it responded to technological, institutional and market changes in the global environment with a serious strategy for improving national competitive advantage and individual capabilities. It was relevant because it engaged with the real trends of the British economy, confronted stagnation and promoted innovation, dynamism and flexibility in the labour market.

The distinctiveness of New Labour within the Labour tradition was thus given by its principled embrace of the market economy in general and of financial markets in particular. The growth of this sector defined our developmental pathway. The practical consequences of pursuing this strategy were that the financial sector was given priority over manufacturing, managerial prerogative subordinated customary practice and the formal economy and formal rules were given precedence over the substantive practices of economic and civic association. The economic sphere was voided of any form of relational power and this was assumed to lead to greater efficiency, prosperity and

growth. The purpose of the state was to spend the growing surplus generated by the financial sector in pursuit of fairness in the provision of welfare. The institutional relationship between the City of London and Westminster turned out to be the primary public–private partnership.

The explanation of the failure of this model of political economy is central to any possibility of Labour renewal, for the central paradox that 'there is no alternative to the market but the market is no alternative' remains true. The task of the Labour Party has always been that of how to mediate the effects of markets through the practice of democratic statecraft. The crucial question, therefore, is: what has been learned in the last 12 years about the limits of this model?

The first is that it is naïve in its understanding of the nature of capital, which is to seek the highest possible rate of return on its investment. The limits of what is possible are set by the environment within which the transaction takes place. If there are minimal constraints on the demands made on human and natural resources, then capital will exploit its environment in order to maximise returns. This logic of capital was the cause of the Labour movement. Human beings, who were being exploited, associated together to assert their status as something other than a commodity. Building a mutual relationship with capital, gaining recognition as a partner in production, limiting the number of hours worked, increasing wages, contesting the sovereignty of ownership, was a very demanding task. This is because, although capital requires human relationships and physical space to increase its value, it is by its nature promiscuous. It tends to take its reproductive partners where it finds them before moving on to new relationships.

Money seeks liberation from secure yet unexciting relationships with their complications, ups and downs and general maintenance levels.[5] It prefers the freedom to find new partners with higher rates of return when the prospects begin to dim. It has been the case in every period of history that political institutions entangled financial capital in a set of regional, vocational, religious and national relationships with their inevitable consequence of negotiation, compromise and

regulation. It has also been the case that the financial interest has constantly sought to free itself from regulatory constraints. This is the logic of globalisation that is based on the financial imperative of increasing rates of return by circumventing the historical and institutional constraints of territorial economies. The importance of this lies in the conflicting logic of the financial maximisation of return, which is based on the principle of disentanglement, and that of politics, which is based on the entanglement of different interests and the principle of secure association.

The fundamental cause of the crash was that the rules that were developed to govern the maritime economy characteristic of the City of London came to govern the domestic economy, with an exponential increase in the generalisation of risk on the money necessary to fulfil the basic needs of habitation in a monetised economy, such as food, clothing and housing. The banking crisis was an enormous existential threat to society, for we were dependent on a force that was outside all effective societal relationships, a status, Aristotle tells us, held by only beasts and gods.[6] Our assets, our capital, our inheritance of surplus wealth from the past on which our pensions and savings depend, was under the trusteeship of people of whom the only effective regulation was given by an incentive scheme that encouraged higher returns and greater risk. Best value became a criterion that was operative all the way down the financial food chain.

The attractions of maritime trade were also its dangers; the rewards were potentially great but so were the risks. While historically these kinds of venture capital enterprises were insured and guaranteed by the Merchant Adventurers Guild, with the full protection of the Royal Navy on the high seas, after the Big Bang, the pirates took over. The capital necessary to sustain local business and household needs has been lost in distant lands, having become connected to precarious financial assets and obscure financial products. The globalisation of banking severed money from any relationship with place or production. It is no wonder that we're all at sea.

The argument proposed here is that capital, the financial services, money, credit, whichever concept best captures the

process by which money seeks to increase its value through contractual transactions, must be constrained in its power and effect from subordinating all other forms of societal relationships to its logic. This is where Karl Polanyi's argument concerning the process of commodification in nineteenth-century England is very important in terms of both the orientation of the early Labour Movement, and in terms of thinking about how to entangle capital in a variety of relationships and obligations that ameliorate the remorselessness of its logic.[7] The response cannot be simply more and better regulation – this will remain external, arbitrary and ultimately irrelevant unless there is a change in financial governance and practice which acknowledges the interests of the workforce, the locality and users in a more accountable and sensible set of practices. The economy needs to be embedded in a range of institutions that protect and promote honesty, skill and leadership.

Given the scale of its failure, the status quo of a subsidised, favoured and unreformed banking system continuing to dominate our economic development is unacceptable at many levels. Mervyn King, in his address to Scottish business organisations in Edinburgh on 20 Oct 2009, grasps both the systemic threat and the political loss of nerve that led to the bailout. He writes:

It is important that banks in receipt of public support are not encouraged to try to earn their way out of that support by resuming the very activities that got them into trouble in the first place. The sheer creative imagination of the financial sector to think up new ways of taking risk will in the end, I believe, force us to confront the 'too important to fail' question. The belief that appropriate regulation can ensure that speculative activities do not result in failures is a delusion … Although there are no simple answers, it is in our interest to reduce the dependence of so many households and businesses on so few institutions that engage in so many risky activities. The case for a serious review of how the banking industry is structured and regulated is strong.[8]

Such a review should be characterised by a strong and distinctive Labour voice. It is vital that a narrative of what went wrong and how we're going to correct our errors through a

sensible, plausible and radical account of the role that banks and other financial institutions play in the life of the nation is developed and delivered if Labour is to be renewed. Further, it is necessary to build a more mutual relationship with money as an interest and as a power. This is so both practically and ideologically.

In practical terms the Corporation of the City of London is the only territorial administration in Britain that represents a particular interest, which is that of the financial sector. Its power over the Labour government can be apprehended by reflecting on the City of London Electoral Reform Bill of 2002, in which a firm's entitlement to vote is based on the number of workers it has. The workers, however, have no civic status whatsoever; they are a unit of calculation. The only comparable franchise is that of the American Revolution of 1776 in which the ownership of chattel and slaves added to their owners' voting entitlement. All this was passed by a Labour-controlled House of Commons with a majority of over 300. There is good evidence to suggest that the Corporation of London, established in 1190, has been the most successful lobby group in history. The combined lobbying resources of the institutions of the financial sector are not trivial either, irrespective of the privileged political position they enjoy. It is time to tell the truth to power.

Ideologically, market economics remains very strong. Setting aside economics as a discipline based on decontextualised utility maximising individuals in which history and culture are constantly interfering with the achievement of perfect equilibrium, the predictive failure of its models has not led to any seeming diminishment of its position in the discipline itself or of its use in the development of Treasury policy. Of more significance is its identification with the national interest. The definition of ideological hegemony is the identification of a particular interest with the common good. In this, the state promotes that interest above all others. In terms of the interests of capital, there was a direct bailout through cash transfer that was combined with a fiscal stimulus and quantitative easing, which effectively gave the banks the power to create more money and lend it at unregulated rates. The state supported the sector

as a whole in ways that are inconceivable in relation to any other area of the economy. Its dominance should be challenged.

The tradition of viewing money as a power and the market as constituted by power relationships is perhaps the most distinctive feature of the Labour perspective and was summarised by Clement Atlee in 1937. He wrote:

Over and over again we have seen that there is in this country another power than that which has its seat at Westminster. The City of London, a convenient term for a collection of financial interests, is able to assert itself against the Government of the country. Those who control money can pursue a policy at home and abroad contrary to that which has been decided by the people.[9]

So, the fundamental cause of the crisis was a breakdown of a mutual relationship between capital and the state, and this reenforced a breakdown of reciprocity and solidarity in the firm. Shareholder oversight failed and there was no effective regulatory framework that could constrain systemic folly. Managerial sovereignty, which was outside any effective oversight and accountability, led to arbitrary actions, exaggeration and concealment. The lack of constraint on capital led to the substantive role of credit, to facilitate the security of families and the promotion of business in the places that people live and work, being lost in its circulation within a virtual loop of ever increasing toxic debt through the generation of ever more creative and innovative financial products.[10] The state was both weak and dependent in its relationship with the financial sector and this has had a deleterious effect on public welfare. Societal institutions were excluded from economic regulation and governance by definition, and there has been a severe erosion of trust, skills and solidarity in society. This has led to an intensification of the pressures of commodification as things that were not produced for sale on the market become available at a price in order to pay off the debt incurred by the scale of the bailout. This pressure is being felt at all levels of society.

The 'different model of capitalism' suggested here would be built on three distinct institutional areas: the state, the firm

and the locality in terms of status, the recapitalisation of localities and democratic governance.

As concerns the state, Labour needs to reconceptualise its understanding of globalisation and re-assert the status of citizens in all aspects of their public lives and the role of institutions in mediating market pressures. This includes the workplace. The minimum wage has not proved effective in alleviating poverty for the working poor. The living wage of £7.60 an hour, which includes holiday, sick pay and pension, is calculated on the amount of money required to work a 40-hour week, feed a family of two children and pay the rent, at a minimum level. It rewards those who work, there is no administrative process and it is the single most effective anti-poverty measure.[11] By asserting a status common to all workers, the state transforms the working environment of the poor and limits the power of capital.

The second national standard concerns the rate of return on money loans by introducing an interest cap of 20 per cent as exists in Germany and France. In a monetised economy the demand for liquidity is constant. Given the levels of existing debt, the erosion of assets and the precariousness of employment, the terms of loaning are in favour of the lender. Both Adam Smith and Maynard Keynes supported anti-usury laws at 5 per cent so as not to diminish the supply of capital to manufacture and local trades as well as a concern for the inequality of circumstance involved in these contracts.[12] By raising the floor of the poor through the living wage and lowering the ceiling on interest rates the lives of the poorest workers would be made more secure and free.

The assertion of national standards concerning the limits of money and the status of citizens should be complemented by a recapitalisation of localities. The centralisation of wealth and assets in the City of London and then its globalisation has led to an impoverishment of local economies. The recapitalisation of local economies through an endowment co-governed by the main institutions of civil society funded by 1 per cent of the bailout could keep the credit flow open to the poor at non-usurious rates and provide a basis for local, relational banking.

