

# EDITORIAL

## Beyond Mont Pelerin: how does a movement prepare for power?

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If the Labour Party wants to transform Britain's political economy, we need detailed strategic analyses of what needs to be done and who may stand in our way. We need a movement that does not default to tribalism or purism, but is capable of debating the merits of strategic compromise.

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Since the 2008 crisis there has been a revival of interest in the question: what does it take to achieve systemic change? With a Labour leadership committed to such change now within touching distance of power, these questions have suddenly become much more immediate and vital for the UK left. Over the past six months, Joe Guinan and I have been looking at how radical governments of both the left and right have succeeded – and failed – in catalysing transformative shifts in the economy. We have been asking what lessons the Labour left in Britain today can draw from these precedents, and what this means for where the movement must go next. This work will be published in book form next year as *People Get Ready*. Here I set out a few of the things we have learned so far.

Many have tried to understand how it's possible to achieve systemic change by looking back at the shift towards neoliberalism, most frequently to the Mont Pelerin Society, which has become a byword for how the neoliberals achieved a paradigm shift in our political economy.

The Mont Pelerin Society was a secretive society set up by neoliberal economist Friedrich von Hayek in 1947 at a summit in the Swiss Alps. It went on to found a

network of think tanks which spanned the globe, becoming one of the main ways the neoliberals kept their ideas alive and propagated them, so that when the crisis hit in the 1970s they were ready to take advantage.<sup>1</sup> The lesson the left took from the Mont Pelerin Society was, essentially, ‘this is what we haven’t been doing’: we were not ready to take advantage when the 2008 crisis hit, because we had not been preparing and propagating visions for transformative change.

There is a huge amount of truth in that story, and the lesson was an important one at the time – but times have moved on. Ten years after the financial crisis, we need to look to new historical parallels to understand what we now need to achieve as a movement. We need to go beyond the Mont Pelerin Society: it is an imperfect analogy for the task that faces us now for three main reasons.

First, the neoliberal project was essentially an elite project as opposed to a democratic project, and the neoliberals’ tactics and strategies were, therefore, elite tactics and strategies. Their project was about disseminating ideas amongst a very small group of powerful people, so that they were ready to parachute those people into power when the crisis hit. That is very different from Corbynism today. As John McDonnell wrote recently, ‘when we go into government, we all go into government together’.<sup>2</sup> The transformation that Corbynism is seeking to achieve is fundamentally about the democratisation of the economy. And if the ends are democratic, then the means must also be democratic: we need a radical democratisation of society and of politics.

For the Labour leadership, this means that, should it get into power and take the reins of the state, its role will be not just to pull those levers in a different direction but to radically democratise the state itself: to use those levers to build new sources of power outside the state. And for the movement supporting them, it means that its role is not simply to provide the foot-soldiers that get Corbyn elected, but to become the drivers of democratic, transformative change. The movement is not the means to the end of a Corbyn government: it’s the other way around.

The second reason that the Mont Pelerin Society is an imperfect analogy for what we need now is, quite simply, that it’s no longer 2008. That is not to say that we have solved all the problems that the Mont Pelerin Society solved for the neoliberals – we are still trying to back-fill a generational deficit of radical thinking on the left, and to inject that thinking into powerful places.<sup>3</sup> A great deal of work remains to be done. But we are no longer in the situation that seemed to prevail in the years immediately following 2008. For some time it looked as though the waters had closed over the crisis; that the left’s opportunity had passed for another generation, and we were waiting for the next crisis and the next window of opportunity for change.

But now we find ourselves in a position where it’s not implausible to think that we could have a Corbyn government almost at any moment. The biggest danger is not

that the left *cannot win*, but that it is not yet *ready to win*. We therefore need to be studying the next phase of the neoliberal project: not the Mont Pelerin era, which began in the immediate post-war period, but the 1970s, when neoliberal forces were strategising and preparing for power. Just as the Mont Pelerin Society has become a byword for its development of ideas, there are two individuals whose names need to become bywords for the way that the neoliberals carried out this next stage: Nicholas Ridley and Lewis Powell.

## Strategies for power

Nicholas Ridley wrote a report for Margaret Thatcher in 1977 – known imaginatively as the Ridley Report, but formally titled *Final Report of the Nationalised Industries Policy Group* – which is essentially a battle plan for privatisation.<sup>4</sup> It was a hard-headed look at the nationalised industries, asking which ones a Conservative government would be able to privatise straightaway, and which ones would be more difficult to take on, given the power of the trade unions. The report then considered how the government could set about weakening and eroding that union power so as to be able to proceed with privatisation in the latter group of industries. The obvious case in point is the coal miners: a whole section of the annex to the report sets out plans for how to undermine the power of the NUM to the extent that the government could win a battle with the coal miners – which, of course, they eventually did. The report also asked which public sector institutions were so popular and so deeply entrenched that the Conservatives would not be able to privatise them straightaway but would need to ‘privatise by stealth’ – including the NHS. It is all there in 1977.

