

# EDITORIAL

## Ready for government?

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Labour transformed the electoral map in June. Though the Conservatives form the largest party in the House of Commons, Labour has turned many safe Tory seats into marginals, loosening Theresa May's grip on her own parliamentary party. Labour now needs a relatively small swing – just 3.57 per cent – to win a majority of one at the next election.<sup>1</sup> With Jeremy Corbyn receiving deserved praise for an energetic and astute campaign, there are now spaces of possibility in contemporary British politics that are unique in the developed world. The prospects are exhilarating; but the volume of work needed to prepare the party for government remains formidable. In this issue, we offer our contribution, focusing on Labour's new voters, European policy, the public sector, and the challenges posed by emergent forms of capitalism.

Our starting point is Labour's 2017 manifesto, widely credited as the key to the transformation of the party's fortunes. The manifesto was powerful because, as our new Commissioning Editor Lise Butler noted on our blog, it was 'concrete, policy-focused, and forward-looking'. It was the product of a shift in party culture enabled by Corbyn's two leadership campaigns, which tore apart the inward-looking, defensive analyses of the intellectual and philosophical strands of Labour's history that absorbed so much energy within the party under Ed Miliband.<sup>2</sup>

There was also, however, a contradiction between the manifesto and the past politics of the Labour leadership. As our former editor Ben Jackson has pointed out, the 'heart of the manifesto was about strengthening the role of the state in reducing inequality and managing the economy'. This was a traditional social-democratic prospectus, defending the substantive achievements of the Blair/Brown years – Education Maintenance Allowance, winter fuel payments for all pensioners, high spending on the NHS and education. The Labour left, however, have historically demanded more than that: democratic and participatory control of the economy and of the state and public services.<sup>3</sup> While the manifesto mentioned constitutional and democratic reform, as well as new support for

co-operatives and worker ownership, these were areas that were relatively underplayed in the campaign.

As such, Labour's overall direction remains unclear. The rhetoric is of fundamental change and a break with neoliberalism, but across wide areas of policy, from the welfare state and public services to Europe and economic reform, there is an urgent need to clarify what that will mean in practice. Building on the promise of 2017 will also require acknowledgement of the significant dangers facing the party. One lies in the electoral volatility that could make it difficult to hold onto – and build on – the coalition of voters Labour assembled in 2017. The other, of course, lies in Brexit.

## **British society and the election**

A common line of analysis since the election has held that Corbyn's voters were divided between two main camps – students and young people, on the one hand, and the working classes in areas hit by deindustrialisation, on the other – which would ultimately prove irreconcilable. This is because, the argument goes, the former group loves the EU and the latter hates it. In fact, as articles in this issue by Lorenza Antonucci and Will Jennings and Gerry Stoker demonstrate, this analysis doesn't stand up to scrutiny. Corbyn's coalition of support works with the grain of the huge social changes that have swept British society in the past fifty years, and unites important emerging social formations.

British society has been profoundly transformed since the 1950s by huge changes: deindustrialisation (which, in terms of jobs, began in 1955), the expansion of the public sector, the decline of deference, and important waves of migration, first from the 'new Commonwealth' and latterly from the EU. In the last thirty years, as Jennings and Stoker point out, the increasing numbers of young people going to university have further transformed the social landscape, adding another dimension to generational divides.

We are currently in a moment of profound economic change – driven by technology above all, by globalisation, financialisation, and post-Fordist production processes. This is creating (as all such moments of major economic reorganisation do) winners and losers at a dizzying rate. But it's not simply the case that some areas are 'left behind' by globalisation and deindustrialisation, while others flourish; even in a city like London that is economically dynamic, the pace of change generates significant social problems. The low-cost service economy that has sprung up to service those at the top of our highly unequal society has generated a growing group of Londoners who see powerfully the need for better political solutions. Precarious workers in economically dynamic urban areas have

something important in common with the residents of areas hard hit by deindustrialisation. Corbyn is uniting these groups behind a promise that things can get better, not worse.