It would entangle capital in local obligations and long-term relationships. There was a fleeting moment a short time ago when it seemed possible that the nationalised assets of Northern Rock and Lloyds would be mutualised and embedded once more in local economies with the assets commonly held by its members.[13] That moment passed, but it would have been an important move towards the type of political economy envisaged here.[14]

The third aspect of this new political economy would be the establishment of the balance of power in the corporate governance of economic institutions so that there can be micro levels of internal accountability and not simply an external regulatory framework. In this way knowledge and information about the firm could flow both ways in order to generate a common good that is shared between stakeholders with a common commitment to the viability of the firm. This redistribution of power within firms would lead to a more equitable distribution of burdens during times when sacrifices are essential. For trade unions this would mean a role in economic governance that would lead to a greater equality of income and power but also a greater responsibility for penalising bad work. If reciprocity is to replace hierarchy in the relation between capital and labour within the firm, then this demands common commitment to the ethics of work. New Labour succeeded in asking the hard questions to neither capital nor labour and our renewal requires us to start asking them now.

The market is characterised by both creative verve and destructive power. A prudent political economy would recognise the truth of both features. Democratic politics may be defined as the task of mediating the tensions that markets generate through asserting the power of association. It is around the practices of association – mutuality, reciprocity and solidarity – that the new political economy should be organised. The failure of New Labour to provide effective governance of the financial sector has undermined its credibility as a political force. One consequence of this should be a return to the concepts of 'capital' and 'labour' in the development of public policy and

that these are better understood within the tradition of Catholic social thought than Marxist theory.

This really is a crisis.

Maurice Glasman is Director of the Faith and Citizenship programme at London Metropolitan University.

Notes

1 M King, 'Address to Scottish Business Organisations', delivered in Edinburgh, 20 Oct 2009, www.bankofengland.co.uk/publications/speeches/2009/speech406.pdf.

2 T Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1970), pp 66–76.

3 Alasdair MacIntyre, 'Epistemological Crisis, Dramatic Narrative and the Philosophy of Science', *The Monist* 4 (1977), p 455.

4 For a far more detailed discussion of this see chapter 5 of M Glasman, *Unnecessary Suffering* (London: Verso, 1995), pp 98–120.

5 'More bang for your buck' is the phrase used in City circles to capture the essence of this, and it has also characterised New Labour's approach to public sector reform.

6 Aristotle, *The Politics*, ed Stephen Everson, *Cambridge Texts in the History of Political Thought* (Cambridge: Cambridge University Press, 1988), Book I, 1253a.

7 K Polanyi, *The Great Transformation: The political and economic origins of our time* (Boston: Beacon Hill, 1957), pp 75, 138, 204.

8 King, 'Address to Scottish Business Organisations', p 7.

9 C Atlee, *The Labour Party in Perspective* (London: Gollanz, 1937), pp 80–1.

10 It is important to note that the FSA was forbidden to interfere 'with the development of new financial products'.

11 J Wills, 'Organising Contract Cleaners in London', *International Journal of Urban and Regional Research* 32, no 2 (2008).

12 JM Keynes, *The General Theory of Employment, Interest and Money* (New York: Palgrave, 2007, 1936) pp 351–3; Adam Smith, 'Of the Nature, Accumulation and Employment of Stock' in WB Todd (ed), *An Inquiry into the Nature and Causes of the Wealth of Nations* (Oxford: Oxford University Press, 1976).

13 A Stratton, 'No 10 officials want to stop Northern Rock sell-off', *Guardian*, 27 Oct 2009.

14 Each of these three policies – the living wage, a 20 per cent interest rate cap and 1 per cent of the bailout being spent on the recapitalisation of local economies – have been adopted by London Citizens in their response to the economic crisis under the heading 'Taking Responsibility'. This was the result of over a 1,000 one-to-ones and house meetings in its member institutions followed by voting in delegates assemblies. London Citizens is the largest broad-based community organisation in Britain and it is interesting that each of these proposals places a limit on the power of money.

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7 Too averse to the diverse?

A response to the question: should the Left seek to foster a shared sense of identity, morality and community, or embrace a diversity in each?

Mike Kenny

When Labour was elected by a landslide in 1997, few anticipated that one of the most politically difficult and intellectually divisive issues of the following decade would concern attitudes towards cultural diversity, national identity and citizenship. Politicians of all persuasions have been grappling with these issues in the context of rising popular concerns about increased levels of inward immigration into the UK, heightened sensitivity to the security implications of home-grown terrorism following 7/7, and a new policy focus on the promotion of trust within and between communities.

At the same time, political theorists in the Anglophone world have expended considerable energy on refining liberal-philosophical approaches to the themes of culture, pluralism and citizenship. While the normative political theorising of the academy typically offers analytical insights that are several steps removed from the policy problems to which it refers, these are among the few areas where there has been significant interaction between centre-Left thinking in the worlds of high political theory and everyday politics.

Perhaps the main concept linking the thinking in these arenas is the term 'multiculturalism' – the shorthand for denoting a policy framework and normative disposition towards the promotion and management of cultural diversity. The last few years have witnessed a sea change in the attitudes of both communities towards multiculturalism, following a growing

number of high-profile critiques of its precepts from centre-Left quarters, and the mushrooming of a cloud of uncertainty on the centre-Left about its attitude to multiculturalism.

Reflecting on these issues now, we should start by asking whether these important earlier debates provide an appropriate template for the rather different political era into which we are moving. They took place against the backdrop of the existence of a Labour government that was attempting to shape a broadly centre-Left account of national identity and pursuing equality through the introduction of a robust body of anti-discrimination legislation, different forms of fiscal redistribution and a programme of investment in public services designed in part to benefit some of our poorest communities. In intellectual terms, as David Goodhart suggested,[1] it was not implausible to assume that the default perspective among many on the centre-Left at the end of the twentieth century was a loosely defined commitment to multiculturalism (though important pockets of liberal and left opinion had for a long time attacked its central tenets). This perception spurred on those urging the liberal-Left to go back to the supposedly forgotten virtues of solidarity and nationhood.[2]

These factors combined to make this a rather distinctive period in which to undertake the task of rethinking centre-Left values in relation to culture, immigration and national identity. But the situation now is very different, mainly due to the weakening of the Labour government's political position; the fact that the next government will be tasked with substantial reductions in public expenditure in a context of increased unemployment and the possibility of heightened social tension; and a significant draining of confidence across the centre-Left in relation to such issues as multiculturalism and migration.

The 'progressive Conservatism' that the current Conservative leadership has advanced in relation to some areas of domestic policy does not extend to an affinity for the multiculturalism that Labour is accused of having promoted.[3] This stance, plus the possibility that the new Conservative Parliamentary Party may well exert pressure on related issues (such as how government relates to Muslim communities and

whether it retains a cap on the migration of non-EU nationals as the economy starts to grow) point to the likelihood of a very different approach to questions of diversity and identity if a Conservative government is elected this year. These issues could become an important fault-line between the parties. In such a scenario, would the centre-Left overcome its growing doubts and line up again behind the ideal of multiculturalism? Or, might it want to challenge conservative thinking from a different position – either the centre-Left articulation of national identity, or through the reiteration of liberal values? It is with these questions in mind that I sketch the potential for a different kind of normative and political approach to societal pluralism and cultural difference from that which we have of late seen from Labour, and to the alternatives that are currently being most widely canvassed.

Beyond multiculturalism

Among the many different criticisms that have been made of multiculturalist thinking and practice, one is especially pertinent if we are to consider how to articulate the moral and political case for an open and diverse society. This involves the argument that multiculturalism in its various guises makes the mistake of 'essentialising' and fixing a sense of culture as a given or natural category. This way of thinking inclines us to regard ourselves and others as defined by some form of cultural content within us, and leads us to view this as an inescapable condition of our relations with others. The identity politics that results from such a way of interacting with each other is prone to reinforce separatism and destroy the basis for open dialogue. This theoretical objection (best outlined in Anne Phillips' recent volume *Multiculturalism without Culture*[4]) presents an important challenge for advocates of cultural diversity, and hints at an intellectual basis for the centre-Left's renewal of its thinking about the open society.

Those on the centre-Left need to appreciate the dangers of promoting an approach that does not grasp that cultures are inherently dynamic, malleable and prone to alteration as they come into contact with other influences in a diversified and changing society such as Britain's. And in moral terms this

perspective demands that we treat people, not their cultural backgrounds, as agents in their own right, providing a principled basis for policy decisions on questions that are sometimes hotly contested. We may all bear the marks of, and enjoy a sense of belonging to, different cultures, and our cultural backgrounds may offer vital resources to our sense of agency. So there may be occasions when public authorities need to be attuned to inequalities or inequities that are shaped by group experiences or cultural perspectives.

But this perspective suggests the merits of liberal-egalitarian humanism as a template for handling questions of recognition and group conflict. It recommends that the centre-Left considers above all what can help individuals' prospects and capacity for agency, and regards these as enjoying primacy over the cultures and traditions of the groups to which we belong. The focus on agency and willingness to comprehend the cultural dimensions of the latter suggests a rather different approach to liberal thinking that focuses primarily on autonomy and choice (for instance Amartya Sen's *Identity and Violence*[5]), regarding the latter as values that are typically endangered by collective cultures.

The approach sketched above also provides a better base from which to begin a process of intellectual renewal in this area than does the quagmire associated with attempts to redeem multiculturalism from its various purported sins.[6] The centre-Left's disposition to favouring cultural diversity and a degree of moral pluralism, and its sense of solidarity with those who experience disadvantage and discrimination because of their cultural or ethnic background, both emanate from a deeply held commitment to promoting a pluralistic and open society and to fighting injustice in the various forms it arises. Better surely to start from a clear articulation of these twin values – pluralism and solidarity – than from a defensive attempt to redeem multiculturalism from its negative connotations.

Moreover, conceiving diversity through the lenses associated with multiculturalism, community cohesion or social capital may well mean that we miss out on some of the most extraordinary facets of diversification in the UK. Consider the unprecedented explosion of lifestyles, sub-cultures, social

networks, leisure and sporting opportunities, campaigning groups and self-help groups – to name but a few types of collectivity – that bump up against other established sources of diversity, associated with locality, neighbourhood, religion, community and ideology. Nor is this just about the impacts of the internet, major as these are. Many of the UK's towns and cities are witness to radically new forms of hybridised cross-cultural identities and interactions, illustrated by the significant growth in the number of people from a mixed race background. In such contexts a familiarity with identities that straddle familiar ethnic categories is a must for public authorities and local politicians. In some cases, this hyper-diversity has been channelled into the public relations of a particular city – the representation of London in the 2012 Olympic bid for instance. And in many other social arenas, the blending and collision of cultures and traditions that such mixing engenders has become an important source of creativity and pleasure – in football, popular music and sections of the arts – and in each of these cases a recognisably British style or product emerges from these forms of hybridity.

But hyper-diversity does not pertain everywhere. Indeed a new fissure appears to be opening up between those neighbourhoods and communities where such cross-cultural interactions are the norm, and those where a predominantly white mono-culture prevails. In relation to such developments, the language of 'cultural diversity' has a rather limited purchase.

