What is at Stake?

With his speech on stakeholding to a business audience in Singapore in January, Tony Blair took the plunge into risky political water. His earlier, somewhat ingenuous, attempts to formulate a political vision around the values of community did not have the potential for controversy and division which the 'stakeholding' speech immediately unleashed. These ideas of community mainly encoded a necessary antithesis to the ideology of harsh, possessive individualism, captured in Mrs Thatcher's infamous phrase, 'there is no such thing as society, only individuals, and families'. But this emphasis on the missing dimensions of the social had become a banal point of reference for every left-of-centre political voice, with no power to galvanise anything but a routine response. The moral superiority of the social is a litany which anti-Thatcherites mumble in their sleep, though without confidence that when the moment of decision comes, the voters will risk much for it. Even Mr Major, after his election as Tory leader, had tried to define himself to some degree against harsh individualism, and in favour of some idea of moral solidarity ('back to basics' being one comically doomed version, found dead on arrival by revelations of corruption, sleaze and sexual scandal among his colleagues). But that was even before his softer ideas were beaten out of him by the heavies of the right, who now hold the unfortunate man their prisoner.

Perhaps, who knows, it was decided in New Labour circles that it was not going to be enough for Tony Blair merely to be virtuous and engaging, but that Labour would need a mobilising idea too. Possibly it has been recognised that Labour must engage its own supporters in some more active way than hitherto, and that the pitch to uncommitted middle opinion is not, by itself, going to be enough to inform or motivate a radical government. It must have been realised that the language of moral renewal by itself was not going to generate enough political momentum.

Why then was the idea of stakeholding launched into the British political skies from Singapore? It is a curious place from which to initiate a new phase of British political debate. But the choice of location sought to inflect it,

from the start, in a safe direction, as contextual insurance against the hazards of this line of thought - which were in fact revealed within hours of Blair's speech. (A speech in Singapore can now have the same instant political impact as one in Westminster, a fact of interest in itself.) Anyway, the setting emphasised that the idea of stakeholding signified, for Labour, a model of modern, dynamic, cohesive capitalism, the model of the Asian Tigers' of Singapore, Hong Kong, Taiwan, etc. It might help if the radical idea of a stakeholding society could be shown not to discomfit even an audience of business people of the most exemplary and competitive type. (Perhaps the New Labour style is to launch *all* its new intellectual initiatives to business audiences, preferably abroad, as a new kind of market testing?)

Over here, the message was given several conflicting interpretations, within hours. Heseltine sought, with glee, to embarrass New Labour by saying that these 'stakeholders' were merely the vested interests of corporatism reborn, or returned from their Old Labour cupboards - the Ghost of Solomon Binding.[1] Portillo said it was stealing a right-wing idea, the property-owning democracy, no less. New Labour, even Robin Cook at his least convincing, said in reply to Michael Heseltine, that this was nothing new, stakeholding implied no *new* commitments or policies. It merely rephrased the opportunities for citizens to participate in the labour market, obtain education and training, be a member of society, which Labour had been talking about all along. More a new slogan than anything else, Blair added. Embarrassingly, John Edmunds of the GMB and John Monks of the TUC popped up to say that actually trade unions *would* have something to do with it, and that legislation *would* be needed to strengthen workers' rights within companies. They were even working on it. What a prudent thing that this had been denied before John Edmunds had even said it! But the most important reaction was from the group of radical intellectuals who had developed the idea in the first place (Will Hutton, David Marquand), or who anyway thought it was relevant to a serious reforming project (Andrew Gamble and Gavin Kelly). They welcomed Blair's contribution. Will Hutton wrote: 'Yet stakeholding is a genuine departure; it attempts to offer a set of guiding principles that could organise a reformist political programme in five chief areas: the workplace, the welfare

1. Jack Jones and Hugh Scanlon made a 'solemn and binding' agreement with Harold Wilson, on the occasion of the climb-down from proposals for trade union reform in 1969, when Barbara Castle's *In Place of Strife* was withdrawn in face of trade union resistance. This was a low point of corporatism.

state, the firm and the City; the constitution, and economic policy more generally *(The Guardian,* January 17). He added, however, 'This is not socialism in the twentieth century.'

