Political economy and Labour's factionalism

Christine Berry

There is agreement across most of the Labour Party that a major change is needed in Britain's political economy, and some convergence in policy ideas to bring this about. Labour's factional political culture, however, blocks coalition-building and the exchange and development of ideas.

Much has been written in these pages about the 'institutional turn' in Labour's political economy – a growing interest in looking beyond well-worn debates about fiscal and monetary policy, and towards the structure of the economy. The heart of this agenda is a commitment to democratising and decentralising ownership and power through a plurality of institutional forms and strategies.[1] The question of what will happen to this agenda post-Covid and post-Corbyn is a matter of debate. In a recent article for *Political Quarterly*, I argued that there is a perhaps surprising degree of consensus around some of these ideas within the Labour Party itself – but that its factional politics stands in the way of this consensus being acknowledged or cemented.[2] In this piece, I want to explore those dynamics further.

To say that the potential for a new consensus exists is not to underplay the real and significant ideological differences that exist between the party's right and left. Indeed, as Jeremy Gilbert has suggested, it is only the UK's electoral system that forces such different political characters as Peter Mandelson and John McDonnell into the same party.[3] The point is that the bitter factional hatred engendered by these differences is often not mirrored by the actual extent of the various factions' policy disagreements. Indeed, those disagreements have sometimes been magnified out of all proportion precisely to justify inter-factional rivalries that have little to do with policy. In fact, the widely differing ideological starting points that coexist uneasily within the Labour Party can sometimes converge on strikingly similar policy conclusions.

On the one hand, many even on Labour's right are ultimately social democrats at heart rather than neoliberal technocrats; and all but the most die-hard can see that attempting to revive the 1990s is a doomed political and economic strategy (though the aftermath of the local elections suggests that the die-hards may still wield outsize influence). Most social democrats are in the market for new ideas. On the other hand, Corbyn's Labour was, in reality, much more pragmatic than the common caricature of a gang of ideological purists unconcerned with electability. Accordingly, its policy agenda – certainly in 2017, and to an extent in 2019 as well – would have brought the UK into the mainstream of European social democracy (at least economically), and certainly would not have transformed it into the socialist heaven or hell that looms large in the political imaginary.

The resulting scope for policy convergence is perhaps best illustrated by the idea of 'community wealth building'. Pioneered in Preston, this is a concept favoured by the radical left as part of a long-term strategy to democratise capital through new models of local collective ownership, and to replace extractive corporate models with local recirculation of wealth. But much of its practical implementation to date has focused on such uncontroversial things as localising procurement spend to support (privately owned) small businesses, or promoting the Real Living Wage. In a recent speech on high streets, Anneliese Dodds did not mention Preston or community wealth building – perhaps in a sign that the fallout from the Corbyn years has toxified the language of the 'Preston Model' among the Labour front bench. But she did praise Manchester City Council for 'put[ting] social value at the heart of its public procurement' and 'increas[ing] the proportion of money spent locally'– which is precisely what Preston has been lauded for doing (although as part of a very different wider development strategy).[4]

Of course, as critics point out – and as its advocates are well aware – localising procurement spend is hardly enough to transform our political economy. Community wealth building in this guise was developed partly as a strategy for Labour councils to navigate the constraints of austerity – but its proponents aspire to much more than this. In Preston itself, where the logic behind a more radical approach has been pushed furthest, this includes plans around co-operative development, community banking and municipal energy. But even these ideas have been endorsed by figures such as Jonathan Reynolds, Rachel Reeves and Lisa Nandy, perhaps unsurprisingly, since such proposals are the antithesis of the bureaucratic statism feared by many opponents of the Labour left.[5] Patrick Diamond has suggested that Labour's approach to the economy in the 2017 manifesto was 'a broadly "stakeholder" view'.[6]

There are different ways of viewing these strange convergences. On the one hand, some would regard them as superficial and even dangerous. The fear on the left is that support for co-operative and community ownership will be used to give an illusion of radicalism – stripped of its context as part of a wider strategy for expanding the public realm (including through greater local and national public ownership

and investment), and thus of its transformative potential.[7] The fate of David Cameron's 'Big Society' offers a salutary warning against any such agenda. On the other hand, some see the growing support for similar ideas among such disparate political voices as cause for hope: the sign of an emerging paradigm shift and the potential seeds of a new post-neoliberal consensus.

