

EDITORIAL

At sea

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Labour is at sea. The party must rediscover its historic identity as the party of the labour interest, and offer a new model of sustainable and shared economic growth to replace our current, failing model.

Inish as Labour loses the Hartlepool byelection. The defeat signals that Labour's fall is far from over. It has been a repeated refrain that Labour has a mountain to climb before it contests the next election. In fact, it must confront an absence at its heart. Labour has no shared understanding of its predicament and the causes of its predicament, and so it has no politics to navigate the turbulent period we are living in.

Labour is at sea and like flotsam is tossed hither and thither by wind and tide. The party lacks an identity and purpose, and it lacks the intellectual and political resources to recover them. Faced with an existential crisis it prioritises policy interventions and promises a 'policy blitz', but these are interim measures to fill out local election leaflets. Without an analysis, without a political narrative and without a strategy, Labour is reduced to guidance by focus groups and Twitter. Each new culture war skirmish blows it further off course.

Labour looks stale and sounds tired. Its tone and language are predictable and lacklustre. These limitations are aggravated by a tendency toward a patronising tone of 'we know best' born of a misplaced belief in the moral superiority of Labour's 'values'. Attempts to project a more patriotic, popular image are hampered by the absence of a wider story of Labour's purpose.

And to deepen its crisis the Conservatives – more nimble, more cynical, more focused on keeping power – are seizing traditional Labour policy areas. They are closing down Labour’s room for manoeuvre, leaving the party to try to catch up with its own politics – minimum wage, green industrial revolution, ‘levelling up’, a new social covenant – while arguing that the Tories don’t really mean it, and Labour would do all this better.

Labour’s crisis

Labour’s crisis has deep sociological and demographic roots in the transformations in work, production and class relations underway since the 1960s. Margaret Thatcher’s political destruction of the labour interest accelerated these trends. The 1979 Conservative election strategy, carried over into subsequent years of governing, was shaped by a document called *Stepping Stones*, written two years earlier by John Hoskyns and Norman S. Strauss.¹ This identified the trade unions as the cause of Britain’s ‘Sick Society’. Trade union leaders were the main proponents of ‘Socialism’ and the party’s principal adversary. National recovery required a change in the role of the trade unions in order to allow a ‘sea-change in Britain’s political economy’.

The political impact of this sea change was profound. The economic growth that had built up Britain’s post-war national economy had been driven by production and wage rises. It ground to a halt. The electoral coalition that had sustained it fell apart. Conservative hegemony was secured by a new model of growth driven by inflows of financial capital and household consumption, increasingly supported by household debt.² It was underpinned by a cross-class electoral coalition of interests, including the financial sector, and asset-wealthy citizens concentrated amongst older generations.

In this new liberal market settlement, the economy shifted from manufacturing to services. Alongside a precipitous decline in men’s skilled work, there was a rapid growth of women’s work, often low-paid and part-time in the expanding services sector. Old class solidarities broke apart. Men lost status as workers. Women gained greater equality and degrees of financial independence but lost out in a double shift of waged and domestic work. Family life changed. Productivity increases no longer found their way into household income. Inequalities grew. And as traditional social collectivities atrophied they were overtaken by a brash new individualism. In this new liberal era, personal freedom and choice expanded at the expense of collective security and the common good.

Time for change

The Labour Party was reduced to a subaltern political force. In the early 1990s, the advent of New Labour led to radical changes in the party and a programme of

political revisionism. New Labour supporters set up the IPPR think tank. Networks of academics and policy-makers were mobilised. There were outriders, thinkers, public debates, and hundreds of newspaper and journal articles leading the renaissance of the party.

New Labour did not forge a new political-economic settlement. The Conservatives under Margaret Thatcher had already decided that issue back in 1979-85. Labour inherited the settlement and civilised it, but did not change it. The 2008 financial crash was the first hammer blow to the liberal market growth model. The Conservatives pinned the blame for the financial crash on Gordon Brown's Labour government. Electoral support in Labour's heartlands was already leaching away from Labour. In 2010 Labour lost and it has not won a general election since.

The 2012-14 Policy Review under Ed Miliband produced a wealth of research, political ideas and policy development, disseminated in reports, papers, conferences, seminars and journal articles. These were mostly forgotten with the advent of Jeremy Corbyn's leadership. A new generation of thinkers, outriders, journals, websites and organisations flourished, and made a more radical attempt to rethink Britain's failing model of economic growth. This journal was alive to what it called the 'institutional turn' in political economy.