The reality is that stakeholding had become an important idea, developed by the most coherent and purposeful group of left-of-centre reformers now on the scene. Will Hutton, the most widely-read of these, developed the concept of stakeholding capitalism in *The State We're In.* This requires, he says, a significant change in the relationship between shareholders and other participants in the economy. It should reduce the present excessive rights and powers of shareholders, and enhance those of employees, managers, the professions, consumers, and the wider community. (In the public services, incidentally, both professionals and workers are stakeholders who have been pushed aside.) By announcing his commitment to the idea of stakeholding, Tony Blair has linked New Labour to a substantive radical debate.

'Singapore is a curious place from which to initiate a new phase of British political debate'

To place one's party within a political discourse which is already going strong, and has aroused much public interest (Hutton's book is a best-seller) is a different thing from staying within an ideological space (that of community and the social) which is either empty, or else is occupied mainly by interest-groups worried about the family. The main advocates of 'community' are, not surprisingly, the 'communitarian' movement, whose leading intellectual is the American Amitai Etzioni, and which is most vigorously promoted in Britain by Demos. This focus on the family, as articles in our first issue by Beatrix Campbell and Lynne Murray showed, can have worrying implications, especially for the role of women in the workforce. But it does not impact much on the economic area of debate which is likely to be central to the election. To that extent, New Labour's commitment to what it defined as enhanced 'community' was a 'safe' choice, whereas, wittingly or not, 'stakeholding' is a dangerous one. There is much that is worth saying about community, particularly about *specific* communities and ways of life - as Jeffrey Weeks's article on sexual communities explores in this issue. But Labour's evocation of a unified, consensual national community ('One Nation Socialism') has not been moving the party in the direction of a celebration of diversity and difference. On the contrary, there is a worry about who might turn out to be excluded from Labour's community, like Harold Wilson's earlier 'national

interest', and how coercively this idea might be deployed against dissenters. We shall be returning to community, identity and difference in future issues.

The history of stakeholding

Debate about a society of stakeholders did not begin in the 1980s, with the reaction to Thatcherism and the need to imagine an alternative to its version of the market society. Stakeholders were formerly defined as those with 'a stake in the country', that is to say landed property, on which the right to vote once depended. Government was defined, in English liberal theory, as the minimum arrangement necessary to protect life, liberty and possessions. Locke argued that the protection of property was the main end of government, and although his argument allowed that 'property' included men's *(sic)* persons, and what they had made with their labour, the usual Tory and Whig interpretations were narrower than this. Property was measured in freeholds and in other claims on land. So the argument, by Levellers and Diggers in the seventeenth century, and Radicals like Tom Paine and William Cobbett in the eighteenth and nineteenth centuries, that political rights were due to *all* men (and with Mary Wollstonecraft to all men *and women),* in virtue not of property-ownership but of humanity, was an attack on the original idea of 'stakeholding'.

Here is what Cobbett had to say about this earlier conception, in an imaginary dialogue he wrote in 1832:

> Cobbett Have we not been governed entirely by men of rank and wealth?
> Elector Yes, we certainly have.
> Cobbett What *reason* have you to suppose, then, that the same sort of men are the only men capable of putting things to rights; and do you believe that any thousand men, caught by the legs, by straining a string across the road, could have managed their matters worse than to have made the existence of themselves and the government depend upon the imaginary value of little bits of thin paper?
> Elector Why, that is very true, to be sure; but if a man have not a great stake in the country, how are you to depend on his doing right?
> Cobbett As to *stake,* in answer to such an observation, old TIERNEY once remarked, that stakes of this sort generally belonged to the *public hedge.* But do you think that the Americans have got a good government; do you think

> that their laws are wise and good; do you think that their affairs are managed by able men?
>
> Elector Yes, I wish to God ours may be as well managed; for see how great and powerful that country has become; and see how happy the people are, under the sway of the Congress.
>
> Cobbett Very well, then, that settles the point; for there is no pecuniary qualification whatever for a member of Congress: very poor men are very frequently chosen, and very rich men never. There have been seven PRESIDENTS: two of them have died insolvent, and were insolvent at the time when they were PRESIDENTS.
>
> A *foolish* man may be in favour of men of rank and wealth before he hears this dialogue; but it is only a *roguish* one who can persevere in such a choice after he has heard it.