Of course, such shifts are always much bigger than any one political party. The ecosystem of new thinking and organising that has flourished on the UK left in recent years will continue to seed their ideas and practices in new places. And the unpredictable economic and cultural repercussions of the pandemic will also shape what comes next in ways that are still profoundly uncertain.[8] I mention this as an important caveat to what follows: the Labour Party is not the be-all and end-all, and it is certainly not the only crucible in which the next economic settlement will be forged. But it is a critical field of play. Apart from anything else, under the UK's current electoral system, a Labour-led government remains the only plausible route to progressive reform at national level. Much therefore hinges on whether Labour is capable of uniting around this new thinking – or at the very least, having a sensible debate about it.

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Back in 2015 I worked on a project for the New Economy Organisers' Network called 'Common Agenda'. The idea was that progressives of widely differing ideological persuasions – from anarchists to socialists to social democrats and social liberals – knew that our economic system was broken and we needed to forge an alternative. Through shared deliberation, we believed we could chart a path towards positive change – the 'next ten steps' we could take together, even if our desired destinations might be different. The unlikely convergences in thinking across Labour's factions suggest that a consensus on the 'next ten steps' is at least theoretically possible. The question is whether it is possible within the actually existing politics of the party. To some extent, this depends on whether there is any good-faith interest in finding it.

Jeremy Gilbert has argued that the 2017 manifesto – and its unexpectedly warm reception by the electorate – represented the basis for such a potential compromise, and that its rejection by the party right demonstrates the impossibility of a rapprochement between the two sides.[9] He suggests that this is fundamentally down to self-interest, quoting David Runciman as saying that the worst possible outcome for these people's careers would be a Corbyn government. Gilbert also argues that there is a fundamental strategic divide in the party between those who think it is possible to forge a political majority to take on the interests of capital, and those who think the best the left can hope for is a more progressive accommodation with capital.

But, as Gilbert also hints, there's another factor at work here too, one that is often underplayed at the expense of seemingly more hard-edged questions of strategy or material self-interest. The sheer level of personal animosity that characterises the relationship between Labour's factions is as much social-psychological as anything

else. As Morgan Jones writes for *Renewal* in 'Remember Scarborough!', 'The Labour right thinks the Labour left are bullies and anti-Semites with no understanding of how to win in the UK electoral system. The Labour left thinks the Labour right are hypocritical, dirty-tricks-pulling bullies with no desire to change the status quo. They both believe that their side controlling the party is a matter of life and death'.[10]

This toxic political culture breeds the kind of emotional reactivity, closed networks and rigid group identities that make serious dialogue impossible – not only between left and right, but also with the various shades of soft-left in between. One damaging side-effect of the Corbyn years was that the most innovative new thinking on the left, by virtue of being channelled into Corbynism, got sucked into this vortex of vitriol. Ideas that originated outside the Labour Party and that might otherwise have been appealing across the spectrum either became toxified in the eyes of Corbyn's opponents, or simply never reached them at all. If we think of the process of paradigm shift in terms of the gradual diffusion of new ideas across society, the intensity of Labour's factional hostility has created blockages in this flow of ideas which are now becoming apparent.

On the one hand, many on the right of the party had strong assumptions about what Corbynism was, and never engaged with it closely or fairly enough to discover if these were mistaken. Ideologically, Corbyn and McDonnell were viewed as statist throwbacks without a new idea between them – meaning that few bothered to engage with the emerging agenda for democratisation of the economy that found a home under their leadership. Politically, the influx of new members was dismissed – those new members seen as militant entryists or naïve fanatics – which obviated the need for serious analysis of what was driving the growing generational divide in politics. The energy that might have been diverted into understanding why Miliband had lost the election and why Corbyn had won the leadership was instead sunk almost exclusively into attempting to get rid of him. This is arguably why there is now such confusion as to the nature of Starmer's political project.

On the other hand, the left quickly developed a mistrustful bunker mentality born out of feeling besieged from day one. After the 2017 election, this was accompanied by a growing sense that perhaps the movement didn't *need* to engage with these people. It was on the right side of history, and those who did not get on board would simply become irrelevant. Corbynism became more and more insular – hyper-conscious of the need to flesh out an agenda for a possible future government, but not doing nearly enough to build a broad consensus on such an agenda. (Of course, by then most had given up on the possibility of internal consensus anyway.) Ironically, this is one reason why the ideas that flourished around Corbynism may yet survive the unceremonious ejection of the party's left from political life. There are precious few other ideas around, and in fact precious little understanding of the policies behind Corbynism outside of the small clique who helped develop them.

