Ethical socialism

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A re-engagement with the traditions of ethical socialism offers valuable insights for the renewal of the centre left.

We still live under the long shadow of Margaret Thatcher's avowal to abolish socialism. For a decade New Labour banished the word. Exponents of the Third Way declared that socialism was dead. It was an outdated doctrine, despised by the electorate and held in contempt by all right thinking economists. Socialism belonged with the dinosaurs, buried in the sediments of history. This effectively stripped the left of its belief system. Its hope and optimism, its cultural buoyancy and the animating power of its intellectual vitality gave way to a collective melancholia. It has since then swung between states of morbid nostalgia, dogmatic isolationism and apologetic tinkering with the status quo. Theory and practice went their separate ways as Byzantine theoretical debates flourished in academia and mainstream politics was reduced to the managerialist diktat of 'what works'.

Now here we are in an extraordinary crisis of liberal market capitalism. This historical moment belongs to the left, but the left did not play any role in the ideological defeat of its nemesis. Liberal market capitalism was the architect of its own downfall. There are no collective agents of change ready with a political alternative. The left lacks a story that defines what it stands for. Liberal market capitalism might have lost its credibility, but it remains the only story of economic life on offer.

In this conjuncture the centre left must begin again. Firstly, it must restore historical, conceptual and moral depth to its politics. We need to reclaim the philosophical foundations of socialism, for it is the lodestar that will guide us into

the future. The question of which principles we hold passionately are not the same as the strategic questions of how we build popular support and win elections. As the late Jerry Cohen argued, we need a strong set of beliefs to help us win back what's been lost, and to move forward, step by step, towards the kind of society we want to live in. We need a political pragmatism, not of the 'what works' variety, but one based around the question of what justice fundamentally requires. Secondly, we must apply our principles to developing an analysis of contemporary capitalism and its forms of capital accumulation. Nowhere is the intellectual failing of the centre left more acute than in the realm of political economy. The financial crisis and the discrediting of neoclassical economics has left an intellectual void in policy-making. Thirdly, we must create new and insurgent forms of political organisation and campaigning, building new kinds of alliances across civil society and reframing our language in order to connect with the public and counter the neoliberal common sense of the last three decades. This politics will require some new institutions and reform of existing ones. This is the threefold task - values, political economy, organisation - that will help to revive a viable centre left. This essay focuses mainly on the question of values, in particular arguing for a renewed engagement with the traditions of ethical socialism.

The shift to individualism

Chancellor Geoffrey Howe's 1981 'austerity budget' of public spending cuts and tax increases was a key moment in the destruction of the postwar consensus of welfare capitalism. But the 1980 Housing Act and the 'right to buy' one's council house was also crucial in securing the thirty-year hegemony of neoliberalism. In the name of a property-owning democracy, a new popular compact between the individual and the market was taking shape. Home ownership aligned the modest economic interests of individuals with the profit-seeking of financial capital (and this alignment was also promoted through other measures, in particular the privatisation of pensions). This compact began to displace the old statist, social welfare contract. Commodification and market relations were extended into areas of society that had previously been regarded as outside their sphere. The public sector and civic institutions began to reconfigure their organisations into proxy and quasi markets, governed by cost efficiency and targets. Individual social relationships incorporated a larger element of the rational calculation of the market. Consumer choice and self-reliance would

be the antidote to the tired paternalism and condescension of the welfare consensus. Change was driven by a state that was itself being privatised, outsourced and marketised. Where the nation state had taken a moral responsibility for the welfare of its citizens, the new kind of market state promised them instead the economic opportunity to consume.

The compact helped to secure support for new forms of capital accumulation and economic growth within an economy and society that was becoming increasingly dominated by finance capital. The housing market became the epicentre of a casino economy that turned homes into assets for leveraging ever-increasing levels of borrowing. The lives of millions were integrated into the global financial markets as their savings, pensions and personal and mortgage-backed debt were expropriated by financial capital. In three decades GDP doubled, but it was a false prosperity, disguising deep structural problems in the economy. Deindustrialisation undermined the income base of the working class, and the economic boom failed to develop an equitable distribution of new productive wealth. As Stuart Lansley points out in this issue, the share of national wealth going to wages peaked at 65 per cent in 1973; by 2008 it had dropped to 53 per cent. To sustain living standards, low and middle earning households increased their dependence on capital markets and borrowed. In spite of the claims to a popular capitalism, the compact became a vehicle for enriching the already wealthy. The business model of shareholder value served to align the interests of a business elite with the market value of their companies. While business productivity failed to grow, the pay of company directors and the senior workforce of the financial houses soared.