As well as underplaying different kinds of diversification, 'culturalist' thinking runs the risk of inclining us to view group identities in too simplified a way. Freed from its shackles, we can see more clearly that there is no such thing as 'the Muslim community': there are in fact many different communities and sub-elements within them. This has an important implication for public authorities that want to consult stakeholders within their communities. There is merit in moving away from supporting and consulting only those community or voluntary organisations that cater for client groups who share a single identity – an insight that lies behind an expansion of governmental support for inter-faith initiatives.

Using this lens, we are also less likely to overstate the depth and intractability of moral disagreement in our societies. A propensity to do exactly this is one source of the secularist-liberal prejudice that stipulates that people arguing from religious backgrounds must in essence be right wing. There are of course fundamental disagreements in Britain on a number of moral questions, and some of these are rooted in the co-existence of different religious, ethnic and cultural groupings. But there is much substantive agreement as well, and some of this extends most importantly to a widely held consensus about the importance of the peaceful resolution of differences, the merits of establishing procedurally fair approaches to distributing public goods, and the need for rules and laws that reflect the shared obligations and reciprocal needs of all citizens, whatever their background.

A more contentious question is whether societies that are characterised by complex diversity need to attend more earnestly to the project of creating and maintaining a single over-arching identity that creates the underpinnings for the solidaristic culture required to support common citizenship. This is an issue that emerged forcefully in the debates of the last decade, and it remains highly significant.

Labour has invested heavily in promoting British national identity as the substantive basis for its promotion of citizenship. But this attempt at nation-building has been far from an unqualified success, for a number of different reasons. These include the tendency to turn Britishness into a discrete set of values that lack organic connection with many citizens' current social experiences, as well as the waning power of the version of the British story which government has told. Far fewer people in the UK buy into this version of Britishness than was the case ten or twenty years ago. Since 1997, a significantly increased proportion of people from the constituent nations of the UK prioritise other national identities over their sense of Britishness, and this trend has become marked within England too. The (over)emphasis on national identity in relation to citizenship has betrayed an unwillingness to think creatively about the nature of the 'civic offer' that is made to our citizens. The attempt to

ground a sense of citizenship in a model of Britishness that arises from the collective memory of the mid-twentieth century is inadequate to the task of framing a rich culture of common citizenship now. The limitations of this approach reveal the deep need for a robust but flexible model of citizenship. This needs to allow space for individual citizens to develop, hold and mix their own identities in ways that enhance their well-being and personal interests, and enliven the social culture more generally, but also encourage a sense of shared interests and public purposes.

There are good reasons to doubt whether national identity can bear the load demanded of it by its centre-Left intellectual proponents. The flexible and robust citizens' culture that a dynamic, diversifying and rapidly changing society needs will require a healthy and inclusive sense of national identity, but also needs people to develop a sense of belonging and involvement at other scales of social interaction – the neighbourhood, locality and region.

An important question facing this model is whether government should be seen as primarily responsible for generating and maintaining the civic spaces and public institutions that modern citizenship requires, or whether there are bottom-up approaches and initiatives that will organically meet these needs. The question of whether social interaction and economic exchange will themselves foster the virtues that democratic citizenship requires has been a fundamental point of contention in western democratic thought, and has elicited many different answers. In the current period, the centre-Left would do well, I would suggest, to retain the republican insight into the role of active government in nurturing public spaces and values in locations where socially rooted self-activity is lacking or unreliable. But this needs to be blended with a stronger engagement with liberal sensitivity to the dangers of the state crowding out civic initiative from below. In practical terms, this suggests the need for a policy portfolio that is more focused on supporting, enabling and helping initiatives that are embedded in their localities and existing social networks. It points as well to the further development of the capacity-building agenda that the government has started to pursue.

Towards a policy framework

What sorts of policy proposals and emphases is such thinking likely to promote? Here I sketch three different priorities that might flow from such an approach.

First, the kind of substantive civic culture which the centre-Left ought to promote as one of its central goals is bound to generate obligations and burdens that citizens may find demanding in different respects. It is still most likely to be anchored in a conditional relationship around paid employment and will demand of citizens that they gain an understanding of the institutions, history and civic culture of British society. Such a stance also implies proposals that promote civic interaction as a direct antidote to some of the most debilitating cultural trends of the current era – excessive consumerism and loneliness, for instance. This might involve looking again at the idea of a national civic service or a nation-wide volunteering scheme to provide support and interaction for the elderly.

Second, as well as promoting a robust and multi-level civic culture, the centre-Left needs to qualify its pro-diversity stance with a renewal of the critique of the damaging implications of the divisions of experience, life-chance and culture that are rooted in socio-economic polarisation. Disadvantages deriving from inequalities of income and wealth are, by and large, more important determinants of the differential life-chances enjoyed by citizens than those associated with cultural and religious background. This is not to dismiss or overlook the important mediating effects of cultural/ethnic background on patterns of social inequality – for instance varying patterns of educational performance by children from the same social background who come from different ethnic backgrounds in London.

Speaking up for the cultural, economic and moral benefits of pluralism at the same time as insisting on the need for a greater similarity of experience, opportunity and outlook among families at the top and bottom of society is undoubtedly challenging. One popular response to this tension on the Left has been to regard this kind of pluralistic talk as a diversion from the primary goal of alleviating socio-economic inequality. But it is wrong to view this as a matter of choosing one concern over the other. Integral to the values of equality of

opportunity and the greater equalisation of wealth and income is the proposition that every citizen should be able to benefit from the opportunities, choices and freedoms that societal pluralism presents.

And, third, the centre-Left needs to internalise the implications of radical diversification within its policy thinking, and abandon the 'one size fits all' mentality that governing from the centre engenders. A number of important recent demographic changes – associated with migration, ageing and internal mobility – have produced a highly differentiated picture in terms of ethnic relations and community cohesion across the UK. Recent data published by the Department for Communities and Local Government flags up four particular regional trouble spots in relation to cohesion.[7] These are located in the North-West (especially in many former mill towns where the Cantle report painted a bleak picture of two mutually uncomprehending cultures), in outer and East London and parts of Essex (where rates of inward migration have been among the highest since 2003), in the Wash (where the movement of migrant workers into agriculture has created considerable friction) and in the North-East (which has lower number of ethnic minority residents and recently arrived migrants than other comparable urban areas). Each of these areas represents very different challenges for those seeking to promote positive inter-communal relations and better outcomes for the most disadvantaged.

But the region is too grand a scale for effective intervention on many of these issues. Some of the most important developments in relation to better community relations and the forging of local identities in highly diverse areas have happened at much smaller scales than this. Social psychologists point to the importance of incubating the right kinds of 'contact', especially among younger people, in generating trust.[8] A recent study challenges Robert Putnam's argument that heterogeneity correlates with the decline of trust in the USA, pointing to extensive research which illustrates that the opposite is true if people have regular interaction with those who are different from them in their everyday social relationships.[9] Other grassroots initiatives have opted to promote more sustained kinds of

dialogue between and within communities on issues relating to cultural difference. These include the pioneering Good Relations programmes established in Burnley and Oldham after 2001 and the inter-faith initiative in Kirklees that involved the organisation of public conversations about how different parts of the local community viewed the issue of women wearing a veil in public.

Many public authorities, notably at the local level, are engaged in dealing with the kinds of claims for 'recognition' (including over resource use and access) that political theorists have been considering in the abstract. Many of them handle these issues with the kind of pro-diversity and pragmatic disposition sketched above. In other cases, ethnic and religious minorities feel locked out of political processes and denied access to the goods that they need for their members to enjoy a healthy degree of respect and self-esteem. And in some places there is a rising sense of discontent on the part of 'white working-class' residents arising from the perception that migrants or ethnic minorities are getting preferential treatment from authorities. In Barking and Dagenham the council has reacted to growing support for the BNP with a mixture of standard, and largely ineffective, consultations, and more imaginative engagement through cultural policies designed to present indigenous Englishness within a wider multicultural setting.

In all of these cases, there is clear merit in an approach that emphasises those aspects of identity and experience that are shared – as exemplified by the focus of the highly diverse London Citizens mobilisation. And there is also a need to commit to establishing procedures for the allocation of contested goods, such as housing, that are fair and perceived as so, in order to start tackling the lack of trust in public authorities and resource allocation processes that lie at the heart of community resentments and rivalries.

Concluding thoughts: re-presenting the open society

Politics, as we know, happens predominantly in the vernacular, and this is especially so in relation to questions of cultural

diversity, ethnic minorities and migrants. The challenge involved in distilling centre-Left instincts and robust normative principles into an attractive and clearly stated 'offer' cannot be underestimated.

The Right counterposes a form of moral traditionalism that typically blends a picture of a mythologised golden age with a serious argument about the need for the restitution of a single moral narrative in our supposedly broken and fragmented society. And the Left has split quite fundamentally on these questions over the last decade. The contention of this essay is that an engagement with the nature and implications of the hyper-diversity that characterise sections of British society weakens the credibility of both the Left's and Right's favoured responses. The yearning for the moral narratives of yesteryear is not a sustainable basis for a renewal and deepening of the bonds of citizenship. The kind of cultural conservatism and moral traditionalism that the Conservatives may present will strain against the UK's niche as an open economy and diverse and broadly tolerant society. But the Left will not prosper if it clings to a dated model of cultural diversity or if it tries to compete with the Right in framing young people, migrants and poor communities as problems that require draconian solutions. Hard as it may be to envisage now, it could well be that the centre-Left will need to articulate a more hopeful appraisal of the resilience and dynamism of British society in order to counter an ascendant Conservatism. A willingness to speak up for the merits of pluralism and openness – in economic, cultural and moral terms – could help shape the kind of forward-looking agenda that the centre-Left will need to articulate if it is to win back a broad coalition of political support.[10]

Mike Kenny is Professor of Politics at the University of Sheffield.

Notes

1 D Goodhart, 'Too Diverse?', *Prospect* 85, 20 Feb 2004.

2 Goodhart, 'Too Diverse?'; D Miller, *On Nationality* (Oxford: Clarendon Press, 1997).

3 D Cameron, 'Cultural sensitivity putting rights at risk', *Guardian*, 27 Feb 2008.

4 A Phillips, *Multiculturalism without Culture* (Princeton: Princeton University Press, 2008).

5 A Sen, *Identity and Violence* (New York: WW Norton and Company, 2006).

6 For sophisticated recent attempts to do this, see T Modood, *Multiculturalism* (Cambridge: Polity Press, 2007); A Giddens, *Over to You Mr Brown* (Cambridge: Polity, 2007); A Phillips, *Multiculturalism without Culture* (Princeton: Princeton University Press, 2008).