Over the past year, these tendencies have been exacerbated in a very basic practical way by the pandemic. The events of 2019 and 2020 demanded a realignment – for

the dust to settle and new alliances to be forged within the PLP; for social movements and left intellectuals to pivot to a post-Corbyn world – but the social effects of lockdown have made this extremely difficult. MPs and staffers have told me that it is nigh-on impossible to organise online outside of existing high-trust relationships – which are relatively few and far between in the PLP. This is one reason why new left groupings have yet to emerge strongly or make an impact.

It has surely also contributed to the leadership existing in a bubble, similarly insulated from all except those it already knows and trusts. This must engender a degree of group think which helps to explain recent political miscalculations, such as the self-inflicted internal row over corporation tax rises or the sacking of Angela Rayner as party chair and national campaign coordinator. The encounters that would have taken place at face-to-face meetings and events, the informal conversations, the exposure to new ideas and new people, the opportunities to build trust and common cause – or at the very least, some awareness of how positions will be received by the party's base and membership – none of this has been happening. Instead, formal politics has been largely happening on Zoom calls and on Twitter.

Meanwhile, The World Transformed 2020 – which would have been a crucial moment of catharsis and collective reflection for Labour's radical left – had to move online. Despite the heroic efforts of the organisers, this was never going to fulfil the same function. Without such spaces to process the 2019 loss and chart a way forward, large parts of the left have become demoralised, divided and defeated, lapsing into a mode of angry despair and reactivity. Even as mainstream commentators like Chris Giles of the *FT* suggest that their ideas are in the ascendant, the left has struggled to work out how it can exert agency in the new political landscape, leaving many feeling hopeless.[11] Over 50,000 people – 10% of the membership – have left the party, and those who have stayed seem to have little strategy or leverage to influence its direction.[12] For some, the mere suggestion that it might be worth trying to do so is enough to denounce someone as a sell-out (indeed, I have no doubt that some on the left will view this entire article as wilfully naive). Just as the left themselves were caricatured as unreconstructed statists, the Starmer leadership are now caricatured as unreconstructed Blairites. At a time when the left desperately needs to regroup, reset and renew, politics instead has been forced to stagnate and ossify along existing factional lines.

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One consequence of all this is that Labour appears determined to distance itself from Corbynism, but lacks a deep understanding of what that actually means. Even the more thoughtful elements of the party tend to talk past each other, with the debate distorted around a series of straw men. These dynamics are at play in Jon Cruddas's new book *The Dignity of Labour*. Interestingly, Cruddas's critique of Corbynism is the reverse of the standard one. Those who believe Starmer needs to start with a blank sheet of paper usually argue that Corbynism was a doomed attempt to go 'back to the 1970s', and had nothing to say to the twenty-first century

challenges of automation, climate change and an ageing population. Cruddas argues the opposite: he is unashamedly nostalgic for a post-war era of secure work and strong trade unions, which he positions in contrast to the alleged 'tech-utopianism' of the 'fashionable left'. The charge here is not that the left is bereft of new thinking and stuck in the past, but that its new thinking revolves around a misguided rush to embrace an automated future.

Unlike many of Corbyn's internal critics, Cruddas acknowledges that 'a major intellectual renewal is underway on the left', and that it is worth engaging with. Unfortunately, in the absence of any organic spaces for such engagement, he ends up relying on the views of two opinionated men who happen to have written books: Paul Mason and Aaron Bastani. The resulting picture of post-work tech-utopianism simply does not ring true to me as a description of the wider radical left's agenda. Cruddas alleges that this agenda is rooted in a particular reading of Marxism which is technologically deterministic: it does not believe that political struggle is needed to transform relations of production, because the changing forces of production will inexorably bring about a fully-automated luxury communist future. He also alleges that it is coldly utilitarian, aspiring only to the distribution of the material proceeds of automation via Universal Basic Income – a future he contrasts with a 'politics of work' that cares about working people's sense of dignity and belonging.

