

# Constructing a left politics

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It is time to slough off neoliberalism and return to a politics of social justice

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**A**s the global economic crisis gathers force, it not only sweeps before it the flotsam of discredited economic doctrines; it also demands a complete reappraisal of how economies and societies work. It poses again the great questions that underlie all political debate, and it poses them in the certain knowledge that the answers given over the past thirty years - and so widely accepted - must now be rejected.

This is, in other words, one of those rare moments when it is not only possible but positively essential to go back to first principles. We must ask again what is the purpose of politics, what is the role of government, does democracy matter, and - for those who see the need and seek the opportunity for reform - what does it mean to be on the left in politics.

Those questions must be asked, of course, at a time when - in Britain at least - left politics has run into the buffers. The concessions and subterfuges that were thought to be necessary to win power and then to hold it are now unmasked not just as craven but as totally destructive of anything that could have been legitimately regarded as the true purpose of left politics. If there is one incontrovertible lesson to be learned, it is that a left politics that is disconnected from principle and analysis will lead to failure and defeat.

The opportunity is, then, to think again about that body of principle and structured analysis that should underpin any left approach to politics. Our starting-

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point for such an inquiry must surely be a recognition that, since the late 1970s, and with the often unstated acquiescence of the left, the political agenda has been dominated by neoliberal thinking.

The dominance of this self-serving doctrine has been a huge achievement for those who already exercised great economic power, but felt their privilege threatened by the political power of democratic electorates. They feared, correctly, that elected governments, accountable to the widest range of interests, would not tolerate a system which unfairly favoured the rich and powerful by allowing them to rig the contest for power in their favour.

## **The rise of neoliberal hegemony**

The powerful responded to this threat by bringing about changes, around the end of the 1970s, which negated the power of democracy - changes whose significance was hardly recognised at the time. They made elected governments irrelevant, by acquiring a degree of economic power that would allow them to face down and blackmail all but the most powerful democratic governments - and to bend even the most powerful governments to their will, by using their economic power and invulnerability to political pressure.

The individual steps by which this was achieved need be only briefly rehearsed here. One of the earliest of these masqueraded as a purely technical change that would help international trade and investment, and that was sold to the ordinary citizen as a welcome reduction in bureaucracy. That change, of course, was the removal of exchange controls by Reagan and Thatcher so that international capital was free to roam the world in search of the most favourable investment opportunities. In one step, the rules of the game had changed hugely. Investors no longer had to comply with the requirements of elected governments. Instead, governments found themselves played off against each other by investors who commanded greater and greater resources as the now global economy was funnelled into fewer and fewer hands.

It was governments that now had to sue for terms; they would lose out in the competition for investment if they did not comply with the demands of the multinationals. The investors, on the other hand, now understood that they could exercise their power quite irresponsibly. It was, after all, governments - not the

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investors - that had to answer to their electorates. The investors answered to no one but their shareholders. And most costs could be 'externalised', or passed on to taxpayers who no longer had a voice. A further consequence was that voters began to understand that their governments could no longer protect them, and confidence in the democratic process began to weaken.

At around the same time, monetarism became the accepted wisdom, on the left as well as the right - the doctrine that managing the economy was a more or less technical exercise in controlling inflation (the only goal, it was said, that mattered) by regulating the price of money. This technical task could safely be entrusted to unaccountable officials - bankers no less - so that, in one simple step, democratic government was excluded from perhaps the central function for which it was elected.

These ground-breaking changes were reinforced by re-shaping political structures in the image of international capital. Multinational investors found it increasingly irksome to have to deal with national governments, each with its own set of requirements, each reflecting the particular interests and priorities of their own voters. They insisted that economies would function more efficiently if those controlling investment capital could deal with authorities (such as the European Union) that matched their own multinational structure and scale - unelected multinational bureaucracies whose goals coincided with their own. So powerful was the momentum towards the integration of national economies in the name of greater economic efficiency that no one seemed to notice that the long-term consequence was not only an actual reduction in economic efficiency but also a political loss of a most serious kind - the replacement of democratic governments as the ultimate authority by multinational capital.

The ability of multinational capital to set the political agenda meant that a doctrine that could never have been directly sold to voters in individual countries became the dominant driver of the world economy - the view that markets are infallible, that they must not be regulated or interfered with in any way, that the interests of shareholders and the bottom line are all that matters, and that governments must step aside while market forces have their way.