It has been widely noted that class – as pollsters typically measure it, based on occupation and classifying people into groups A, B, C1, C2, D, and E – did not have any great effect on voting decisions in the 2017 election. This doesn't mean that economic interests are no longer significant factors in voting; but the old working-class and middle-class interests, and the corporate identities built on them, fashioned during the mid-twentieth century period of industrial society, are no longer dominant.

The most dramatic axis along which voters split in 2017 was age, and this looks unsurprising when we consider that younger voters of all sorts face, in Britain, more insecure work and poorer prospects in the long term than older people. Access to affordable housing and to homeownership are both far less available to younger generations. Antonucci's analysis of student politics in this issue shows just how tough the lives of many students are: saddled with debt, living in insecure rented accommodation, and often working multiple precarious jobs to make ends meet. In the years running up to the 2017 election, it became a commonplace to hear that Millennials were to be worse off than the generations above, reversing a long-established trend of progress and improvement.<sup>4</sup> Economic precarity aligns with youth in ways it did not in the recent past, as Alex Sobel notes is the case in his Leeds North West constituency. It's no surprise, as Monique Charles observes in this issue, that the 'Grime4Corbyn' movement emerged at a moment when young people who had grown up with both grime music and the frustrations of precarity and inequality were reaching voting age.

It was not just the 18-25 demographic who swung to Labour in 2017; the age at which a voter is more likely to have voted Conservative than Labour is now 47. Young people *and* people in middle age tended to prefer Labour. And Antonucci's analysis of the socio-economic groups that favoured Brexit throws up a further significant finding for those attempting to understand the social groupings of contemporary Britain. Brexit wasn't so much the protest vote of the 'left-out' or 'left behind', she argues, but 'the voice of the intermediate classes with a declining financial position' – 'the squeezed middle' evoked by Gordon Brown and Ed Miliband. Austerity, wage stagnation, high inequality, growing precarity, and increasing reliance on privately rented housing – these are the underlying trends which Corbynism promises to reverse. The young, the precariously employed, and the 'squeezed middle' are its key voter blocs.

It has been widely suggested that Labour's voter base in 2017 is in huge danger of fracturing, particularly over Brexit. In fact, that is far from necessarily the case.

As Cathy Elliott points out in this issue, elections and referendums don't reveal social divisions – they help to create them. Particularly in the wake of the 2017 result, all parts of Labour need to see the party itself as an active and powerful political agent, with a leading role in shaping popular political narratives and identities.

There is no need to assume that the interests of Leave and Remain voters are somehow implacably opposed and permanently fixed. There is a new politics of inequality and precarity emerging in Britain, and it offers a promising context for Labour's brand of radical politics. The politics of the pre-Brexit world are still alive and well, and Labour should not make the mistake of thinking Brexit divisions are everything. Too much has been made, in the party and the wider public sphere, of Brexit as an electoral challenge for Labour, while its policy consequences remain barely understood. It is to these that we now turn.

## **A Brexit for Labour's base**

A crisis of living standards, stagnant productivity, and collapsing public services is driving support for Labour. If we want to build on that support, and forge a lasting governing coalition, then the party needs a Brexit strategy that creates the policy space to offer rapid improvements. It is right, therefore, that Labour's existing approach prioritises macroeconomic stability through 'transitional' membership of the European single market (EEA) and customs union. There is a risk, though, as with so much else in the negotiations, that solutions the EU27 do not recognise as legitimate or feasible are dreamed up to suit the needs of British party politics. If, legally and diplomatically, a prolongation of the 2-year Article 50 period or a 'standstill agreement' proves more viable than an unprecedented arrangement for temporary single market membership, then there is no reason to dogmatically oppose this. As a question of basic political responsibility, the sudden rupture of a 'no deal Brexit' must be avoided. A complete break with the European institutions is currently beyond the capacity of the British state (not least in Northern Ireland); let alone our fragile, stagnant and disinvested economy. British society is already in crisis. Labour's response should centre on building houses, not lorry parks or customs posts.