7 Department of Communities and Local Government, *Community Futures Overview*, DCLG, 2009.

8 M Hewstone and R Brown (eds), *Contact and Conflict in Intergroup Encounters* (Oxford: Basil Blackwell, 1986).

9 K Schmid et al 'Residential Segregation and Intergroup Contact: Consequences for intergroup relations, social capital and social identity' in M Wetherell (ed), *Identity in the Twenty First Century* (London: Open University, 2009).

10 I would like to thank Mike Wait for his invaluable insights into cross-community dialogue projects, which informed my thinking on the topics covered in this paper.

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8 Why does the Left need national communities?

A response to the question: should the Left seek to foster a shared sense of identity, morality and community, or embrace a diversity in each?

David Miller

To explain my answer to this question, I need to begin by making some assumptions about the core values of the Left that I hope will not beg too many of the other questions that this debate is meant to address. I assume that at the very least the Left must value social justice and inclusive democracy. We can argue at length about what these mean, but it should be common ground that we want the distribution of rights, opportunities and resources in our society to reflect relevant principles such as equality, desert and need,[1] and also that we do not want this distribution simply imposed from on high by a bureaucratic state, but believe that it should be democratically supported. Whether we favour a more radical, participatory form of democracy or a more traditional representative form, we want people to argue and vote in favour of social justice because they believe in it. And although no policy is ever going to gain 100 per cent approval, we want people from different backgrounds – economic, ethnic, religious and so forth – to converge in their support for what we can call by way of shorthand the social-democratic state.

We can't, however, take it for granted that this is going to happen. There are powerful forces pulling people in the opposite direction. There is first of all the effect of what Michael Walzer has called the Four Mobilities[2] – geographic, social, marital and political – all of which mean that people are much less firmly rooted than they once were in communities of place, social class,

family and political party. Choice has come to play a much larger role in each of these domains, and one side-effect of that is likely to be a diminishing sense of social obligation. At the same time, people have become more directly exposed to the effects of the economic marketplace, partly as a result of declining trade union membership, which previously provided a layer of insulation between workers and the cash nexus, and partly as a result of the infiltration of the market ethos into public services. Under these circumstances it should be no surprise that people are attracted to an ideology that, by way of shorthand, we can call market individualism. This says that each person's task is to promote her own interests and those of her immediate family through economic competition and in other ways, while leaving others the space to do the same on their behalf.

It may not be immediately obvious why this must conflict with social justice and inclusive democracy. Isn't it obvious that market individualism only makes sense against the background of a protective state that guarantees basic rights to education, health care, social security, pensions, and so forth? Won't rational self-interest be enough to persuade even voters in the grip of market individualism to vote for the social democratic state? This does not seem clear at all. Much of what the state provides could be provided by private means. Under these circumstances it would still be rational to vote for the safety-net state, but not, for most people, for the social democratic state. Why support a political system that is essentially redistributive in the sense that it taxes away market-derived income in order to provide an equal standard of public provision for those who are less successful in market competition?

If that crude diagnosis is right, we need to ask what could create and maintain the social solidarity that might offset the effects of market individualism and make people feel that it was right and proper that they should contribute to institutions that sought, for example, to provide equal opportunities in education and an equal standard of health care for rich and poor alike. There has to be a sense of community that on the one hand does not rely too heavily on traditional sources (like the working-class neighbourhood) and on the other is compatible with the

great diversity of lifestyles, religious allegiances and so forth that characterise a modern multicultural society. Something has to bind people together and act as a source of social obligation, so that policies of social justice can attract widespread democratic support.

Faced with this challenge, many would now wish to pin their hopes on the idea of common citizenship. On this view, what holds our society together despite large differences of culture, lifestyle and economic status is our recognition that we all belong to the same political community, are subject to the same body of laws, pay taxes into a common fund, and so on. Citizenship itself is a culturally neutral category: it refers to a bundle of rights and obligations that people can have irrespective of their personal values and social affiliations. You have to be a citizen of (at least) one particular country, but you don't have to buy into anything beyond an obligation to obey the law, respect the rights of your fellow citizens, and play whatever role is deemed necessary (by voting etc) to keep citizenship alive and well.

This emphasis on common citizenship – displayed, for example, in current policies on citizenship acquisition by immigrants as well as citizenship education in schools – is welcome and important. The issue that remains is whether citizenship alone can provide the social cement that we need for the social democratic state. Or to put it differently, the question is whether citizenship needs to be understood as national citizenship, abandoning the pretence of cultural neutrality, to do the job. The shift here is from thinking of the citizen simply as somebody who claims certain rights and recognises certain obligations to thinking of the citizen as someone who belongs to a political community in a stronger sense – a community with a particular history, a particular national language (or set of national languages), cultural values that mark it off from its neighbours, and so forth.

The argument for taking this step is that, for most people, citizenship alone is too thin and abstract to serve as a source of identity, and therefore as a source of the solidarity we are trying to preserve or create. Even in those societies where a lot of

emphasis is placed on the formal trappings of citizenship – for instance societies such as the USA – there is still a cultural nation lurking in the background. There is an 'American way of life' as well as a constitution, and for most people what it means to be an American is to embrace that way of life (learning English, for example) as well as respecting the principles laid down in the constitution.

That in brief is why we need a shared sense of national identity as well as common citizenship to support the Left projects of social justice and inclusive democracy. But let me now turn to consider the case against this proposition: arguments commonly made for jettisoning or at least minimising this communitarian requirement.

1 *National identities are intolerant and exclusive*. I have said above that national identities are not culturally neutral. In practice they always bear the imprint of the culture of the indigenous majority, in cases where there is one. Asking people from other groups to embrace these identities – to assimilate, in effect – is to ask too much, it is said. Moreover there is no guarantee that having made the attempt, minority groups will be recognised as true compatriots. They will be seen as deviants, as not really 'one of us', and therefore the solidarity that national identity is supposed to generate will not be inclusive. It will be restricted to the national majority.

In reply I want to say that all of this depends on how national identities are formed and what their content turns out to be. We know that everywhere the content of national identity is shifting, even if this is not always acknowledged by the people involved. How far is the process of identity change an open and democratic one, with inputs from all of the groups with a significant presence in the society? To what extent does the identity that emerges dispense with elements (such as race or religious affiliation) that might have been relevant in an earlier age, while retaining other elements that are culturally specific but nonetheless accessible to people from a diversity of backgrounds? And how far is it possible for people to develop

hyphenated identities where the first part of the hyphen captures a specific ethnic, religious, gendered etc way of being British, for example? These are put as questions, because it would be wrong to suggest that we will ever eliminate all areas of tension between people's national identities and their other more personal allegiances. Yet it seems to me that big strides have already been made, here and in other democratic states, towards opening up national identities so as to meet the charge levelled above that they must necessarily be intolerant and exclusive.

2 *National identities are anachronistic*. The second charge is that, even if we want to call on a shared sense of national identity to support social justice and democracy, our request comes too late: national identities are in decline, as people adopt a more fluid set of personal and political identities – as local activists, for example, or as Europeans, or even as 'global citizens'. It would be a mistake therefore to place much reliance on them in any political project that looks to the future.

There is no doubt that if we start the clock in, say, 1945 and run the story forward from there, the simple sense of belonging to one and only one national community has declined; moreover crude displays of patriotism have certainly gone out of favour. But this is not to say that national identities have disappeared. What has happened instead is a kind of rebalancing, whereby many people are now willing to accept a more complex political identity. This is most obviously true, in Britain, in the case of the minority nations: a weakening sense of British identity has been accompanied by a strengthening sense of Scottish or Welsh identity, though with most people continuing to embrace both in some combination. It would be hard to say, in these cases, that people are less nationalistic than they once were – their nationalism has simply evolved. This may complicate matters somewhat so far as social justice is concerned, but doesn't undermine the basic argument I have put forward above about the national identity – solidarity – social justice linkage.

3 *National identities cannot be influenced by public policy*. This claim assumes that the second charge is at least partially valid: that people have a weaker sense of community, and therefore of solidarity, than they once did. Unfortunately, so it is argued, there is nothing we can do about this: either people identify with their nations or they do not. Attempts to promote a common sense of 'Britishness', for example, are just absurd.

As a general proposition, this third charge is certainly false. The last two centuries have witnessed a great deal of successful nation-building instigated by states. What is closer to the truth is that liberal states have fewer opportunities to promote national identities because they cannot use some of the policy instruments previously available while remaining liberal. They cannot, for example, impose a national language on minorities; they cannot monopolise the media of communication; they cannot forbid their citizens to travel abroad; they normally cannot demand that citizens perform military service (there are exceptions). So their hands are tied. Nevertheless there is still quite a bit that can be done, while remaining consistent with liberal principles. Education is one important area: a national curriculum which includes history and culture as well as citizenship is correctly seen as an identity-building process.

Another is public broadcasting: even if we accept some degree of fragmentation as radio and television channels multiply, people's sense of the political landscape is going to continue to be shaped by the major public broadcasters and as media specialists will doubtless be quick to emphasise, these certainly convey a powerful national vision of the world. Other policies will fall under the general heading of 'integration', including encouraging people to learn the national language even while giving some support to minority languages, encouraging schools to integrate across ethnic and religious lines etc. Citizenship tests for immigrants are also important, less for the specifics of what has to be learnt in order to pass the test, more for the background message that becoming a citizen also involves joining a political community with a particular history and culture.

So, to sum up, the Left needs national identities to counteract the divisive effects of market individualism and to win democratic support for its policies of social justice, and it should not recoil from promoting them. It is equally important that these identities be opened up to make them accessible to different groups, and there should be continuing debate about what it means to be British in the twenty-first century. Multiculturalism alone, however, is not enough. It needs to be counterbalanced by policies whose aim is to promote national integration.

I have focused on questions of identity rather than morality, so let me conclude by saying a few words about the latter. The problem here is one of drawing a line between public and private morality. That is to say, there are principles that a political community needs its members to share, but there are other areas where different personal moral codes can co-exist without strain. So, for example, a prohibition against personal violence is a principle of public morality that must be shared; so is a principle of equal opportunities for men and women. On the other hand, codes of sexual morality can vary: one person can be a libertine, a second can value marital fidelity, a third chastity. To say this is not to deny that there are areas of ambiguity. One example might be the extent to which parents are permitted to give their children advantages in education and elsewhere. Is this just a matter of personal morality, or ought people to be motivated by a (public) idea of social justice? It is sometimes argued that differences in private morality must spill over into disagreement about the principles making up the public ethic, but there is no hard evidence that I know of to back this up. If we say, therefore, that the Left needs a shared public morality to support its policies, this does not imply that it must try to impose a moral code in other areas that are rightly seen as private.