Democratic rights were accorded to all citizens in Britain during the following century or so. Though one notes that American democracy has gone downhill in this respect since Cobbett's day; it now largely excludes the poor in its less-than-fifty per cent voting turnout, and practically rules out anyone except the rich from running for major office. And in Britain we recently had in the Poll Tax a covert re-introduction of a property qualification for voting. During the twentieth century, these political rights led to substantial economic and social rights too, with full employment, univetsal income support, old age pensions, rights to housing, health and education. (Incidentally this was the heyday of Old Labour, as well as of Collectivist Liberalism and One Nation Conservatism). So now the people have to say once again, long after the achievement of universal political rights, and with the ebbing away of these and other social entitlements, *Well, where is our stake in the country now?*[2]

The connection between property and political rights was the original foundation of the debate about rights of citizenship and democracy in Britain. This link has been revived in Will Hutton's writing, in his insistence that 'stakeholding capitalism' depends on achieving a democratic, republican constitution. Only, he argues, if the authoritarian powers of the British state are cut down, its powers devolved, and citizens accorded enforceable rights, can a more inclusive political

2. At the time of writing, it was reported on the news that women on income support regularly do not eat in order to feed their children.

economy become a reality.

The explanatory links between the political and economic dimensions of stakeholding have not so far been set out convincingly. Both agendas - of economic and social inclusiveness, and of constitutional entitlement - are essential ones, but it is not exactly clear how and why one depends on the other. The American example suggests that a political practice which is more democratic than the British one, in many respects including everyday habits of mind, can nevertheless coexist, and be substantially corrupted by, a ferocious preference for property rights over all other claims of well-being or justice. In so far as a democratisation of the constitution *would* change economic practice in Britain, it is because it would probably lead to a new hegemony of social forces, and exclude our recent kind of minority dictatorship.

The class dimension of political discourse is only repressed at the cost of total political confusion'

It is true that the devolution of powers to localities, regions and nations, the virtual enforcement, through a proportional electoral system, of cross-party cooperation, and the strengthening of citizens' individual entitlements (e.g. through the Social Chapter) *would* in Britain enforce more inclusive social policies. But to understand why this is so requires consideration not only of constitutional principles and mechanisms and their effects, but also of our underlying political culture. It is because those classes and blocs whose powers will be strengthened by constitutional reform would support more inclusive social strategies, that these strategies follow from these changes, not that a republican constitution generates these all by itself. It is the continuing legacy of paternalism among the upper and middle classes, and solidarism among the working class, in British society, that might ensure that a more democratic polity would also be a kinder and more egalitarian one. What continues to differentiate Europe from America, in respect of social inclusiveness, is not the superiority of its constitutional practices, but more solidaristic traditions and values, rooted in its class structures.

This does not make the importance of constitutional and political 'stakeholding' any less. But it does require recognising that they have economic and social effects mainly in virtue of the role of social classes and their relations of power. This discourse of classes, class fractions and their relations is one with which practically everyone - except Mrs Thatcher (who tells the Conservative Party that it neglects the middle class at its peril) - is now acutely

uncomfortable. Yet arguments from the interests and outlooks of classes were quite conventional in nineteenth century bourgeois Britain, from all parts of the ideological spectrum. It permitted British liberals, for example, to identify their constitutional precedents and exemplars in Athenian democracy and republican Rome, and Matthew Arnold to argue in 1869 for the guiding role of enlightened state servants, in harmonising the interests of the Barbarians (the aristocracy), Philistines (the middle class) and the Populace (the rising working class), the 'three great classes of English society'. This dimension of political discourse is only repressed (as it has been) at the cost of total political confusion. (The Conservative Party may be having a nervous breakdown, but it is not usually confused about *this.)*