Few seem to have understood - not even politicians supposedly of the left - that an 'infallible' market and democracy cannot co-exist. The whole point of democracy, after all, is that ordinary people can use the political power of democratic legitimacy to offset what would otherwise be the overwhelming economic power of the

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privileged minority. If even democratic politicians accept that they are powerless to intervene in the market, and that it would be literally improper and counter-productive for them to do so, then the powerful are unconstrained in their ability to impose their will on the rest of society.

We can now see the inevitable consequences of that extraordinary concession by democratic politicians - one that is even more incredible when made by politicians of the left. Unrestrained markets will always threaten a conspiracy against the general interest - as indeed Adam Smith pointed out. They will always lead to excesses. They will always, as a consequence, in the end destroy themselves. The global recession was the direct and inevitable consequence.

## Power and politics

We can also see how and why the New Labour government lost its way. Its fascination with the rich and powerful, its acceptance that the unregulated market must always prevail, its belief that market solutions will always be best, and its embrace of a global economy dominated by international capital, all meant that it opted out of the role that most of its supporters expected it to fill - the diffusion of power in society so that the less powerful were protected and treated fairly.

Tony Blair seems to have believed that he could take the pain out of politics - and even the politics out of politics. But politics in a democracy is the means by which we resolve issues that would otherwise be settled by less acceptable means; we wouldn't bother with the messy business of politics if it were not preferable to brute force or the victory of the most powerful. And those issues - arising as they do from the ever-present need to allocate scarce resources and to reconcile conflicting interests - cannot be wished away. Their resolution will shape the crucial determinants of how well society functions and how comfortable individuals feel within it.

All politics, in the end, is a response to a fundamental characteristic of social organisation. All societies demonstrate an inevitable tendency for power to concentrate in a few hands. The power may be physical, economic, or social - but at its most fundamental it is power to make choices, the freedom to choose, even at the expense of, and against the interests of, others.

In any society, those who are stronger, cleverer, or luckier, or who enjoy some

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other advantage, will inevitably acquire more power than others. They will then, with equal inevitability, use that power to enhance their advantage, accreting to themselves differential privileges which will make them yet more powerful, entrenching their advantage and defending it against attack - and by so doing reinforcing the disadvantage of others. The response that should be made to that intensifying concentration of power is the central and defining issue of politics.

The dictator will say that there is nothing wrong with power being concentrated in a few hands, as long as those hands are his. Patrician conservatives argue that it is inevitably a permanent feature of any social organisation, and that the stability it provides is on the whole beneficial: the emphasis should therefore be on making the disparity in power acceptable, by requiring the powerful to exercise their power humanely and with some kind of social conscience - a kind of *noblesse oblige*. On this account, the less powerful will be conditioned by social pressures to accept their inferior lot in life, and the deserved superiority of their betters, through a well-developed social hierarchy. The liberal (or, according to taste, the social democrat or proponent of the 'third way') will also accept that a substantial degree of inequality is inevitable and must be tolerated, but will argue that it can be made more acceptable, and even positively beneficial, provided that everyone has a fair chance of winning, or at least doing well, in the contest for power. Provided that everyone lines up at roughly the same starting point, no one can complain if the race goes to the fleetest of foot. The harsher edges of the neoliberal winner-takes-all approach can be softened, it is fondly hoped, if those who bring up the rear are guaranteed some minimum standards of social support, through some redistribution of wealth and income, and an acceptance of community responsibility for basic services.

The neoliberal, on the other hand, will regard the concentration of power as not only inevitable but positively desirable. According to this view, those who gather power to themselves will be the most able and deserving. And the fact that society is led by the most able will mean that everyone benefits; even the disadvantaged and least powerful will benefit as the rising tide lifts all boats. The possibility, too, that the least powerful can contest for power, and that the exceptionally able or lucky individual might make the breakthrough, will ensure a degree of social mobility and contestability that will maintain the vitality of the system. According to this view, it will be literally counter-productive to try to counteract the concentration of power by ensuring that it is more widely distributed and equally shared. The only

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consequence would be to drag everyone down to the level of the least able. Contrary to the delusions of the 'third way', the dice must be allowed to lie where they fall. To try to alter the outcome of the game would be to deny the beneficial potency of allowing the winners to prevail.