The consequence was a powerful economic dynamic driving up levels of inequality. In 1976 the bottom 50 per cent of the population owned 8 per cent of the nation's wealth; by 2001 it had fallen to 5 per cent.[1] In contrast, 1 per cent of the population own approximately 25 per cent of marketable wealth.[2] As the economic boom came to an end in 2007-08, 13.5 million people - 22 per cent of the population - were living in households on or below the poverty line.[3] Of these, 5 million are surviving on around £10,000 a year. The numbers in deep poverty are at the highest level since records began in 1979.[4] Britain entered recession in September 2008 with levels of personal debt at £1.4 trillion, of which £223bn was unsecured.[5]

Inequality in a society of consumers gave rise to a new kind of cultural

domination around lifestyle and the conspicuous consumption of status-enhancing goods. Consumer culture became a mass symbolic practice of social recognition, distributing humiliation to those lower down the hierarchy. The shame of failing in education, of being a loser in the race to success, of being invisible to those above, cuts a deep wound in the psyche. Invidious comparisons between one's self and others, and between one group and another, create feelings of inferiority and chronic levels of anxiety. Richard Wilkinson has used research in neuroscience to show how this kind of anxiety dramatically increases vulnerability to disease and premature death.[6] Despite the social and psychological damage caused by inequality, those who gained least from the economic boom - the poor, welfare recipients, single mothers, immigrants and young people - have all been made scapegoats for anxieties about social disorder and incivility. The new compact eroded social ties and public civic culture, contributing to the break down in trust, the fear of crime, and to feelings of disenfranchisement amongst the electorate. The 2009 Ipsos Mori Annual Survey of Public Trust in Professions reveals the depth of this crisis of political representation. Only 13 per cent trust politicians, down from 21 per cent in 2008, and only 16 per cent trust government, down from 24 per cent.

The fragmentation of social life

Anxieties about the fragmentation of society are commonplace. In September 2006, the ***Daily Telegraph*** published a letter signed by over one hundred professionals and academics, who were 'deeply concerned at the escalating incidence of childhood depression and children's behavioural and developmental conditions'. Their letter can be seen as a harbinger of the 2007 Unicef report ***An overview of child well-being in rich countries***, published the following February. This painted a bleak picture of British childhood. The summary of six dimensions of child well-being placed the UK at the bottom of the league. Alongside these findings research has identified increasing levels of mental ill health amongst children and young people. The most likely cause of these developments is the way in which neoliberal ideology and economic modernisation have reconfigured the relationship between the individual and society, breaking social connections, generating inequality, creating many more isolated individuals, and disrupting and sometimes destroying settled patterns of family, class and community life (subsequent research has ruled out the growth of single-parent families and levels of poverty as having any significant impact).[7]

Children and adolescents are an acutely sensitive measure of the well-being of a society. As they grow, the fabric of conscious and unconscious communications in their families, and more widely of culture and class, race and social relations, deeply influences their early development. They internalise the social relations of their environment, and these come to form the innermost being of individual personality. Problems we associate with individuals - stress, depression, bullying, violence - are dysfunctions that originate in their families and wider social networks. As John T. Cacioppo and William Patrick describe it in their book ***Loneliness*** (2008): 'The social environment affects neural and hormonal signals that govern our behaviour, and our behaviour, in turn, creates changes in the social environment that affect our neural and hormonal processes' (p11). Research in neuroscience has also demonstrated the ways in which poor attachment or emotional trauma in childhood affects long-term health and life chances. Similarly, feeling excluded and socially isolated undermines people's resilience, optimism and self-esteem, and increases their levels of fear, anxiety and hostility.

The compact between the individual and the market has been the structuring principle of neoliberalism and its ideological shaping of social life. Its language of customer, contract, cost, choice and utility has pervaded our culture. Social experiences and occurrences are accounted for in terms of what individuals think, choose and do. Individuals are treated as maximum utility-seekers governed by economic self interest. This is a highly idealised view of human interaction, suited to the governance model of utilitarianism and market rational choice, but it leaves individuals with no meaningful relationship to one another. A range of disciplines - sociology, psychoanalysis, epigenetics, complexity theory and neuroscience - all show us in different ways how this understanding of human nature undermines individual well-being, destroys social connection and impoverishes human potential.

Ethical socialism

In the wake of the financial crash, the compact that promised freedom through individual market choice no longer commands popular confidence. The old social welfare contract is in tatters, its welfare safety net gravely diminished in value. But there can be no going back to its state-dictated, class-based paternalism. We have to create a new model of the individual living in society. What now is the ethical

relationship of individuals to one another and to society?

Finding an answer to this question confronts us with the politics of New Labour in government. New Labour achieved extraordinary electoral success, but it treated people as individualistic and ruthlessly self-interested. It acted as if the electorate - or at least the section of it that counted - bordered on the misanthropic, and would only respond to a sour, illiberal politics based on ever-increasing consumption. It maintained a deadening silence around deeper ideas of fraternity, of collective experience, and what it is we aspire to be as a nation. To put this simply, it assumed the worst of the British people. And at the end of that road lay a completely empty vision of centre-left politics, where aspiration would be reduced to a notion of acquisition, and materialism would be our sole guiding principle.