Moving the agenda on

There will be difficulties in moving the New Labour agenda forward on to the terrain of a stakeholder society. In some respects it was a surprising choice to give a label to this prospective programme, before there was anything ready to put in it. This is why there was such confusion and immediate backtracking in response to criticism. Nevertheless, the opportunity is important, and must be taken.

Part of New Labour's difficulty is that it has been trying to construct a political bloc which claims to *exclude* practically no social interest whatever. *De facto* the 'other' of 'New Labour' has for years been 'Old Labour'. So Labour has been running, ever since Neil Kinnock's election to the leadership, mainly against itself. Key speeches to party and trade union audiences have nearly always emphasised departures from traditional party thinking, and taken the form of public demonstrations (the most extreme case being Neil Kinnock's Conference attack on Militant) of how different New Labour was from what had gone before. The debate about 'stakeholding' is important for the party, since it makes it possible for once to re-include, because of both the radical pedigree and the ambiguities of this idea, virtually all of the left and centre in its interpretation and development. This is a major departure from recent Labour practice.

Contrast Labour's anxious political inclusiveness in recent years with the compulsive exclusions of the right. It has been anti-European (Mrs Thatcher's jibes at 'No-Nation Conservatives'), anti-working class (what is the meaning otherwise of speaking/or the middle class?), anti-trade union, anti-asylum seeker, anti-illegal-immigrant, anti-scrounger, anti-single parent, etc. Their political programme constructs itself mainly by hostility to 'Others' of all sorts. So

paranoid is this world-view becoming that it is hard to imagine what the Tories' positive community is, except as a bundle of phobias and hatreds directed outwards. Perhaps when the opinion polls show such a very low level of support, it becomes difficult to imagine one's own constituency in a convincing way, since it has in reality disintegrated, and is waiting to be ideologically re-formed as something else. The Conservative right's current paranoia thus represents the symptom of an acute anxiety-state.

But the idea of a political bloc with no outside at all has its own difficulties. Any criticism that is encountered is felt as an attack on the vital unity and wholeness of the bloc, and is therefore perceived to be a threat. This may be why so many key speeches are given before business audiences, and why policy pronouncements and commitments are so bland and ostentatiously inoffensive. If the bloc is *everyone*, then all conflict, except with actual Conservative spokespersons, must be avoided. (Tony Blair is even rather polite to most of them, except when defending Harriet Harman.)

But it is quite difficult to construct a political programme, with policy commitments, which does not imply gains and losses for specific fractions and interest groups in the population. The hesitations in setting out a tax policy make this particularly clear, since taxes must impact on changes of priority in every area of government. If there are to be no losers, then taxes can hardly be increased. (In fact the only new source of funding so far mentioned for Labour's spending programmes is a windfall profits tax. Not even the most crazed Euro-dependent farmer would expect such a windfall more than once in a Parliament.) But then how, once Gordon Brown's winning lottery ticket has been spent, is anyone to have more, even the most needy or deserving?

It is as if New Labour wants to give the impression that it will create a competitive but just society in which it can say, like the Dodo (no Old Labour man he) *'Everybody* has won, and all shall have prizes'. The image of the 'stake' is here an interesting one; its dictionary meanings link it inseparably to wagers, gambling, games of chance.[3] Perhaps the image of the 'stake in the country', which developed as a political term of legitimation in the eighteenth century, in fact started its life around the gaming tables of the aristocracy. In a society obsessed

3 *Stake* (1540, of unknown origin). That which is placed at hazard; esp. a sum of money, etc., deposited or guaranteed, to be taken by the winner of a game, race, contest, etc' Shorter *Oxford English Dictionary.*

with the National Lottety, when 80 per cent of the population spend money in the hope of winning prizes of more than £40 million, we must hope that 'a stake' comes to amount to more than a ticket in a game of chance. The exclusionary potential of this idea must also be recognised. The old idea, that without a 'stake in the country' one has no rights, could even come back again, and be used to push aside not those without property, but those who are out of the workforce, or who are otherwise said to 'shirk' on their obligations.