Historically, the left (or socialists, as we used to say and perhaps should do again) has shared much of the liberal or social democratic agenda, but has evinced less tolerance for the degree of inequality that is inevitably tolerated by that approach. Crucially, only on the left has substantial, entrenched, and often inherited inequality been seen as a straightforward negative, an affront to notions of justice or fairness, a gross limitation on the freedom of the less powerful and therefore of society as a whole, a drag on economic efficiency, a dagger driven at the heart of social cohesion. Only on the left is there an imperative to address the way that power is distributed - and not just redistributed; it is only the left who point out the social and economic price that everyone - including the most powerful - is required to pay for a substantially unequal distribution of power. It is that imperative - to achieve something near equality, not identity - that is the defining characteristic of left politics.

If this is what left politics is really about, what should the left response produce by way of a policy agenda? The first part of the answer to that question concerns the relationship between the market and government, between economic and political power.

## **Markets and government**

No government - of any persuasion - should delude itself as to the critical and irreplaceable role of the market in a modern and democratic economy. At its best, the market allocates scarce resources, empowers consumers (through what might be described as economic democracy), stimulates efficiency and innovation, and rewards the most productive and creative. It is, however, a valuable servant but a dangerous master. It is the elevation of the market to the status of a moral force that cannot be challenged that enables the powerful to by-pass democracy. That view must be contested. If democracy is to mean anything, government must be ready to intervene in the market so that its outcomes are acceptable and sustainable, both politically and economically. The deliberate aim of a left government must be to utilise the market so as to optimise its great strengths, but to make sure as well that

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the market does not prejudice the wider goal of diffusing power as widely and as fairly as possible throughout society - through entrenching and extending the power of the privileged.

So, good government matters. It is the means by which the market is restrained, so that the full resources of the whole of society are deployed to the widest advantage; by which essential services are provided; by which the economy is managed and directed for the general good; by which the benefits of citizenship are fairly and productively shared; by which the cohesion of society is effectively developed.

This is of course at odds with the right-wing doctrine that government should limit itself to a minimal responsibility for maintaining the value of assets - and particularly the currency - and should otherwise merely hold the ring while market operators are allowed to get on with it. The left has always taken the view that governments are inevitably major players in the economy. They are the most important investors, customers and employers. They influence events and behaviour through policy decisions. As a result, they should accept responsibility for the overall context in which economic activity takes place. They should properly be concerned with the appropriate level of demand, the provision of gainful employment opportunities for all citizens, and the fair distribution of the fruits of economic activity. It was the abandonment of these responsibilities, particularly by the left, that contributed so greatly to the global crisis.

A proper balance between the roles of the market and the government, between economics and democracy, is essential. And it need not - as is often argued - require a sacrifice of economic efficiency for the sake of social outcomes or political principle. The lesson of the last thirty years is that 'free-market' economics do not lead to efficiency - great riches for a tiny minority, yes, but sustained and equitable economic progress for all, no.

The case for diffusing power throughout society is as much economic as it is social. We make the most efficient use of our resources, and particularly of our human resources, if everyone has the chance to make their most appropriate contribution to wealth-creation; if that contribution is fairly recognised and rewarded; if everyone's potential is properly recognised and not suppressed; and if we understand that no individual is so talented as to merit rewards hugely greater than those enjoyed by others, since it is the cumulative effort of the whole of society that is overwhelmingly responsible for the progress we have made.

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A similar argument can be made concerning the proper use of our natural resources and the sustainability of our environment. If decisions on these matters are taken by democratic agencies answerable to the widest possible constituencies, rather than by a handful of self-interested operators in a short-term market which they dominate, we have a better chance of managing our natural resources to the greatest possible advantage for all of us and of our planet.

These economic and environmental arguments reinforce the great social case for a wider diffusion of power. Freedom in society is not to be measured by the level enjoyed by that powerful minority that benefits from the greatest freedom of choice. Freedom exercised by denying freedom to others - even indirectly, through the supposedly value-free operation of the market - is not the mark of a free society. Only by diffusing power, by breaking down concentrations of power, can we optimise freedom for everyone. The supposed antithesis between freedom and social justice dissolves away when the goal is to allow everyone the maximum level of freedom that is commensurate with a similar level for others.

A society in which power is fairly shared, where everyone has the opportunity to contribute and their contribution is valued and rewarded, and where the benefits of living in society are treated as social goods to which everyone is entitled, will be a society which is cohesive and integrated, which feels good about itself, and which is less likely to display the anti-social behaviour that characterises those marked by alienation and growing inequality.