The party's options on Europe should not be restricted by what are often straightforward untruths about the character of the European regulatory regime. As Andy Tarrant and Andrea Biondi compellingly demonstrate in this issue, Labour has yet to propose policies that are incompatible with EU law. It cannot be stated often enough: the EU is *bound by treaty* to take no view on the question of public ownership. It is not nationalisation, but subsidies and monopolies, that concern the

European institutions, particularly where these are seen to promote political-economic conflicts between member states or to frustrate initiatives (such as cross-border rail freight or renewable energy networks) that are clearly in a common European interest. Even this principle, however, is not absolute. There are sweeping exceptions for pro-social interventions, regional and climate policy, public services, and infrastructural ‘Services of General Economic Interest’.

## Economics and the nation

As such, we urgently need a more serious debate about the ideological character of the European institutions, one that distinguishes between the baleful effects of Eurozone fiscal policy, which does not directly affect Britain, and European economic regulation, which does. As Stuart Holland suggests in his wide-ranging interview with us, there remains scope for Britain to support – perhaps through membership in the ‘outer tier’ of the multi-speed Union envisaged by Emmanuel Macron – pan-European initiatives on investment and innovation that could break the deadlock in the Eurozone. If we wish to somehow transcend the principles of the continental ‘social market economy’ and pursue something genuinely incompatible with the European treaties (for instance, permanent capital controls or the unilateral adoption of trade quotas), we need to be much clearer about why our broader objectives can *only* be achieved through what would amount to a declaration of economic warfare against Britain’s closest neighbours and most reliable allies.

This debate, which at its core is not just about Europe, but the respective roles of markets, states and transnational regulation in a twenty-first century socialism, is also related to our understandings of international political economy. The question of how a group of advanced, thoroughly interdependent economies should relate to one another is not reducible to a Manichean division between ‘neo-liberalism’ and ‘democracy’ (with ‘Europe’ standing for the former and ‘Corbyn’s Labour’ the latter). The fundamental political problem – that democracies are national and bounded, but economies are not – has been recognised since at least the era of the French Revolution. The European single market represents one possible solution, centred on the use of treaties, regulation and international legal arbitration to moderate inter-state economic conflicts.

Too much commentary from the left – the influential voices of Richard Tuck and Wolfgang Streeck spring to mind – simply attacks these mechanisms without thinking seriously about possible alternatives, or acknowledging the existence of an underlying problem beyond neoliberal ideology. While it is not (as its detractors assume) straightforwardly ‘nationalist’, this left perspective implicitly assumes that

politics can be neatly separated into national and international ‘levels’, and that we can sort out the international realm once we’ve ‘fixed’ things at the national level. In practice, however, the national and international have always been inseparable. As nearly all contemporary scholarship in global history and historical sociology attests, modern democracy and the nation-state are *themselves* historical products of dynamic processes of inter-state communication, competition and subjugation.<sup>5</sup> The twentieth-century *trente glorieuses* saw national welfare states being cushioned and enabled by a comprehensive set of international agreements and institutions. In the twenty-first century, the creation of greater policy space for individual democracies – especially within the highly integrated European economy – would require the consent not only of domestic electorates, but the active support of neighbouring states. As Karl Polanyi argued towards the end of the Second World War, the taming of global capitalism demands the abandonment of ‘the most obstructive feature of absolute sovereignty, the refusal to collaborate in international economics’.<sup>6</sup> Chaotic national self-assertions, by contrast, will only intensify the pathologies of a disintegrating neoliberal globalisation.