'Wilson reduced the former 'other' of the privileged classes to a caricature of themselves'

With society now constructed as a Great Lottery, it is a problem when some people have no tickets, nor much chance of acquiring any. Actually, the Lottery was invented at a moment when it was necessary symbolically to console those without other more substantial stakes, by offering a magical prospect of plenitude; whilst also assuaging the guilt of the more comfortable classes with the knowledge that not they personally but their good causes benefitted from all this voluntary taxation.

Everyone is to win?

But the idea of a bloc without an outside, a politics without conflict, may not be easy to reconcile with the discourse of stakeholders. Enlarging the stake of some citizens, must mean reducing the stake of some others. Hutton is clear about this: whilst he recognises the necessary role of the financial sector in the British economy, his proposals would substantially reduce shareholder power vis-a-vis the managers of productive companies. This argument is to some degree a re-run, with a more purposeful intention, of the earlier debate about the managerial revolution and what it was supposed, wrongly it turned out, to have achieved. It also dimly evokes Keynes's 'euthanasia of the rentier', though the rentiers are still wide awake, and even Hutton is less radical than Keynes.

Harold Wilson, Labour's last election winner, adopted a different strategy from New Labour's today. He resolved the debate between the idea of a Labour Party depending largely on the loyalty of the manual working class, and the revisionist, Gaitskell-Crosland model of a classless party, in a brilliant ideological transformation. He reduced the former 'other' of the privileged classes to a caricature of themselves. The capitalists whom it was safe to oppose became marginal or even fabulous figures, such as speculators, 'Gnomes of Zurich', and the like, whilst the privileged, aristocratic governing class were pictured in

sepia on the grouse-moors. This enabled him to hold on to his traditional Labour supporters, who still defined themselves by loose but still-visible class identifications and antagonisms, whilst gaining new support by disorganising and dividing the middle classes. Some fragments of the new middle class, especially those whose position depended on education, hard work, and merit, not on inhented wealth or social position, identified with his 'northern' hostility to and mockery of the old establishments. (Humour was a powerful weapon, since in jokes, as Freud pointed out, truths could be stated and sentiments expressed which would be unpalatable and therefore repressed in a naked form). Wilson thus gained both general electoral support - just enough - but more important, for a period of a couple of years before it was wholly squandered, the enthusiasm and commitment of a new social bloc committed to the 'modernisation' of British society. The structures of the conservative state and finance-driven capitalism, against which the stakeholder debate is now directed, were in fact those to which Wilson capitulated in 1966, and again later.

It is not clear who are going to be the friends, enthusiasts and advocates of a programme whose guiding principle is, or was, to have no enemies. Wilson had a 'modernising intelligentsia' on his side, the ancestors, in their ideological range and commitments, of the 'pro-stakeholder coalition' today; and this was one important fraction that gave him a chance. The importance of the stakeholding initiative is that it potentially allies such an intelligentsia with a reforming government, and makes it possible to work out where the crucial lines of change (and inevitable division) have to come.

There is a temptation at this point to demand that the 'stakeholding' programme be immediately spelled out in terms of detailed policies, in the areas of corporate governance, welfare policy, the City, constitutional reform, and so on. The first to demand such specification were the Tories, who realise that virtually any new policy commitment will have its critics, and will allow the government to chip away at Labour's now formidable width of support, passive as much of it may be.

