

‘The Everyday Economy’ and the next economic settlement

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Review of Rachel Reeves, *The Everyday Economy*, 2018,
<https://www.scribd.com/document/374425087/Rachel-Reeves-The-Everyday-Economy>

‘The world suffers under a dictatorship of no alternatives. Although ideas all by themselves are powerless to overthrow this dictatorship we cannot overthrow it without ideas’

Roberto Unger (2005)

Jeremy Corbyn’s election as leader of the Labour Party in 2015 shook the party out of a long intellectual slumber, opening up the possibility of genuine renewal. Corbyn’s willingness to point out the moral failings of our current economic model has inspired a new generation, while his unexpected electoral success has loosened the apparent constraints of political feasibility. But Corbyn did not arrive with a well-developed alternative – indeed, the radical left has been as guilty as the centre for failing to refresh and renew its ideas. While the first eighteen months of Corbyn’s leadership were dominated by in-fighting, promising currents of intellectual renewal are now visible.

The energy and dynamism has, to date, mainly been on the left of the party, epitomised by Momentum’s hugely successful fringe conference ‘The World Transformed’.¹ In a new pamphlet, ‘The Everyday Economy’, Rachel Reeves MP now makes an important contribution to Labour’s intellectual renewal from a centre-left perspective. Her efforts suggest there may be more common ground between the rival labour tribes than many think.

Reeves’ starting point is that ‘the neoliberal settlement’ which has set the terms of debate in British politics since the 1980s, on both left and right, ‘is exhausted’; the Labour party has a responsibility to renew itself, and in doing so to ‘begin the renewal of our country’.² Reeves sets out a wide-ranging critique of our current economic model: she suggests the UK went too far in liberalising its economy; that privatisation has fostered ‘crony capitalism’; and that markets have expanded into

areas where they don't belong, including the NHS. Reeves argues that the balance of power has shifted away from working people, that globalisation and technology have hollowed out the manufacturing sector, and that our economy has grown too unequal, with winners concentrated in cities and advanced sectors, leaving behind those in towns and rural areas.

Reeves is clear that these problems have deep roots, and that addressing them requires a major project of intellectual renewal. She offers a critique of contemporary economics, arguing that economic thinking has prioritised growth and consumption over a broader conception of human flourishing (she defends Hume's 'social ethic' over the liberal market tradition associated with Adam Smith). Reeves sets out an interpretation of Labour's diverse intellectual tradition, emphasising the moral critique of capitalism associated with Dickens, Ruskin, Carlyle and (later) Tawney, as a crucial influence on the early Labour party. She also celebrates the 'conservative', reformist (as opposed to revolutionary) tradition within the Labour movement, arguing that its 'rootedness in national popular life' and its 'scepticism of grand theoretical design' have been vital to its success, and as well as highlighting 'self-reliance, self-improvement and the practice of reciprocity' as Labour's core values.

The pamphlet displays a refreshing willingness to engage with big ideas – all the more welcome given Labour's reputation for anti-intellectualism. While those on the left might foreground different aspects of Labour's diverse traditions and values – from its internationalism to its commitment to equality and justice – there is no doubt that Reeves identifies a central thread in Labour thinking. But there is a telling lack of engagement with contemporary political thinkers. This is a missed opportunity: there are rich intellectual resources which Labour can draw on, whether in the liberal egalitarian tradition of John Rawls, its more communitarian variants from thinkers like Roberto Unger and Michael Sandel, or revisionist socialists like Axel Honneth.³ Although often abstract, these theories could bring deeper coherence to the project of renewal.

What is the content of Reeves' emerging political economy? The title of the pamphlet is 'The Everyday Economy'. At one level the everyday economy refers to the 'low wage, low productivity sectors' such as 'retail, food processing, hospitality and supermarkets' which tend to be neglected in favour of high-tech, creative industries. Reeves makes a compelling case that raising productivity and wages in these sectors must be a priority for any Labour government which seeks to narrow our economic divides.

This is an important contribution. And yet, it feels more like a contribution to a debate about industrial policy than the seeds of a new political economy. But the pamphlet also hints at a broader interpretation of the everyday economy as a reorientation at the level of values and goals: away from an exclusive focus on growth and consumption, and towards a political economy built around the con-

stituent parts of everyday existence which make life worth living: purposeful and dignified work; family and relationships; place and community. This is where the ideas set out in the pamphlet represent the most important break with recent economic orthodoxies.