David Miller is Professor of Political Theory at the University of Oxford.

Notes

1 For a proposal as to what this common ground might be, see D Miller, 'What is Social Justice?' in N Pearce and W Paxton (eds), *Social Justice: Building a fairer Britain* (London: Politico's, 2005).

2 M Walzer, 'The Communitarian Critique of Liberalism' in M Walzer (ed), *Thinking Politically* (New Haven and London: Yale University Press, 2007).

9 Active equality: a democratic agenda for the British Left

A response to the question: should the Left be collecting or dispersing democratic and political power in seeking to bring about change?

Marc Stears

Introduction

In late 2008, I received a phone call from a representative of a major multinational pharmaceutical company asking me to participate in a workshop on 'democratic empowerment'. The goal of the workshop was to breathe new life into the organisation by encouraging dissent, disagreement and lively debate, and by removing the stifling restrictions caused by undue deference and established hierarchy. It was an intriguing invitation. It captured my imagination partly because it seemed a worthy challenge for the organisation in question, but also because it seemed to stand in sharp contrast with the orthodoxy that has emerged in British party politics of late. Here, after all, was a multinational corporation setting out to encourage a vibrant democratic culture at the very same time that the emphasis in British politics was continually on ensuring centralisation, standardisation and direct control. The British Labour Party even has a prime minister who effectively appointed himself to the leadership of the Party, and whose campaign (such as it was) continually emphasised the importance of avoiding the sort of public disagreements that elections to high office inevitably bring.[1]

This contrast threw into sharp relief precisely how distanced the British Labour Party has become from core democratic

ideals. It has been distanced from internal party democracy, from democratic reform to major national institutions, and from the broader social and cultural changes that would be required to breed a vibrant democratic debate among citizens at large. This distancing is, I believe, a tragic error, for reasons both of principle and strategy. It leaves the Left disconnected from its own fundamental values and unable to speak directly to the aspirations of many British citizens. Without a thoroughgoing reconnection to these democratic ideals, there cannot be a meaningful revival of the Left's prospects in British politics.

What is required, therefore, is a newly democratic agenda for the politics of the Left in Britain. Before that can be provided, though, it is necessary to remind ourselves of the case in favour of thoroughgoing democratisation and the case against the kind of politics that we have witnessed in the last decade in a half. That is what this paper sets out to provide, and it does so in three sections. The first section initiates the discussion by trying to explain why the Left in general, and the British Labour Party in particular, has become so separated from democratic values over the course of the last 15 years or so, concentrating especially on the role that Labour's approach to its central ideals, including that of equality, have played in shaping this detachment. The second section outlines the problems inherent in this separation, at the level of principle and strategy. Finally, the third section sets out the advantages of a more democratic approach that it calls 'active equality'. This section outlines the advantages of this approach, before concluding with some potential policy suggestions.

The drift from democracy

From the very moment of the birth of the Labour Party, the British Left has been conflicted about democracy. In its early years, the Party was divided between a Fabian faction, exemplified in the work of Sidney and Beatrice Webb, which favoured strong leadership and bureaucratic centralisation and was suspicious of excessive citizen involvement in decision-making, and a more democratic and decentralising tendency,

known originally as the 'guild socialists', and led by the likes of GDH Cole, Harold Laski and RH Tawney. Little love was lost between these two groupings as the Party grew, with the decade leading up to the first Labour government in 1924 witnessing a particularly ferocious debate about the place of democratic structures within both the Party itself and its plan for a renewed society. While the Fabians insisted on the crucial importance of order, plan, leadership and discipline, the guild socialists demanded that the Left 'deny the right of the Webbs to go round telling people what they really want'. It is the very 'condition of freedom that men should not be ruled by any authority that they cannot control'.[2]

Although the personalities of the two groups played a crucial role in fuelling this debate, this disagreement was at heart one of principle. For the Fabians, the core principle of Left politics was a form of material equality, and such equality could only be guaranteed through the direct mechanisms of centralised government. This insistence on centralisation was partly the consequence of an economic theory that prioritised state planning and was deeply sceptical of free market competition. But it more importantly emanated from the Fabians' recognition that a centralised state was the primary mechanism of standardisation in an otherwise diverse society. The Fabians realised, that is, that if even vaguely egalitarian standards – including standards for wages, health and safety, and general public well-being – were to be guaranteed for all citizens, they would have to be enforced by the trained experts of the bureaucratic central state. Only such experts knew how to set the standards in the first place, were free from the demands of contingency and particularity that beset more localised authorities, and possessed the necessary power and authority to overcome the potentially ferocious opposition of sectional interests.[3]

Although much has changed in the intervening century, it is this core Fabian ideal that has motivated much of the current Labour Party's centralising strand and explains its dislike of more decentralised and democratic forms of governance. The Blair and Brown years have thus been characterised by the setting and imposition of state standards across both the public

and the private sectors. We have seen administrations with a fondness for inspections, targets and league tables almost unmatched in British history, and they have often been justified in solidly egalitarian terms. Just as the Fabians understood that the only way to ensure that better opportunities and outcomes for the working poor lay with the imposition of state standards, so Labour has introduced minimum wages, fine-tuned health and safety legislation, monitored social services with an ever-closer eye, and sought to end the 'post-code lottery' in the provision of health benefits. It has, in other words, made great efforts to guarantee that all citizens, whatever their differences, are treated alike when they interact with the basic structures of the modern state.

Attractive though these aspirations clearly are, they sit uncomfortably with democratic ideals for two reasons. First, the maintenance of standards requires centralisation rather than decentralisation, and centralisation almost always makes it more difficult for individual citizens or groups of citizens to influence the decision-making process by increasing the costs of involvement in politics and reducing the likelihood of securing any great benefit. Second, the setting of standards always prioritises notions of expertise over ideals of involvement. From the Fabians to New Labour, the British Left has often advocated 'evidence-based policy making', largely because a reliance on 'evidence' ensures that the standards set and enforced by the state are the 'right ones', rather than simply being the result of the pressure of particular interests. Such an approach, though, often stands at odds with ideas of democratic participation, where anyone is able to influence the decision, whether or not they possess some publicly recognised form of expertise. Labour has, at times, attempted to redress this imbalance by encouraging 'stakeholder participation' and 'consultation' in the identification of standards, but these efforts have rarely been anything more than superficial, and they have almost always given way, even if only in the last instance, to either the pressures of central authorities or to the wisdom of established experts.[4]

The result of these standardising commitments has, therefore, been a closing-off of access to policy-making and a

centralisation of leadership and authority within Whitehall and Number 10. These tendencies have been most clearly manifest in the operation of public services – where a culture of target-setting and inspection replaced what remained of professional discretion and local particularity – and in the conduct of national Labour Party politics, where the assault on constituency and trade union involvement in decision-making reached its apotheosis. They have also been witnessed, though, in more unlikely places. Even devolution and the creation of a directly elected Mayor of London were not unaffected, for example. These democratising commitments themselves came from a previous Labour era and even though they were realised by the Blair government they were combined with desperate attempts to maintain central Party control: attempts which led to the unseemly, and ultimately unsuccessful, attempts to impose Alun Michael on the Welsh Assembly and Frank Dobson on the citizens of London.

This resistance to more thoroughly democratic practices is, of course, not only the result of a commitment to egalitarian standardisation. It also emanates from harsh political experience. The Party's disastrous experiment with decentralisation and democratisation within its own organisation in the 1970s and early 1980s clearly prejudiced a generation of its leaders against what might be called 'excessively participatory' political structures. It was this experience that encouraged Tony Blair and Gordon Brown, in particular, to resist the temptation to leave too much up to constituency or trade union decision-making.[5] Three election defeats at the hands of Mrs Thatcher's Conservatives also led the Party to look more favourably on non-electoral mechanisms for achieving its policy goals, including seeking the incorporation of European social legislation into British law and the more frequent use of courts and quangos to secure particular political ends. Yet crucial though these more practically political motivations were, it was the aspiration to ensuring egalitarian, standardised experiences for Britain's citizens that really legitimated Labour's reluctance to embrace the unpredictable, uncontrollable and particularised politics of decentralised democracy. Without this justification, the undemocratic,

centralising tendencies in recent Labour politics would have been swiftly rejected. The real question that faces the Left, therefore, is whether the apparent trade-off between egalitarian standardisation and decentralised democratic governance has been struck in the right way.

The difficulties of undemocratic governance

The answer to this question is no. And it is not because for all of its good intentions, the centralised decision making favoured by Labour since its return to office in 1997 has had two extraordinary costs, many of which are only just beginning to be noticed by the Party and the broader British Left.

The first of these costs results from the privileged access that the Labour government has provided to particular groups and constituencies that have been able to exert a seriously deleterious influence on decision making. It is unarguable that certain groups have been able to wield far greater power in the relatively closed decision-making structures that Labour has created than they would have in a more open, less centralised, and more fully democratic politics. Occasionally, of course, it is desirable that particular groups be privileged in decision making. The fact that Labour has listened more attentively to respectable climate-change scientists than it has to disrespectable climate-change deniers has been one of the government's most admirable characteristics, as has its opposition to the arguments of some patient pressure groups in the health services, such as those opposed to the MMR vaccine, and its establishment of the National Institute for Health and Clinical Excellence (NICE). But allowing pre-selected groups privileged access is always dangerous, and it is particularly so when it is combined with a tendency to squeeze rival groups or to disavow alternative points of view altogether.

The two most serious errors of the Labour administration can be directly traced to decision-making structures that gave privileged access to a few and denied serious access to others in this way. Those errors were, first, the decision to support George W Bush's foreign policy objectives, in particular with

regard to the Iraq war and the Israel–Palestine question, and, second, the decision to give effectively free reign to the excesses of the financial services sector. Both of these can be traced directly to 'group-think', the process whereby a relatively small and often self-selected group of decision makers close themselves off from dissenting voices in such a way that permits them to reinforce their own prejudices irrespective of the veracity of their own claims. The precise impact of such 'group-think' has been explored in both of these policy domains by an astonishingly wide and diverse range of critics, including former Cabinet Secretary Lord Butler in his report on the use of intelligence in the build-up to the Iraq war, Palestinian scholar Karma Nabulsi in her searing indictment of the blindness of British policy making in the Middle East, and Nobel prize-winning economist Paul Krugman, in his exploration of the regulatory errors that blighted authorities such as the FSA whose members were encouraged to listen to only one type of economic advice.[6] We cannot be certain, of course, that such errors would not have been repeated had the government taken a more open-minded approach to decision making, but what we do know is that the tendency to secrecy, the suspicion of dissent and debate, and the centralisation of authority all played crucial parts in the actual genesis of these grievous policy errors.