A future Corbyn government needs to be moving beyond high-level visions and thinking about detailed strategy in the same kind of way. Of course, we shouldn’t forget or underestimate what an achievement it is that we now *have* some high-level visions. Only a few years ago, many were still bemoaning the fact that the left was too used to saying what it was against and didn’t know what it was for. But, as Joe Guinan and Martin O’Neill argued in *Renewal’s* summer editorial, the outlines of an agenda for the democratic transformation of the economy are now taking shape.<sup>5</sup> The question now is: how do we make it happen? The Ridley Report, which must be one of the most successful strategy documents in history, should be required reading for anyone grappling with this question.

From the point of view of developing the movement, the ‘Powell Memorandum’ (whose formal title was *Attack on the American Free Enterprise System*) – penned by Lewis F. Powell, Jr for the US Chamber of Commerce in 1971 – also repays careful reading.<sup>6</sup> This document set out a blueprint for the ‘forces of enterprise’ to push back against what they saw as a multi-pronged attack on business and the

American capitalist system. It made recommendations for pursuing this strategy in the media, in academia, in politics, and in the courts. Importantly, the memorandum assesses the strengths and weaknesses of the self-styled ‘forces of enterprise’, and seeks to learn from their enemies. Many of the tactics recommended in the Powell Memorandum, which US corporate lobbyists went on to use to great effect, were explicitly appropriated from the civil rights movement, and from other radical left movements at the time. The memorandum argued, for example, that corporate interests should make greater use of the courts to push their agenda. It observed that left-wing activists had been ‘far more astute in exploiting judicial action than American business’, and that copying the successful tactics of the American Civil Liberties Union was ‘a vast area of opportunity’ – a judgment since borne out by the successes of the US law-and-economics movement and its ‘campaign for the courts’. In just the same way, the mass movement on today’s left must be looking at where it is strong, where it is weak, and where it can learn from its enemies.

In all of this, it is important to remember that systemic paradigm shifts do not proceed in a neat and orderly fashion. We shouldn’t overstate the extent to which there existed a sinister, shadowy network of self-identified neoliberals, pulling strings behind the scenes, with a perfectly laid out plan which they executed without hindrance. It’s easy to perceive the neoliberal revolution in this way with hindsight, but it certainly didn’t look like that to the people who were on the inside at the time. One advisor to Thatcher, Sir John Hoskyns, made several speeches towards the end of her first term bemoaning the lack of strategy in the Conservative Party. He argued that Thatcher had barely started the task of transforming the UK’s political economy and had no real strategy to do so.<sup>7</sup> This is a far cry from the congratulatory mythology that now surrounds the seemingly inevitable onward march of Thatcherism in the early 1980s.

On the one hand, this should be somewhat reassuring for today’s left. While it’s easy for us to overstate how powerful, united and successful the neoliberals were – and to regard ourselves as being shambolic underdogs by comparison – a look at the history does not entirely support this comparison. Any paradigm shift in political economy is always messy and haphazard. On the other hand, the movement still needs to be prepared. This is going to be a long-term project. Not everything can be achieved overnight, and there will be setbacks and compromises along the way. This requires a radical shift in mindset on the left. We are used to oppositionalism, but we need to engage with the strategic realities of what is required if we are to build the necessary power to achieve transformative change. That means asking the kind of questions asked by Ridley, Powell, Hoskyns and others: What’s possible today? What’s not possible today? What do we need to do today to make it possible tomorrow?

## Tribalism and purism

This also requires the movement to chart a path in its relationship with the leadership between the two default tendencies on the left: tribalism and purism. In simplified terms, uncritical tribal loyalty says we support the leader whatever he or she does, and the role of the movement begins and ends here. Purism says we abandon the project at the first whiff of compromise, that any compromise is a betrayal, that any politician who makes a compromise is a sell-out. But compromise is inevitable, and loyalty is optional. Our movement needs to be equipped to debate seriously whether or not a given compromise is the right one tactically in the service of the long-term project; and to hold the leadership to account for its strategy and its choices.

This is especially important given the third reason why the Mont Pelerin Society has limits as a parallel for us today: precisely because the neoliberal project was an elite project, it was not ranged against the interests of elite – and extremely powerful – groups. The Corbyn project, by contrast, is going to upset a lot of very powerful people. Of course, we shouldn't underestimate how marginalised the neoliberals were when they first came to power: the trade unions remained a formidable force; Thatcher was insecure in her own party for a long time; and neoliberals were isolated in universities, including in the discipline of economics, right through the 1970s and early 1980s. But it remains the case that the forces we are up against are much more formidable: we are trying to take on some of the most powerful economic interests in the world. And there is going to be a reaction to that.