Reeves also sketches out a suggestive policy platform. For the most part the proposals are directional: prioritising vocational education; stronger rights to collective bargaining; new strategies in areas spanning the quality of work, childcare, adult social care and chronic illness; radical devolution and a more federal system of government. There are also some specific policy ideas, including: putting workers on boards; abolishing private schools' charitable status; leveraging public ownership of RBS to spread capital and housing across the country; and a raft of new taxes on wealth, including a land tax, raising capital gains tax and replacing inheritance tax with a tax on lifetime gift receipts.⁴

How does this vision sit within wider debates within the Labour party? Reeves is typically described as a centrist, and this pamphlet suggests a willingness from the centre to engage in a serious process of renewal. Reeves' forthright critique of unbridled capitalism, and her openness to radical policy ideas, suggests there may be more common ground with the left of the party than some might think. Indeed, Reeves frames her contribution as building on the 2017 manifesto, which she welcomes as a 'first big step' which 'broke with the past and offered voters hope and optimism' (6). She also welcomes work on 'Alternative Models of Ownership', commissioned by Shadow Chancellor John McDonnell, as a 'valuable initiative' towards a more democratic economy, though she laments that so little found its way into the manifesto.⁵

But there are also some differences. Some of these are explicit: Reeves is critical of the promise to scrap tuition fees rather than reverse cuts to in-work benefits, arguing that 'our manifesto was regressive in its redistributive policies'. She also worries that by promising to increase spending without a compelling strategy to create the wealth to pay for it, the manifesto 'dispensed with fiscal rectitude'.

In the background are deeper philosophical differences. Reeves' emphasis on the importance of good work places her within the labourist tradition, against the techno-utopian line of thought which seeks to harness technology to eliminate work.⁶ And her celebration of the communitarian, small-c conservative parts of Labour's tradition stands in contrast to a Corbynite vision that is more internationalist and cosmopolitan.

The Labour Party would benefit from a more open acknowledgement of these areas of agreement and disagreement. While it's striking that a more radical economic vision is emerging on both wings of the Party, it's also not much remarked-upon by either side. If the party is serious about intellectual renewal, and about developing a

coherent platform that can satisfy MPs, members and voters, it needs to foster a culture of robust but respectful debate, able to face up squarely to areas of agreement and disagreement.

When the post-war social democratic consensus started to come apart in the 1970s, the neoliberal right was ready to seize their opportunity: they had used their time in the wilderness wisely, developing a coherent intellectual framework and institutional infrastructure.⁷ As the neoliberal consensus falters, the left starts from a much weaker position, and there is much work to be done. This pamphlet is an important contribution to this project of renewal.

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Notes

1. See also N. Srnicek and A. Williams, *Inventing the Future: Postcapitalism and a World Without Work*, Verso, 2016; P. Mason, *PostCapitalism: A Guide to Our Future*, Penguin, 2015; N. Srnicek interviewed by L. Butler, 'Technology, Capitalism and the Future of the Left', *Renewal*, 26, 1, 2018.
2. See R. Reeves, 'A Radical Overhaul', *LabourList*, 25.3.18, <https://labourlist.org/2018/03/a-radical-overhaul-rachel-reeves-full-speech-launching-the-new-economy/>.
3. J. Rawls, *Justice as Fairness: A Restatement*, Harvard University Press, 2001; R.M. Unger, *What Should the Left Propose?* Verso, 2005; M.J. Sandel, *Liberalism and the Limits of Justice*, Cambridge University Press, 1998; A. Honneth, *The Idea of Socialism: Towards a Renewal*, John Wiley & Sons, 2016; Julia Nicholls, Review: Axel Honneth, *The Idea of Socialism*, in *Renewal*, 25, 2, 2017.
4. See C. Berry, 'Reforming the Banks: The Opportunity of Brexit', *Renewal*, 24, 4, 2016.
5. 'Alternative Models of Ownership', Labour Party, 2017, <https://labour.org.uk/wp-content/uploads/2017/10/Alternative-Models-of-Ownership.pdf>.
6. See T. Watson, 'Improving the Quality of Work', *Renewal*, 26, 1, 2018.
7. For an interesting discussion see Srnicek and Williams, *Inventing the Future*, ch. 3 'Why Are They Winning? The Making of Neoliberal Hegemony'.