The second general cost of Labour's hostility to democratic governance comes in the less tangible, but none the less important, form of Britain's political culture. As the row over MPs' expenses has demonstrated more loudly than anyone could have anticipated, the last decade has witnessed a further deterioration in the relationship between Britain's citizens and their mainstream politicians. The disconnection between voters and the government has, of course, been frequently discussed by Labour politicians over the last decade, but it has been strikingly absent from its serious reform agenda. Efforts to allow voters to cast their ballots by post, online, or in Tesco are poor responses to apathy and disillusion. It is not surprising in this light that Labour now suffers from precisely the same disregard endured by John Major's Conservatives in the 1990s.

This disconnection is often blamed on a cultural change in the population at large. In the early years of the Labour government, advisors close to Blair regularly insisted that it was the population's essential 'privatism' in the new century, their concentration on issues of personal wealth and consumption, which turned them away from politics, and that efforts to redress this cultural shift were either misguided or should come in the form of teaching school children to take their future duties and responsibilities as citizens more seriously than their parents did. But the evidence for such arguments is thin to non-existent. The actual enthusiasm of citizens for political activity writ large has not, in fact, declined over the last decade: single-issue interest groups have continued to grow, and coalitions of activists, schools and faith groups, such as London Citizens, where many of my students now fine-tune their political skills, have blossomed in ways that few, if any, had predicted. The success of Barack Obama's grassroots organising in the USA has further given the lie to the claim that the twenty-first century cannot sustain mass participation in political life.

The problem is not, then, that citizens do not want to be involved in politics, but rather that neither mainstream Labour Party politics nor official governmental opportunities provide effective means to channel this enthusiasm. There was a time when being a member of a constituency Labour Party offered an opportunity to participate in regular and meaningful policy debates and even a potential entry point into career-level politics. Following the reforms of the last decade or so, however, it now provides, at best, the opportunity to campaign for an MP whose agenda is set elsewhere and the entitlement to hold a Labour Party credit card. There may, of course, be good reasons behind this shift: constituency parties hardly covered themselves in glory when empowered in the early 1980s. But, as I have shown above, there are bad consequences to the general tendency that lies behind it. And it is no longer acceptable for the British Left to turn away from them.

Active equality: a democratic agenda

It seems, then, that the Left has reached a quandary. In pursuit of admirable goals of egalitarian standardisation (and party political success) Labour has developed an approach to politics that is distanced from democratic values and practices, and is distanced in such a way as to undermine its own project over time. To some, this leads to the conclusion that the Left is incapable of being truly democratic. On such a reading, the values of dissent, innovation, radical change and contingency – values intrinsically linked to democratic politics – are inevitably at odds with the standardisation and control that are required by the Left's egalitarianism and fit better with a free-market ideology of small states and regulatory laxity. This was a popular view in the early 1990s, as Soviet Communism collapsed, and it is also the reading that David Cameron's Conservatives have unsurprisingly been keen to encourage; they will continue to vocalise it loudly as the general election approaches. There is absolutely no reason, however, for the Left to concede to this doom-laden interpretation. For there is a way to reconcile Labour's commitment to equality and to a more deeply democratic form of governance and it is this reconciliation that should provide the basis for new developments on the Left in the coming decade.

This means of reconciliation begins with a key distinction: that between 'passive equality'[7] and 'active equality'. 'Passive equality' is the sort of equality that is secured for citizens through the wisdom of the state. It is an equality associated with the direct provision of services or the regulation and standardisation of broader sets of experience and opportunity. It is associated, in other words, with reassurance, guarantee and firm entitlement, and is well suited to quantifiable measurement and to centralised forms of state governance. 'Active equality', on the other hand, is the form of equality that is more comfortable with decentralisation and democratisation, even contingency and chance. It says that the means or process by which goods and opportunities are distributed matters, sometimes as much as the actual amounts and outcomes. Such processes matter, indeed, even if they mean that we cannot be absolutely certain about what those final outcomes will look like. Seen this way, it is

crucial for the recipients of goods and services to feel that they realistically have a part in shaping their interaction with the providers of those services, whether through direct political action, pressure group activity, effective consultation, or just through the possibilities of a competitive market.

When it has acted for equality of late, Labour has strived almost entirely for the passive variety. It has looked for the security that can apparently be found in assurances of service provision and in quantifiable metrics, hence the Party's obsession with league tables, targets, and bureaucratic inspections. The instinct here is by no means a bad one. The Party has wanted to be able to look Britain's most vulnerable citizens in the eye and say, 'we can guarantee you that you will be well served'. But the consequences of such an approach have often been seriously detrimental. It has created a tendency to see fellow citizens as passive recipients of goods and services rather than as potential co-creators and partners in a political process. And even worse, this tendency has then bled into a more general attitude to politics that is uncomfortable with the open-endedness and vitality that could accompany a more active conception of equality and the political process. The pursuit of certainty for service provision has, therefore, become the pursuit for certainty in politics tout court.

The means to redress this difficulty begins with a change in attitude. The Left needs to become more comfortable with contingency and less obsessed with the often false security of the state-provided guarantee. It needs to begin to say to all British citizens, including the most vulnerable, 'we need you to be active partners in the creation of a more equal society', even if that means having to be willing to take the chance that the response that comes back will be a less than fully satisfactory one or that the eventual outcomes will leave certain kinds of inequality untouched. Truly democratic politics is an open-ended politics, and therefore a truly democratic pursuit of equality has to be an open-ended pursuit as well. That is why it is crucial to see this not as a trade-off – a choice between equality and democracy – but as the selection of a different conception of equality itself. Treating people as equals means allowing them the opportunity

to enjoy an 'active equality', which means welcoming them as part of the process itself. And once this attitudinal shift begins at the basic level of service provision, it can begin to influence the vast weft of citizens' interactions with the state until it begins almost to shape our instinctive patterns of social and political behaviour.

Along with the attitudinal change, though, must come policy change. And it is here that it is too easy to get carried away. Some advocates (and critics) of active equality see the idea as rejecting the central state entirely, and welcoming instead a devolution of power to either local government or, more frequently, the third sector and social movements. But this is an error. For while it is true that an excessive attachment to the state and fear of the third sector and social movements is always detrimental to active equality, that does not imply that central state agents should not be involved in the business of attempting to secure particular political, social and economic outcomes at all. Some standards are crucial and the state should always try to maintain them, even at the cost of a less engaging and democratic politics. The vital issue, then, is to distinguish between these standards and those concerns that should be left to a more engaged, open-ended and less secure politics.

The Left has yet to learn how to distinguish these two effectively. The difficulty it has in doing so lies in part in an understandable anxiety. The Left does not like to leave important social objectives to the unpredictability of democratic politics, especially when such a politics is subject to all sorts of inequalities and unfair influences, including the influence of a conservative media and of well-resourced special interest groups. The idea of securing an ever-wider range of goods through the direct intervention of the state or of judicial powers follows from just such worries. But this option is, in fact, chimerical. Without active equality – without, that is, multiple opportunities to shape our collective lives – citizens become disconnected from politics and the quality of governmental decision making declines. It is vital, therefore, that the Left finds its courage, decides which few issues to try to secure and then invites discussion, debate, and even dissent, on the others. It is only insofar as it can both

facilitate and engage in those ongoing arguments that the Left will have a future that can flourish.

Conclusion

Labour in government has been far too keen to seek the safety of the centrally secured guarantee: perhaps that is what 18 years in opposition does to a party. But the effect of that has been to close down democratic politics, disconnecting Labour from citizens and from its own better instincts. We need, then, to accept that the pursuit of certainty is self-defeating. Political life in general, and democratic life in particular, does not come with any guarantees. That realisation may be unsettling, but it is less so when we remember that truly democratic politics frequently comes with the very vibrancy and citizen engagement that the British Labour Party now desperately needs. As it develops its programme for a new era, Labour needs to place active equality at the heart of its agenda, and learn to live with democratic uncertainty once again.[8]

Marc Stears, Fellow in Politics at University College, University of Oxford.

Notes

1 See 'Brown Will Enter Downing Street Unopposed', 16 May 2007, *BBC News*, http://news.bbc.co.uk/1/hi/6660565.stm (accessed 3 Feb 2010).

2 I Brown, 'Democracy and the Guilds', *New Age*, 18 Feb 1915, pp 436–7; and RH Tawney, *The Acquisitive Society* (London: G. Bell, 1921), p 8.

3 For clear expositions of this view, see S Webb, *The Necessary Basis of Society* (London: Fabian Society, 1906) and S Webb, *Towards Social Democracy: A study of social evolution during the last three-quarters of a century* (London: Fabian Society, 1909).

4 See M Strathern (ed), *Audit Cultures: Anthropological Studies in accountability, ethics, and the academy* (Milton, Oxon: Routledge, 2000).

5 See E Shaw, *Discipline and Discord in the Labour Party, 1951-1986* (Manchester: Manchester University Press, 1988).

6 *Review of Intelligence on Weapons of Mass Destruction* , HC 898 (London: Stationery Office, 2004); K Nabulsi, 'The Peace Process and the Palestinians: A road map to Mars', *International Affairs* 80, no 2, 2004; P Krugman, 'How Did Economists Get It So Wrong?', *New York Times Magazine*, 2 Sept 2009, www.nytimes.com/2009/09/06/magazine/ 06Economic-t.html (accessed 3 Feb 2010).

7 B Honig, 'The Manna of Jouissance and the Desire for Democracy', unpublished manuscript; T May, *The Political Thought of Jacques Ranciere: Creating Equality* (Edinburgh: Edinburgh University Press, 2008).

8 I thank Bonnie Honig, Liz Pellicano, Adam Sandell, Derek Stears, and Hughie Wong for extremely helpful exchanges on the themes I raise in this paper and for helping shape individual arguments. None of them are responsible, of course, for the remaining errors.

10 The Left, democracy and the constitution

A response to the question: should the Left be collecting or dispersing democratic and political power in seeking to bring about change?

Meg Russell

One of the greatest legacies of this period of Labour government since 1997 is constitutional reform. In the first parliament, in particular, many important measures were introduced; thereafter reform slowed down, but has nonetheless remained a key theme of Labour in power. Such enthusiasm for democratic reform was, however, largely at variance with the party's historically more conservative attitudes. Before considering where the Left goes next on democracy and the constitution it is therefore worth revisiting where it came from, and why and how its attitudes changed in the latter twentieth century. This paper then reviews where the reforms of the last 12 years have left us, before considering the choices ahead.