This reading only makes sense if we treat these individual texts in isolation from the wider democratic socialist agenda that has been emerging on the new left. For instance, there is little mention of the resurgence of workplace organising in the 'gig economy' that has been driven by the same 'networked youth' who enthusiastically embraced Corbynism. Likewise, this group's growing interest in ideas about workplace democracy and worker ownership is only mentioned in passing, with a brief acknowledgement of the 2019 proposal for 'Inclusive Ownership Funds'.[13] It's a shame that Cruddas's close reading of Mason and Bastani is not matched by a similar level of engagement with the wealth of output coming from thinktanks like Autonomy and Common Wealth – who combine an interest in the impacts of automation and digitisation with an explicit concern for worker empowerment and economic democracy.[14]

For instance, Common Wealth's recent report 'Data and the Future of Work' offers a nuanced assessment of the rise of the digital economy and the limits of automation, before concluding that 'if this [crisis] is to be a generative moment, transformation must centre on a politics of work that actively extends democracy, secures dignity for everyone, and ensures we share in the wealth we create in common'.[15] Its recommendations include a detailed agenda for boosting workers' rights alongside support for a 'minimum income guarantee' (an alternative approach to UBI that aims to achieve many of the same things) as part of a new social security settlement; it also makes a range of recommendations on democratising the firm, data and digital infrastructure.

Autonomy's first writer-in-residence, John Merrick (full disclosure: the other one is

me), writes eloquently of the lived experience of work, arguing that 'work isn't only drudgery, it's also a form of meaningful activity that gives purpose to many people's lives' – again, precisely Cruddas's core argument. Merrick quotes E.P. Thompson (a thinker somewhat surprisingly positioned by Cruddas as antithetical to his construction of the intellectual lineage of the new left), and concludes that 'talking about our labour' is a vital first step towards organising for greater workplace democracy: 'After all, who is the expert on the work we do but us, the workers ourselves?'[16] If Cruddas's analysis is right, it would make no sense that the UK's leading 'post-work' think tank could publish something like this.

We can better understand the connections between these ideas if we focus on a policy demand that Cruddas neglects in favour of a focus on UBI: the demand for a shorter working week (importantly, without loss of pay). Far from being seen as a step towards the imminent abolition of work, the four-day week is framed as a way of more equally sharing out socially necessary work – including both waged work and unpaid care work – across the population, thus reducing unemployment and labour market inequalities. This is about spreading access to good work more widely – precisely what Cruddas advocates. Indeed, Autonomy recently published a report calling for a four-day week as a strategy for managing post-Covid unemployment and forging 'a recovery process that prioritises secure and decent work'.[17]

Arguments for shorter working hours also come from ecological economists, on the grounds that increases in productivity (such as those generated by automation) can either be used to expand our consumption or to expand our leisure time. In other words, we can keep our working hours constant and produce more, or we can keep the amount we produce constant and work less. The former, they contend, is ecologically unsustainable: the latter is both necessary and desirable. It allows us to reimagine the 'good life' as encompassing time spent with our families and participating in our communities, our politics and our workplaces – not just ever-expanding material consumption.[18] Meanwhile, paid work would become more focused on sectors like care, which are naturally labour-intensive, low-carbon, socially useful and not easily susceptible to productivity improvements. This is the opposite of cold utilitarianism: it is not antithetical to the politics of community and belonging that Cruddas espouses, or to his search for a new 'telos' for the left, but complementary to it.

Neither do its advocates think that shorter working hours will simply happen naturally due to automation. Instead, they explicitly situate this demand within a long history of trade union organising going back to the 'eight hours movement'.[19] The key point here is that neither a future of less work nor a future of 'better' work is possible unless workers are empowered to share more of the gains of rising productivity. This means boosting workers' bargaining power through strong trade unions, collective bargaining and workplace rights. Incidentally, an explanation sometimes offered for the UK's 'productivity puzzle' is precisely that the weakness of labour means companies have little incentive to invest in automating it. If true,

this could ironically mean that Cruddas's policy prescriptions of strengthening worker power would accelerate the very future he seeks to avoid.

One crucial way we could reassert collective agency over these trends would be to democratise ownership of capital itself – including technology and data. Cruddas and the post-work left may differ on whether productivity gains should be ploughed into higher wages or shorter hours, or indeed whether they should be resisted altogether in the name of preserving jobs. But the point of democratisation is precisely that such decisions can be taken collectively, rather than subordinated to the logic of capital accumulation. Accordingly, *whichever* future one aspires to, we should be able to unite around the necessity of democratising ownership and power in the economy – *as part of* reclaiming democratic space to decide what we want the economy to do for us.