## Labour’s statecraft

The inseparability of domestic from foreign politics has clear practical upshots for a Labour Britain. A Corbyn government will need allies in Europe: and the work to build alliances needs to start now. Labour will either be negotiating to undo the damage from a chaotic no-deal Brexit, or seeking a settlement on a new relationship, all the while implementing a radical economic agenda that may have ripple effects on other European states. Whatever the ideological challenges, Labour needs to find areas of common ground with the centrist and right-wing governments that are currently in power across the continent.

One imaginative way to achieve this would be to demonstrate that Labour would be a useful partner on the issue that, infinitely more than Brexit, currently dominates European politics: the ongoing refugee crisis prompted by bloody conflicts in North Africa and the Middle East. Labour is already committed in its manifesto to hosting far more refugees than the pitifully small number of unaccompanied children admitted by the Conservative government. A strong declaration of Labour’s willingness to generously participate in the European refugee quota system – besides its evident humanitarian justification – would be welcomed by a broad swathe of European leaders, including the Syriza government in Greece. Coming from a leader with Corbyn’s long record of activism, a Labour initiative on refugees would be credible and widely recognised. It could buy Labour valuable political credit that could be used to smooth over any future ructions over economic reform, offering the clearest possible demonstration that,

in spite of Brexit, the UK is still capable of showing practical solidarity with Europe and the wider world.

## The future of work and the public sector

In a political environment defined by such vast and fundamental questions of domestic and international political strategy, there is a risk that the institutions and processes that most directly affect British people drop out of party politics altogether. The emerging coalition of voters united by their experience of inequality, precarity, austerity and stagnation are demanding real change not only in the structures of British capitalism, but in the British state's approach to work and public services. Here, too, this issue of *Renewal* offers significant contributions to debate on the British left.

The starting point for reform is the state of affairs that Labour will inherit. After seven years, the Conservatives are further than ever from having a coherent vision for the British welfare state. In this issue, Ben Williams analyses Theresa May's social policy, and finds it to be an incoherent form of triangulation between Cameron One Nation impulses, Thatcherite free-market boosterism, New Labour social justice rhetoric, and UKIP-derived authoritarianism. This is fertile ground for Labour. The party has already won important moral victories in attacking the Tories' failed and failing 'welfare reforms'. But attacking the Tories is not enough; Labour needs a positive vision for social policy. As Pitts, Lombardozzi and Warner demonstrate in their critique of the Universal Basic Income, policies need to be aimed at transcending, not merely supporting or prolonging, British workers' experiences of precarity and technological unemployment. Rather than seeking straightforward policy fixes, the more difficult challenge of strengthening Britain's shrinking trade union movement will be indispensable in confronting the risks of technological unemployment.

Our interview with IPPR's Mathew Lawrence suggests a further way ahead: using citizen capital dividends to combine Labour's radical agenda on ownership with a new form of income support. Crucially, both collective bargaining and capital dividends from arms-length sovereign wealth funds could avoid over-dependency on the Treasury for the financing of social justice. The ease with which the Conservatives have dismantled the progressive tax credits system instituted by Gordon Brown should encourage us to explore more plural and decentralised approaches to embedding equity in the British labour market.

David Jacobs offers another perspective on how we create good jobs, critiquing the so-called 'sharing economy' of app-based businesses, where risk is forced downwards onto the individual workers while profits flow up and away. He

argues that platform cooperatives could provide a way of empowering workers – creating a situation where risks and profits are both shared, and individual workers have more of the autonomy that many clearly want out of their working lives. But to do this, we need two things: innovative forms of finance, so that cooperatives aren't squeezed out by platform capitalism, which has the backing of huge private equity funds. And regulation of the worst practices of app-based businesses, so that they can't out-compete cooperatives that guarantee decent wages and conditions.