The British Left and the constitution

The history of the British Left, and Labour in particular, is generally presented as one of constitutional conservatism. This is something of an oversimplification, as in its early years the Labour Party was of course a key proponent of franchise reform and other changes such as the payment of MPs, which were essential to creating a 20th-century democracy.[1] The Party did actively pursue some other key reforms, such as Lords reform (successfully) in 1949 and (unsuccessfully) in 1968, and devolution (also unsuccessfully) in the 1970s. It 'flirted' with AV for the House of Commons in 1929–31.[2] But in the main, Labour, even

when a majority government, worked within the institutions of British government rather than seeking to change them.

As Wright suggests therefore, 'the starting point is the history of satisfaction with British constitutional arrangements on the part of British socialists, certainly most of them at most periods';[3] the phrase 'most of them' is important here, as there were always minority voices. In the early twentieth-century reform schemes abounded: the Webbs 'advocated constitutional reform of the most radical and thoroughgoing kind',[4] and guild socialists such as GDH Cole favoured 'functional' representation. Syndicalists and ethical socialists likewise expressed dissatisfaction with existing arrangements, and wished to democratise civil society and its institutions.[5]

Yet 'most of Labour's constitutional reforming impulses ... had burned themselves out by the 1920s'.[6] A key factor was that the Party (unlike some of its European counterparts) soon ceased to see itself as a third force, realising that it could attain governmental office on its own. Possible reforms such as proportional representation were therefore seen as a threat to 'strong' socialist government, while the Party had an entrenched hostility to judges traceable to their role as establishment figures in early trade union battles, which created objections to a written constitution or bill of rights. Devolution to Scotland and Wales (and 'even England' in the 1918 manifesto) had more support, but key figures such as Bevan opposed it, as a threat to equality and a centrally planned welfare state.

In the 1930s, 1940s and 1950s key Labour thinkers such as Cripps, Laski and Morrison defended the 'Westminster model' increasingly steadfastly. In this period 'the emphasis was no longer on the need to diffuse, constrain and pluralise state power ... but to ensure that the political system was serviceable as far as the speedy execution of a radical socialist programme was concerned'.[7] Indeed, far from diffusing power or enhancing checks and balances, the emphasis was on further centralisation. Cripps went so far as to suggest that a temporary dictatorship might be needed, while from 1945 to 1949 the facility for private members' bills in the Commons was suspended, to allow more time for government legislation.

Two things can be concluded about these early years. First, Labour's attitude to constitutional reform can largely be seen as instrumental, rather than driven by any underlying theory. The Party, for example, clearly benefited from the widening of the franchise and related reforms, while weakening the Lords' powers and changing procedures in the Commons to remove obstacles to itself in government, and resisting other reforms that would dilute the power of a government. The exception – in general – was when it was under pressure from other forces, such as on devolution in the 1970s.

Second, insofar as there was a philosophical underpinning, the dominant orthodoxy once the Party had become established was one of majoritarianism, extending sometimes to outright celebration of the centralised nature of the British constitution. Pluralist voices, though present, were very much in the minority, and their influence was limited. As Marquand suggests, Labour soon came to believe that 'in good hands, the Westminster model could be the engine of a social revolution ... [therefore] the point of political activity was to get back into the engine room and reach for the levers'.[8] Though reached by pragmatic means, this conclusion gradually acquired the status of an ideology.

This all changed in the late twentieth century. Here a number of influences can be identified, each reinforcing the other. From the 1950s and 1960s the 'New Left' expressed suspicions of the state and emphasised the importance of minority rights and extra-parliamentary social movements. These voices became more influential in the Party, particularly after the 1979 defeat. At the same time Britain's entry into the EEC raised questions about conventional parliamentary sovereignty and also brought British politics into closer contact with other member states' deliberately pluralist post-war constitutions. But the most important factor was the advent of Thatcherism, which showed the damage that could be done by 'strong government' when it fell into the 'wrong' hands. As Robin Cook put it in 1989, 'the appalling insight supplied by the Thatcher experience is that there are no real checks and balances in the British constitution'.[9]

Interest therefore grew on the Left in remedies such as entrenchment of human rights and freedom of information and,

even under the current system, judicial review. Devolutionary instincts were boosted by the government's treatment of Scotland, in particular, and the abolition of the Greater London Council. The merits of proportional representation also became more obvious, given that Thatcher was never elected on a majority of the vote. External pressures on Labour increased through grassroots initiatives such as Charter 88 and the Scottish Constitutional Convention, established in 1989. As a consequence, by the end of the 1980s Labour was committed to wholesale constitutional reform. For the first time it was the centralisers who were on the back foot. Roy Hattersley's argument that 'the only way to end the excesses of a bad government' was 'to replace it with a better one' rang increasingly hollow as 18 years wore on when this change proved impossible to bring about.[10]

The 1997 legacy and its critics

So, when finally elected in 1997, the Party had strong public commitments to a wide-ranging set of reforms. In part due to the pledge to stick to Conservative spending limits for the first two years, these measures were brought to the front of the programme. The 1997 parliament saw devolution in Scotland, Wales, Northern Ireland and London (following referendums), removal of most hereditary peers from the House of Lords, the passing of the Human Rights Act, the Freedom of Information Act and the Political Parties, Elections and Referendums Act, which regulated political donations and created the Electoral Commission. In the first year alone, ten major constitutional bills were passed. More notable later measures include the Constitutional Reform Act 2005, creating the Supreme Court, and the current Constitutional Reform and Governance Bill, which would in effect enact Labour's long-held commitment to a Civil Service Act, as well as tidying up the House of Lords and other matters. It is therefore hard to argue that Labour has been constitutionally conservative in government.

It is true to say, however, that while the programme was ambitious there were some obvious gaps. The biggest is lack of

progress on electoral reform for the House of Commons, on which the Jenkins Commission reported in 1998 but the promised referendum has never been held. The lack of 'stage two' Lords reform has also been a running sore, with no fewer than five white papers on the subject since 1998. English regional devolution was stalled by the failed referendum in the North-East in 2004, and there has been no attempt to devolve more to local government – indeed, if anything, the reverse. The other dimension, of growing importance during Labour's time in power, is the whole question of more participatory – and indeed direct – democracy. Here, the culture of consultation has grown, and there have been moves to more user involvement in public service governance. But the decisive move that Gordon Brown indicated on taking over the premiership towards greater use of citizens' juries, and even a constitutional convention, has not materialised.

There has been no shortage of critics of the government's programme. These may broadly be characterised as constitutional radicals on the one hand and constitutional traditionalists on the other.[11] Sometimes these critics speak with one voice, though often their perspectives clearly differ. The general criticisms of the reforms may be seen as threefold: first, that they are incoherent and not driven by an underlying philosophy, a criticism shared by both radicals and traditionalists; second, that they are inadequate, perhaps even ineffective, and do not go far enough, primarily a concern of radicals; and third, that the resulting constitutional settlement is unstable, which is again a criticism voiced by both groups. To a large extent the second and third criticisms are seen as consequences of the first, and for radicals the third is seen as a consequence also of the second.

The first criticism is nicely voiced by Marquand, who describes this as 'a revolution without a theory ... the muddled, messy work of practical men and women, unintellectual when not positively anti-intellectual ... responding piecemeal and ad hoc to conflicting pressures'.[12] At times this approach was partially admitted, as when Lord Chancellor Derry Irvine said that there was no 'single master plan, however much that

concept might appeal to purists'.[13] But the case made by these critics is somewhat exaggerated. Although the underlying principles may not often have been set out by Labour politicians, and famously Blair himself never articulated a clear vision of where he was seeking to go, those who initially demanded reform had a relatively clear vision in mind. The unifying feature of most of the measures above was that they would pluralise power, creating competing power centres to the central executive and putting constraints on it to a greater or lesser extent. The vision of those in Charter 88 and elsewhere who urged the Party to adopt all of these reforms was essentially the need to move Britain from a majoritarian model of democracy towards a consensus one.[14]

The second criticism, that the reforms did not go far enough, is connected. There were those who wanted a tougher freedom of information regime, a Human Rights Act that gave strike-down power to judges, or a more extensive devolution of power in Scotland and Wales. On all these matters the government sought to pursue reform in a way as far as possible consistent with the established constitutional framework, particularly with respect to maintaining parliamentary sovereignty. This was done in large part to subdue conservative critics, some of whom were within Labour's own ranks, but many of whom were not. Similarly reforms not pursued (proportional representation for the Commons, further Lords reform, English regional devolution) faced formidable critics, some inside but many outside the Party.

The overall outcome can therefore be seen as a compromise settlement, moving in the direction that radical pluralists wanted, but not so far that it was blocked by traditionalists. This is the 'muddled, messy work' to which Marquand refers, in a phrase which accurately describes the reality of most everyday political decision making.[15] As a result of these compromises the outcome, of course, pleases neither side. Yet although some have argued that the British constitution is barely more consensual than it was before 1997,[16] most experts in individual areas disagree, and conclude that the reforms have made an important difference in terms of limiting central executive power. Hence the Freedom of

Information and Human Rights Acts serve as real constraints, while the presence of an SNP government in Scotland speaks for itself. Even Lords reform, where the removal of the hereditaries was designed in part to make life easier for Labour in government, has unexpectedly put greater obstacles in the executive's way.[17]

It is hard, however, to argue against the third criticism concerning the instability of the new settlement. Not only is there continued pressure for certain promised reforms to be brought into effect, and for the existing reforms to go further, but new tensions such as those created by English nationalists post-devolution have emerged.[18] However, it is also important to remember that, despite its famous continuity, the British constitution has long been subject to calls for significant reform, and indeed has often responded. The most obvious examples are franchise reform in the nineteenth century, the Home Rule debates spilling into the twentieth century, demands for Lords reform throughout that century, and more recently arguments about Europe. Some instability has therefore been a constant, though admittedly constitutional dissatisfaction, in part for unconnected cultural reasons, may now be more widespread than before (as discussed below).

The future agenda

One potential agenda for the future has already been indicated. Following the MPs' expenses row there has been pressure to return to the unfinished business from Labour's 1997 manifesto, of proportional representation for the House of Commons and further Lords reform. There is also pressure for further citizen involvement through new participatory and direct democracy options. Proposals for recall ballots and primaries for selecting parliamentary candidates are recent examples. If Labour remains in power it may well end up implementing further devolution in Scotland, to provide more revenue raising powers, and primary legislative powers for the Welsh Assembly. It will face pressures for devolution in England, including greater autonomy for local authorities. Gordon Brown also harbours a desire to move

Britain towards a written constitution, in the conventional sense of a single entrenched document. Although much of the constitution – and much more since 1997 – is in fact already written down, the practical obstacles to such a move are considerable.