One way of dealing with this problem is to try to appease those interests, or at least avoid an all-out confrontation with them until we are strong enough for it. That is potentially a perfectly reasonable strategic calculation, and arguably it is the calculation the leadership is moving towards at the moment. Hence we see a lot of reports about McDonnell's 'cup of tea offensive' with the City, and a lot of commentators emphasising that Labour's economic programme should be attractive to business because public investment in infrastructure and skills will deliver economic growth. If the leadership plays its cards right, the argument goes, it should be able to achieve its key goals without provoking a serious backlash from powerful economic interests.

But we need to be ready to debate what happens if that strategic calculation proves to be unfounded. Here, the example of Syriza in Greece is instructive, even though they faced what was in many ways a very different situation. In the Troika, Syriza found itself trying to negotiate with a partner that was not really interested in negotiating, but only in trying to crush the opposition it encountered. That forced very serious strategic dilemmas upon the Syriza government. It chose to continue acting on the assumption that it would be able to negotiate in good faith – a path

which had the consequences of radically closing down its options, eventually to catastrophic effect.

It's entirely possible that a Corbyn government could find itself in an analogous position in relation to the City of London. The City has never been interested in the health of the UK economy – we saw that in the run-up to the 2008 financial crisis. It has every interest in preventing a Corbyn government from becoming an exemplar of radical change across the world, including for the movement associated with Sanders in the US. The fact that a Corbyn programme would be good for the UK economy is therefore no guarantee that it will not face financial turmoil, currency crises, capital flight, or sustained political and economic sabotage.

So the question for the movement is: if we find confrontation is forced on us, how do we respond? We cannot respond simply with blind escalation, an uninformed call to radicalism at any cost. We must engage with the strategic realities of the situation and develop real alternatives to the abandonment of the project. This must be done proactively – we should be thinking now about what we can do to erode the power of those elite interests so that they are less able to destabilise a future radical government. And it must be done reactively – preparing the measures that might be needed to safeguard the political project in a moment of confrontation, such as the imposition of capital controls. We need to have these conversations now, and raise the level of economic literacy in the movement so that we can discuss them in detail.

## Educate and organise

What does that mean in practice? First, it means popular education: building a movement that is able to actively shape Labour's political project. The World Transformed has been a crucial forum for such debate in recent years, and now has aspirations to fulfil this function all year round.<sup>8</sup> Second, it means radical community organising – building strong and deep roots in communities up and down the country that can help to shape the balance of forces in a different direction. Third, it means building economic alternatives – which might take the form of municipal energy companies like Robin Hood Energy in Nottingham and Bristol Energy in Bristol, or the Preston Model in Lancashire, or any of the other alternative economic models that are being developed by progressive councils and social movements. By building the foundations of the democratic economy, we also erode the ability of vested interests to hold the economy to ransom.

These are the things our party and our movement needs to be talking about now. We must recognise that the movement's job is not just to get Corbyn into Downing Street. That is simply a means to the transformative change we want to see – a more democratic and sustainable economy where all are able to flourish. We find ourselves in a moment where real change looks possible, and where the UK could

suddenly find itself at the forefront of that change globally. There has never been a more important time for mass engagement with the question of how to bring it about.

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## Notes

1. See D. Stedman Jones, *Masters of the universe: Hayek, Friedman, and the birth of neoliberal politics*, Princeton University Press, 2012.
2. J. McDonnell, 'When we go into government, we all go into government together', *New Socialist*, 23.6.18, <https://newsocialist.org.uk/when-we-go-into-government/>.
3. See C. Berry, 'The making of a movement: Who's shaping Corbynism?', SPERI blog, 18.12.17, <http://speri.dept.shef.ac.uk/2017/12/18/the-making-of-a-movement-whos-shaping-corbynism/>.
4. The Ridley Report can be read online here: <https://www.margareththatcher.org/document/110795>.
5. J. Guinan, and M. O'Neill, 'The institutional turn: Labour's new political economy', *Renewal*, 26.3, 2018.
6. The Powell Memorandum can be read online here: <http://law2.wlu.edu/powellarchives/page.asp?pageid=1251>.
7. J. Hoskyns, 'Conservatism is Not Enough', Institute of Directors' Annual Lecture, 1984; J. Hoskyns, 'Whitehall and Westminster: An Outsider's View', 1982.
8. D. Sabbagh, 'Labour hopes new initiative will revive political education', *Guardian*, 8.9.18, [www.theguardian.com/politics/2018/oct/08/labour-hopes-new-initiative-will-revive-political-education](http://www.theguardian.com/politics/2018/oct/08/labour-hopes-new-initiative-will-revive-political-education).