This problem arises partly because New Labour has been generally reticent in policy commitments, but more importantly because of the radical and therefore divisive potential of the stakeholder agenda. There are major losers from prospective reforms in the areas of the constitution, the rights of shareholders, the generation of employment (which must be paid for, in the first instance, by someone). Even if there can be hopes of some non-zero-sum gains from reforms, from higher rates of

growth, reduced social costs, etc, these will be neither sufficient nor immediate. Indeed, since the Conservatives, through their inadvertent devaluation, seem at last to have achieved some national competitive advantage, there may be few or no short-term advantages from a Labour victory in terms of faster economic growth.

But if policy specification can be dangerous, how is this vital debate to be carried forward? Much more must be said if the whole initiative is not to collapse, in a retreat humiliatingly like one of Mr Major's numerous re-launches of himself. What is now needed is not public policy specification, but an initiative to set out the broader terms of the stakeholder argument, so that when specific policies *are* defined, or made public, they belong within some intelligible perspective.

In particular, the language of stakeholders might enable New Labour to identify more clearly for whom, and against whom, it is now speaking. An important point is raised by the demand that everyone should become a 'stakeholder'. (Whether or not this is the term one would ideally have chosen to define rights of citizenship and social membership is a secondary issue at this point.) This is that many citizens now are not, in effective senses of that term, stakeholders, and indeed that their stake, or secure position in society, is deteriorating, irrespective of aggregate national levels of prosperity. New Labour must be willing to speak to the condition of those who have poor or worsening prospects, and to identify them as citizens who are without, or who are at risk of losing, an effective stake. And on the other hand, it must be prepared to acknowledge that the system is unduly shaped in the interests of a minority, whose entitlements to profits, and whose right to move their capital wherever they wish, are excessive. This minority is what is represented by the present Conservatives. New Labour has the opportunity, as Wilson did, to identify the exceptionally obtrusive and venal segments of this apparatus - the top-manager beneficiaries of privatisation of the utilities, for example, and the Tory nomenklatura who dominate most of the quangos - and to make them stand as the public symbols of this corrupt order. Just as Labour has always been attacked at its weakest points (the 'loony left' etc.), so the Conservatives are most vulnerable at theirs. There does need to be a sharper and more antagonistic tone to New Labour polemics, to give expression to discontent, and to transform into energy

'the language of stakeholders might enable New Labour to identify more clearly for whom, and against whom, it is now speaking'

and hopefulness the depression and cynicism which has spread over this society. A renewed capacity to conduct an ideological argument of some kind is necessary if Labour is to mobilise its own potential support in a more committed way.

Meanwhile, it is important that policy documents and proposals should be written and debated. What is needed is to develop forums of debate which are parallel to and interact with the New Labour agenda. *(Soundings* intends to be one of these.) This can allow policy initiatives to be set out and support for them to be tested - greenhouses of healthy plants set growing which a Labour government, or government-in-waiting, can transplant and bed out in public when their time is ripe.

The reasons for reticence about forward commitments from Labour politicians need to be respected, but what should also be expected of them is involvement in and receptivity to wider debate. Tony Blair's method of conducting the argument over Clause IV and the party constitution, by meeting party members all over the country, was in this way exemplary, whatever one might think about the new constitution itself. Engagement with both the radical intellectual community, and with more representative groups of citizens and activists, is necessary if a radical government is to keep its bearings. (The last two Labour governments failed in this respect, and then died.) It is, paradoxically, by such a twin-track system, of a plethora of think-tanks, kite-flying, and active debate among radicals, then selectively absorbed by the politicians, that the right has sustained a rolling agenda of reform throughout its period of office. Though what is now most visible is the right's sectarianism and self-isolation, if one takes the last twenty years as a whole it has been formidably effective. The left has something to learn from this.

Tony Blair's 'stakeholder' speech makes possible, but does not ensure, a significant transition in the politics of New Labour. It allows the realities of large-scale social exclusion, of increasing inequality, and of irresponsible power, to be addressed again, but in a language not already deadened by past ideological assumptions. A political discourse which could give some coherence to a programme of reform was urgently needed, and this is a major step towards it. To this extent, Tony Blair chose well, and perhaps bravely. We intend to do what we can to ensure that something of value comes from it.