The NHS remains the lynchpin of Labour's political identity and of the British welfare state. As well as protecting it from Brexit-related threats to staff recruitment, funding and medical regulation, the party needs to adopt a vision for the future of the service that recognises its myriad frustrations and imperfections, not least in the areas of patient voice and accountability. With marketisation and for-profit provision thoroughly discredited as a reform agenda, there is new political space to contemplate more innovative ways to improve the resilience and responsiveness of the NHS. Our Commissioning Editor Sarah Hutchinson maps out in this issue what such a vision might look like when it comes to health and social care. As her article demonstrates, Labour has a huge wealth of resources and knowledge to draw on in formulating a health and social care policy for the twenty-first century: from within the party and from expert bodies and the NHS's own internal reviews. The integration of health and social care is going to be key to delivering an efficient health service and an effective care service in the context of an ageing population. The NHS is good at reactive care to illness and injury, but bad at proactively working for health; that needs to change, again, particularly in the context of an ageing population. Finally, Labour can't expect one centralised national provider to fulfil every aspect of an expanded mission for public health and social care. We need a more complex mix of NHS alongside charitable, cooperative, municipal, and social enterprise providers. Here, too, there are valuable interactions with the party's ownership agenda, as well as the challenges of improving productivity and conditions in the low-pay, low-security misery of the contemporary care economy. We should be examining, for example, how to create cooperative care services, capitalised and owned by caregivers and receivers jointly.

Turning to higher education, Simon Choat examines the moral and ideological justifications for abolishing tuition fees for university entirely, suggesting that such a route not only lies squarely within the realm of 'fairness', but also that it represents a clear break with some of the assumptions that lay at the heart of neoliberal public management. Changing the institutional culture of higher education – not only through abolishing fees, but through the democratisation of University governance and the improvement of working conditions for teaching



and ancillary staff – could begin to break down universities’ exclusionary role in class reproduction. This will be essential if the stark educational divides that disfigure British life are ever to be overcome in favour of a genuinely democratic national culture.

Politics in 2017 is suspended at vertiginous heights; the prospect of genuine transformation hovers above abysses of failure, incompetence and outright cruelty. If it wants to simultaneously manage and advance dramatic shifts in British capitalism, foreign policy, and state structure, the next Labour government will need to be more thoroughly prepared for the challenges of government than any of its predecessors since 1945. The interconnectedness of electoral competition, public policy, and international relations – ever-present beneath the surface of British politics – has been rendered starkly visible by the Brexit crisis. Mastering the linkages between all three domains will be essential to the durability of a radical governing project for Labour. A hard reckoning with the fundamental realities of Britain’s political economy and international position is now upon us. The possibilities are great, but the risks still greater. Not only boldness of vision, but a rigorous prudence is required if Labour is to benefit from the current moment of crisis and flux. It is in a spirit of revived, but tempered, hope and optimism that we commend this issue to our readers, and ask you (as ever) for your support, contributions, and responses.

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## Notes

1. G.Eaton, ‘Why a Labour majority at the next election has become far easier’, *New Statesman*, 10.6.17, <https://www.newstatesman.com/politics/june2017/2017/06/why-labour-majority-next-election-has-become-far-easier>.
2. L.Butler, ‘Facing the Future with Jeremy Corbyn’, *Renewal*, 20.6.17, <http://www.renewal.org.uk/blog/facing-the-future-with-jeremy-corbyn>.
3. B.Jackson, ‘The Politics of the Labour Manifesto’, *Renewal*, 21.6.17, <http://www.renewal.org.uk/blog/the-politics-of-the-labour-manifesto>.
4. A.Corlett (2017) *As Time Goes By. Shifting Incomes and Inequality Between and Within Generations*, Resolution Foundation, 2017, <http://www.intergenerationcommission.org/wp-content/uploads/2017/02/IC-intra-gen.pdf>.

5. See, for example, J. Osterhammel, *The Transformation of the World. A Global History of the Nineteenth Century*, Princeton, NJ: Princeton University Press, 2011.
6. K. Polanyi, *The Great Transformation: The Political and Economic Origins of our Time*, Boston: Beacon Press, 2002, p262.