These new approaches are now also at risk of being left fallow by a leadership that lacks the confidence to advance new ideas and break new political ground. And, as Christine Berry points out in this issue, there is a further cause of Labour's intellectual malaise. New approaches that are shared across the party ossify because of intra-party factionalism. What could be bridge-building agreements towards a new kind of Labour political economy are left tenuous and incomplete.

What next?

National political realignment in 2019 both reset and further destabilised the electoral coalition underpinning Conservative hegemony. The Covid-19 pandemic has exposed the systemic failures of a British state hollowed out by outsourcing and privatisation. Prioritising markets over society and individual choice over the common good proved to be the antithesis of maintaining the good order and security of society. Labour, despite a decade of chronic defeat, still retains the capacity to build a new national coalition, fracture a fragile Conservative hegemony, and argue for a new model of sustainable and inclusive economic growth. But thinking up new policy offers or hyping up the anti-Tory rhetoric merely prolongs the agony of failure.

One path to Labour's political renewal was put forward in a recent essay in this journal by Sebastian Jobelius and Konstantin Vössing.³ 'Social democrats', they argue, 'must abandon their current strategy of catering to coalitions of social groups and claiming to build a compromise between them.' Instead they must become

parties of values or face extinction. Labour has increasingly come to see itself as a party of values. With the decline in class as a predictor of voting, values have become its means of holding together different social groups and identities. Since New Labour the electoral task has been to assemble an electoral coalition by enmeshing Labour values with national values.

But there is no future in the argument for a values-based progressive alliance. It will only deepen the division between the meritocracy of the higher-educated associated with Labour in the cities and university towns, and the rest of the country. It will commit Labour to being a social liberal party and so to permanent political subordination.

There is only one way to a Labour government and that is the hard way. The route out of Labour's crisis lies in its name. It is the party of work and working people and it should act like it. The Labour Party was formed to represent the interests of organised labour in Parliament. What held the movement together was politics – the conciliation of conflicts and differences to achieve common agreements and aims.

Labour can make a start by committing to rebuilding the labour interest and restoring dignity to work. The industrial working class has disappeared. The labour interest has changed beyond all recognition, but its function – creating economic value – remains the same. The party has to rediscover the art of politics and build a coalition of interests, organised around a viable model of economic growth. It will mean building bridges to people and groups which will include those of a more conservative disposition who do not share the liberal progressive values of Labour.

A new Labour narrative

To begin the long haul back to power, Labour has to create a national story about what it stands for, what its purpose is and what kind of country it wants to help create. And it has to furnish this national story with a new approach to economic growth more viable than the current failing model. The two essays in this issue by David Edgerton on the national economy and by Karel Williams on the foundational and household economy outline such a model.

They argue that Labour needs to develop a politics of national reconstruction. Prioritising public services and welfare – a politics inherited from New Labour – is inadequate. Labour's core purpose is the development of the national economy, geared to the diversity of the UK's national, regional and local conditions and prioritising work and wages, families and households, and local places. It necessarily includes reform of the UK into a more confederal union of self-determining peoples and nations (discussed by Pauline Bryan in this issue). England needs the political representation of its interests and their constraint in institutional form, not its balkanisation into regions.

The crucial assets of the national economy are strong local economies and cultures – the whole fabric of local histories, attachments and inherited values that make up a familiar way of life and give meaning and a sense of belonging to individuals. The primary goal of public policy in a national economy is to secure the supply of basic goods and services which sustain the everyday life of all citizens. It begins with the everyday or foundational economy, which includes the care of children and elders, health, education, transport, housing, utilities, renewable energy systems, broadband, retail, agriculture and food production.

The nation, its identity, its economy and its democratic polity are central to politics in this new era. The nation state remains the best political unit for an effective popular democracy, for the management of globalisation and for international cooperation. Labour was once the party of the national economy, defending the national interest of all citizens against private interests and unaccountable elites. It must become so again, and in doing so rebuild its relationship with the country and its labour interest around a feasible model of inclusive growth and prosperity. Otherwise shipwreck lies ahead.

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Notes

- 1 John Hoskyns and Norman S. Strauss, *Stepping Stones*, 1977: <https://www.margarethatcher.org/document/111771>.
- 2 Lucio Baccaro and Jonas Pontusson, 'Rethinking comparative political economy: The growth Model perspective', *Politics and Society*, Vol 44 No 2, 2016.
- 3 Sebastian Jobelius and Konstantin Vössing, 'Social democracy: Party of values', *Renewal*, Vol 28 No 3, 2020.