There is so much scope for agreement and common ground here – but it will not be found if energy continues to be diverted into arguing with straw men. To be clear, I am not singling out Cruddas's book to criticise him, but precisely because he is one of Labour's most intellectually serious thinkers and someone I believe to be fair-minded. That he is able to characterise the 'new left' in the terms he does is testament to the scale of the communication breakdown going on here, and the extent to which Labour's factional politics has bent and distorted the debate. Labour needs an intellectually rigorous analysis of the problems in our economy, society and politics, a vision for what needs to change, and a set of policies that can realistically achieve that change. Currently it feels like the leadership has none of these things – and is determined to avoid looking for answers to those who have spent the most time in recent years trying to develop them. If the party does not want to waste the next three years reinventing the wheel, it needs to find ways to have a more serious conversation. The question is whether its political culture is up to the task.

Christine Berry is a freelance researcher and writer. She is a fellow at the Next System Project, a trustee at Rethinking Economics, and a contributing editor at *Renewal*.

Notes

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3 Jeremy Gilbert, 'Only electoral reform will rid the Labour party of factionalism', *Guardian,* 20 November 2020: https://www.theguardian.com/commentisfree/2020/nov/20/only-electoral-reform-will-rid-the-labour-party-of-factionalism.
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5 Jonathan Reynolds, 'A new world in the making: community wealth building and the co-operative sector', *Renewal*, Vol 28 No 3, 2020; Rachel Reeves, 'The everyday economy', 2018: https://www.rachelreevesmp.co.uk/legacy/2018/03/22/the_everyday_economy2018/; Christine Berry, 'After Corbynomics', OpenDemocracy, 4 March 2020: https://www.opendemocracy.net/en/oureconomy/after-corbynomics/.

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7 See M. Robertson, 'Labour economics from below? Defending the programme after Corbyn', *New Socialist*, 25 August 2020: http://newsocialist.org.uk/left-economics-below-defending-programme-after-corbyn/.

8 Christine Berry, 'To act, with hope and determination', NEF Zine Issue 3, 2021.

9 Jeremy Gilbert, *Political Quarterly*, forthcoming.

10 Morgan E. Jones, 'Remember Scarborough!', *Renewal,* Vol 29 No 1, 2021.

11 Chris Giles, 'The left is winning the economic battle of ideas', *Financial Times*, 29 April 2021:

12 https://www.theweek.co.uk/108737/labour-sees-exodus-in-protest-keir-starmer-jeremy-corbyn-suspension.

13 Jon Cruddas, *The Dignity of Labour*, Polity 2021, p178.

14 Autonomy has published two pieces which explicitly respond to previous criticisms of 'post-work politics' which are repeated in Cruddas's book: Will Stronge and Helen Hester, 'Towards post-work studies: identifying misconceptions in an emerging field', 6 September 2020: https://autonomy.work/portfolio/post-workmisconceptions2/; Will Stronge, 'Misconstruing post-work', 29 November 2017: https://autonomy.work/portfolio/comments-recent-ubi-post-work-interventions-co-founder-will-stronge/.

15 Hettie O'Brien and Mathew Lawrence, *Data and the Future of Work,* Common Wealth, 20 August 2020: https://www.common-wealth.co.uk/reports/data-and-the-future-of-work#chapter-6.

16 John Merrick, 'Digging where we stand: Talking about our labour', 22 January 2021: https://autonomy.work/portfolio/merrick-digging-where-we-stand/.

17 'Time for change: A four-day week as an unemployment strategy', 24 July 2020: https://autonomy.work/portfolio/timeforchange/.

18 See for example Tim Jackson, *Prosperity without Growth: Foundations for the Economy of Tomorrow*, Routledge 2016; Dan O'Neill, Rob Dietz and Nigel Jones, (eds), *Enough is Enough: Ideas for a sustainable economy in a world of finite resources,* Center for the Advancement of the Steady State Economy and Economic Justice for All, 2010; Robert Skidelsky and Edward Skidelsky, *How Much is Enough?: Money and the good life*, Penguin 2013.

19 Stronge, 'Misconstruing'.