These principles of democracy, social justice, and community - and the analysis by which those principles are derived - provide us with the basis for deciding an appropriate left political agenda. We should be clear what the touchstones are on issues such as who owns, controls and benefits from the economic process; the appropriate level of guaranteed provision for the basic requirements of a civilised life; what attention should be paid to the interests of others beyond our shores and beyond our lifetimes; and the importance we attach to a sense of fairness for the maintenance of social cohesion and unity.

## Signposts for change

The demands of practical politics will inevitably require compromise and trade-offs. But each policy, each new initiative, should meet a sort of health check provided by



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these touchstones. The alarm bells should ring if the policy agenda is seen to fly in the face of the basic principles. If only New Labour had heard them toll!

Adherence to a body of principle and analysis does not dictate, as is sometimes suggested, a static or backward-looking stance. It will suggest and require adjustments to existing policies as circumstances change. It will inform and stimulate new policy to deal with new issues. It will urge us on to meet the future.

A left agenda framed in this way will exhibit many familiar features, and is none the worse for that. Policies for increasing the stake of ordinary people in wealth creation should feature prominently, as should those for ensuring through redistribution that wealth is shared more fairly, and using the public purse and community responsibility to guarantee the delivery of basic services.

But we should also expect some new thinking to address new issues. A good example is the reappraisal now needed of the value of labour in the economic process. The new reality of labour's declining importance in wealth creation, in comparison with capital-hungry technological advances, means that labour by itself is no longer an adequate basis for a claim to a fair share in society's riches. It may be that it is citizenship, not labour, that should form the basis of that claim, and that we need a new concept of citizenship to help us sustain it. Citizenship is already the basis for a large number of claims on society - equality before the law, the right to vote, and the whole range of human rights; it is not so revolutionary to propose that those basic claims should include a right to a fair share of society's resources.

We will also need a longer timeline and wider horizon than the market can provide if we are serious in our concern for the preservation of our environment and natural resources. Government intervention on behalf of the community is inevitable if we are to inhibit climate change, maintain a fresh and clean water supply, encourage the biodiversity on which our future may depend, and establish a new relationship between humankind and our planet. We need to re-think patterns of land use, methods of food production, and the production and uses of energy. The market can help, but it will be a market that is rigged to produce particular outcomes in the public interest.

In economic terms, we should reclaim economic policy (including monetary policy) as the proper responsibility of democratic government rather than of bankers, and as a proper subject for public debate. We should recognise that

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economics is a behavioural science and does not lend itself to mechanistic solutions. In particular, we should re-examine the role of the privately owned banks in the light of the current debacle and question whether they should ever again be allowed a virtual monopoly of credit creation. In view of the burden that bank failure has imposed on the taxpayer, should the banking function not be seen as essentially a public responsibility?

The roles of limited liability and the joint-stock company should be re-examined, in view of the irresponsibility and disregard for the public interest that they have demonstrated. New models of industrial ownership and control should be explored, including those that would give working people a stake in their own enterprises.

A left government should take the lead in negotiating new agreements to reform international financial and economic arrangements so that multinational capital takes a more responsible attitude to the communities in which it is invested; the volatility of foreign exchange markets and flows of 'hot money' are restrained; and global imbalances between rich and poor, and between debtor and creditor nations, are addressed effectively.

In social terms, a left government should recognise the over-arching importance of making whole again a society that has been fractured by class, economic circumstance, ethnicity and religion. An inclusive society based on fairness and tolerance, and one that placed a value on all its citizens, would be the most effective antidote to crime and other anti-social behaviour, and would also provide the conditions for improved economic performance. Making full employment once more the prime goal would also be important. An attack on economic inequality through a combination of integrated tax and income support policies would produce a more cohesive society. Health and education services that reflected the public service ethic rather than the profit motive and the market mechanism would also be helpful.

Overseas, a return to Robin Cook's ethical foreign policy would help to restore Britain's standing as a force for good in the world. The same tolerance and inclusivity as was shown domestically would produce similarly constructive results internationally. We should have no more complicity in illegal invasions and torture, or in denials of human rights at home.

Proposals like these are, of course, no more than signposts. They do not by

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themselves constitute anything like a comprehensive programme. Rather, they indicate the kind of new - and not so new - thinking that a left agenda that is true to the analysis offered here might encourage. We have the chance to return to our core values and goals, and to update them in the light of events that can now be seen to underpin and validate our approach to politics. We should not miss that opportunity.