Before throwing itself into a discussion about what further reforms are needed to build on the post-1997 settlement, the Left also needs to consider an alternative future. If the Conservatives win the forthcoming general election they will arrive with a constitutional agenda of their own, which could result in a quite different legacy for a future Labour government.[19] David Cameron has stated that a high priority will be repeal of the Human Rights Act, plus reducing the number of MPs and the size of Whitehall. Both of these will be difficult in practice, but nonetheless must be taken seriously. In terms of territorial politics, the Conservatives favour restricting Scottish and Welsh MPs' voting rights at Westminster to ensure 'English votes on English laws', while tensions with Holyrood would probably feed demand for Scottish independence.

In contrast, the matters on Labour's 'to do' list suggested above do not feature. The Conservatives remain almost entirely hostile to proportional representation, and although the Party is formally signed up to an elected second chamber (using first past the post), Cameron has made clear that this is a low priority. The Party argues for greater decentralisation and citizen participation, but any 'little platoons' would be expected to operate within an overall context of smaller government. So in order to decide its future agenda, its priorities and its guiding principles, the Left needs to bear in mind that the starting point may in fact be a more impoverished and fragmented political sphere by the time it next attains power. In the short term it may therefore need to concentrate at least part of its energy on defending elements of the existing settlement, and later may even need to reconstruct some of it.

The choices

The account of the Left's historic attitude to constitutional reform given here, combined with more recent reforms, indicates

some of the choices that need to be made. These are presented below as pairwise choices of principle, but there are relationships between them. Indeed, some desirable principles are necessarily in conflict with each other.

Majoritarianism v pluralism. As discussed, Labour's change of mind in the 1980s and 1990s, and much of the change which has taken place since, moved from a commitment to a majoritarian system of 'strong government' to a system where power is more plural and shared. It is further in this direction that radical critics, such as the authors of the Power report, want to go.[20] Power may be shared horizontally either between different institutions, for example through bicameralism, or between different political groupings in single institutions, for example as a result of proportional representation. I have already suggested that there have been significant moves in this direction since 1997, despite the compromised nature of some reforms. In particular, the House of Lords now has a largely proportional political makeup – with the Liberal Democrats and independents holding the balance of power – and has become more interventionist. The courts are also more active partly as a result of the Human Rights Act, and there are numerous new constitutional 'watchdogs' such as the Electoral Commission, Information Commissioner and House of Lords Appointments Commission. All of these limit ministerial discretion. One obvious question is whether pluralism should go further still – how much is enough? – but another is whether and how to defend the moves that have already happened.

Centralisation v decentralisation. Decentralisation is a special type of pluralism, comprising greater power sharing vertically between different levels of government. We have obviously seen major moves here in Scotland, Wales and Northern Ireland, but more limited developments in England. There will clearly be pressure for more, but as with pluralism more generally, there are also questions about how much decentralisation is enough. Too much could result in fragmentation and lack of coordination. Greater autonomy for local authorities seems desirable but always proves politically difficult to deliver, thanks to the old tension between demands for uniform services and local

accountability. There is also the difficult question of nationalism and separatism, and how to respond to the 'English question'. These tensions are likely to become more visible during a period of Conservative government, with pressures shifting from demands for regionalism to demands for all-England institutions such as an English parliament. This, along with any separatist pressures from Scotland, will raise difficult questions for all the major parties about their attitudes to the Union.

Political v legal. A widely noted effect of Labour's reforms has been a move to 'juridification', or the greater involvement of legal actors to resolve constitutional matters. This occurs most obviously in terms of the role of judges through the Human Rights Act, with the power to issue 'statements of incompatibility' that parliament is encouraged to act on. Judges are also formally responsible for resolving any devolution disputes, and indeed territorial disputes between other institutional actors, whose number has significantly grown. Not only judges but also officials of various kinds, particularly those working for the new 'watchdogs', now have far greater responsibility for interpretation and enforcement of constitutional rules. All of this is made necessary by greater pluralisation, and moves Britain from a 'political' to a more 'legal' constitution.[21]

These changes have their critics, not all of whom are old-fashioned majoritarians. The inevitable consequence has been to shift power and responsibility from political figures, who are largely elected, to unelected 'apolitical' and 'expert' figures. Not only can this be seen as a shrinking of democracy, but it also draws attention to how these expert figures are chosen and to whom they are accountable. Such questions about Supreme Court justices, for example, may increase in the future and lead to further pressures for reform. There has been a lively debate in the academic literature on these issues, with some theorists concerned that juridification has gone too far and vocally defending the political constitution,[22] while others disagree.[23] Once again the Left must consider its views on further moves from a political to a legal constitution, and also its attitudes to defending the existing changes against future attack. This applies particularly in the case of the Human Rights Act.

Representative v direct democracy. A further dichotomy is the tension between a democratic model based on the principle that elected representatives, accountable to the people, are primarily responsible for political decisions, or a model where the people themselves are more directly involved. Demands for more direct democracy have been fed by discontent with elected politicians, greater public access to information through the media and other routes, and the possibilities opened up by new technologies. At one level the case for more public involvement seems unarguable: the idea that casting a vote at a general election every four or five years will suffice is long since dead. But there are also concerns about direct democracy mechanisms and the danger of descending into populism.

One problem is that political decision making is time-consuming and increasingly complex, so there are clear practical reasons for citizens to delegate this task to politicians with the time and resources to do it justice. Another concern is the need for deliberation – one of the key functions of forums such as parliament – which enables representatives to learn from each other, adjust their positions accordingly, and reach compromise solutions for the general good. In contrast, direct democracy routes risk knee-jerk responses and are also more likely to fall prey to the influence of organised lobbies, the prejudices of the popular media, and simply who shouts loudest. As citizenship duties become more onerous there is a danger that participation is narrowed to those with adequate time and resources or with the strongest views, breaching the fundamental democratic principle that each citizen has an equal say.

Mechanisms such as primaries may look 'more democratic', but also act to weaken membership rights inside political parties, and reward candidates who are best resourced and most telegenic. Once again it is likely that any settlement will contain a mixture of representative and direct democracy mechanisms, and the question becomes how much direct democracy is too much. Opening up closed decision-making can contribute to pluralism, but populism can actually be anti-pluralistic, serving dominant majority, or even minority, viewpoints.[24]

Political v anti-political. The final dichotomy of principles is closely related to the others above. We live in an increasingly anti-political age, with mistrust of politicians possibly at an all-time high; if this was not true before the MPs' expenses crisis it almost certainly is now. The mood has already contributed to a growing trend towards 'depoliticisation', with decisions previously taken by politicians instead delegated to non-political actors such as quangos and regulators, not only in the narrowly constitutional field, but more widely in public services.[25] Increasingly politicians themselves seem nervous to defend the political process, and even actively collude in their own disempowerment. Input of experts into the political process is clearly valuable, and judges may sometimes provide a necessary check, while public participation is essential. But politics – in the sense of negotiated democratic solutions designed to serve the interests of society as a whole – will nonetheless always depend on broad-based political parties and elected politicians.

A decline of politics means a decline in the ability to reach such collective solutions and will result inevitably in more being left to the market. But we know that the market cannot adequately resolve major long-term issues such as climate change, nor can it protect public goods. This is a problem for all, but those best able to manage in such a scenario would be the wealthy. A decline of politics is therefore disastrous for the Left, though it may be welcomed by certain sections of the Right. David Cameron has now clearly identified himself as a supporter of a smaller state, which is consistent with Conservative traditions, but also plays to current anti-political sentiment. One of the most important tasks for the Left in the years ahead may be to defend the political sphere *per se* against anti-politics, as well as defending political institutions, old and new.

Conclusion

So what is the way forward? I have argued that this will depend to a large extent on the situation in which Labour finds itself after the coming election. Only if the Party remains in power will it have the luxury of deciding how best to consolidate and/or

continue the programme of reform that it instigated after 1997. If the Conservatives gain power, the Left's position will instead be primarily reactive, and defensive.

A key factor is that many on the Left seem reluctant to accept that the reforms implemented since 1997 are highly significant. One of our foremost constitutional historians describes them as 'the most radical programme of constitutional reform that Britain has seen since 1911 or 1832'.[26] Their magnitude may not become apparent to the doubters until the Conservatives return to power (be that now or later), and are severely limited in their action by devolution, the Human Rights Act or the ('semi-') reformed House of Lords. After a period of adjustment, sceptics on the Left may finally start to claim and celebrate the achievements of Labour since 1997.

In terms of the principles set out above, the new constitution may have come about through messy compromise, but the result is a degree of balance between majoritarian and plural; political and legal; representative institutions and more direct citizen involvement. A 'purer' system which embraced only one of these extremes might be more intellectually elegant, but in practice would lack many of the creative tensions, or even 'checks and balances', that such a system displays. For example we now have *de facto* proportionality in the Lords, but not in the Commons. A shift to proportional representation for the Commons would actually reduce the creative tension between the two chambers, introducing the paradox that seemingly more 'pluralism' could result in a constitution which is less plural overall.[27]

The most important principle of all, therefore, is that of the need for a mixed and balanced constitution which embraces all of these elements to some extent. Whether the mix is currently right will of course remain a matter for argument, and there will undoubtedly be further shifts. Meanwhile the most urgent task ahead for the Left may be defending politics, and existing democratic mechanisms, against those who may see benefits in their erosion.

Meg Russell is Reader in British and Comparative Politics and Deputy Director of the Constitution Unit at University College London.

Notes

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14 A Lijphart, *Patterns of Democracy: Government forms and performance in thirty-six countries* (New Haven: Yale University Press, 1999).

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Contributors

Andrew Gamble is Professor of Politics at the University of Cambridge

Maurice Glasman is Director of the faith and citizenship programme at London Metropolitan University

Ben Jackson is a Fellow and Tutor in Modern History at University College, Oxford University

Mike Kenny is Professor of Politics at the University of Sheffield

David Miller is Professor of Political Theory at the University of Oxford

Richard Reeves is Director of Demos and author of *John Stuart Mill: Victorian Firebrand*

Meg Russell is a Reader in British and Comparative Politics and Deputy Director of the Constitution Unit at University College London

Marc Stears is a Fellow in Politics at University College, University of Oxford

Stuart White is a Lecturer in Politics and Tutorial Fellow at Jesus College, University of Oxford

Jonathan Wolff is Professor of Philosophy at University College London

Fifteen years after the revision of Clause IV and over a decade since Labour came to office, the centre-Left needs to revisit fundamental questions about what it stands for and the sort of society it seeks. The twin crisis of the credit crunch and MPs' expenses – combined with the forthcoming general election – only make this task more urgent.

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James Purnell is a Labour MP and Director of the Open Left project at Demos. Graeme Cooke is Head of Open Left.

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