Out of this legacy the centre left has to refashion a politics that values the social goods that give meaning to people's lives: home, family, friendships, good work, locality, and communities of belonging, imaginary or otherwise. In our affirmation of ordinary everyday life we can rediscover the common good. This politics begins with individuals relating to one another and producing in society. Marx criticised classical economists like Ricardo and Mill, who saw the individual as history's point of departure rather than its historic result. As he argued in the introduction to the *Grundrisse*, human beings can only individuate themselves in 'the midst of society'. The modern epoch that produces the isolated individual is also the epoch of the most developed social relations. Norbert Elias, in his 1939 book ***The Society of Individuals***, provides a sociology of this individuality and dismisses the view that individuals are self-contained, 'closed personalities'. What shapes, binds and gives meaning to an individual's belonging is 'the ineradicable connection between his desires and behaviours and those of other people, of the living, the dead, and even in a certain sense the unborn' (p43).

This understanding of the interdependency of individuals, and acknowledgment of the social nature of individual life, recognises that people increasingly see themselves as individuals, and seek individual fulfilment, but also understands that individuality can only flourish in a social environment. And this way of looking at the relationship between society and the individual - which is part of a long tradition on the left - is helpful to us now in rethinking these relationships. Leonard Hobhouse, a leading New Liberal thinker, wrote in ***Social Evolution and Political Theory*** (1922): 'Society exists in individuals. When all the generations through

which its unity subsists are counted in, its life is their life, and nothing outside their life' (p85). Like Marx, for whom the individual was a category of relations, Hobhouse described 'man' as 'the meeting point of a great number of social relations' (p85). In an earlier 1898 essay, 'The ethical basis of collectivism', he argues that a progressive movement must have an ethical ideal, and it must be abstract, in that it is not yet realised and embodied in social institutions. One element of this ideal must be liberty, but it must find a synthesis with equality, 'since it stands for the truth that there is a common humanity deeper than all our superficial distinctions' (p141). For Hobhouse, social progress is the development of a society in which 'the best life of each man is, and is felt to be, bound up with the best life of his fellow-citizens' (p145).

New Liberal thinkers such as Hobhouse were the pioneers of the British tradition of ethical socialism. Their influence over the leading Labour intellectuals of the early twentieth century - Richard Tawney, G.D.H. Cole and Harold Laski - was both profound and freely acknowledged. They find their modern-day counterparts in the ethical socialism of Paul Ricoeur and Charles Taylor. For Hobhouse, politics is 'rightfully subordinate to ethics'; it exists for the sake of human life. For Ricoeur, there must be an 'ethical intention' central to a politics of socialism. In ***Oneself as Another*** (1994) he describes this intention as 'the desire to live well with and for others in just institutions' (p180). By living well he means for each person to follow their 'good life' or their 'true life', which he describes in terms similar to those of Charles Taylor, as 'the nebulus of ideals and dreams of achievements with regard to which a life is held to be more or less fulfilled or unfulfilled' (p179). Charles Taylor argues that the ethical value of self-fulfilment has entered deep into modern Western consciousness, but the conditions for its realisation do not yet exist. It is, he says in ***The Ethics of Authenticity*** (1997), a new phenomenon: 'There is a certain way of being human that is my way. I am called upon to live my life in this way, and not in imitation of anyone else's. But this gives a new importance to being true to myself. If I am not, I miss the point of my life, I miss what being human is for me' (p28). Taylor understands that the concern for one's own identity and self-esteem is social rather than individualistic. His ethic of self-fulfilment involves the right of everyone to achieve their own unique way of being human. To dispute this right in others is to fail to live within its terms.

Ethical socialism does not subordinate the individual to the community;

nor does it fabricate community where it does not exist. It is about the social connections between individuals, which shape both our psyche and our place in the order of things. It does not pitch the individual against society, but sees individuals as constituted in society. Society has its own kind of regularity, but it is nothing more than the relationships of individuals. There is no 'I' without first a 'we' that is historical and forged out of culture and society. We may no longer live in communities in which people share the same customs and culture, but the ideal of community remains as powerful as ever, because it is about the mutual nature of human relationships. We are a gregarious species and our brains and emotional life do not develop in isolation. Our interdependency is fundamental to our existence.

Ethical socialism addresses the material conditions which give form to individual being. It is a politics of equality founded in the belief that individuals are of equal worth and it is governed by the ethic of reciprocity: 'do not do to others what you would not like to be done to you'. It recognises that the task of living necessitates interdependency with others, and that this interdependency leads to the question of equality and justice. Equality is the ethical core of justice. It is also the precondition for freedom. Not simply the negative freedom from the compulsion of others, or the freedom achieved through a fair distribution of resources, but a positive freedom toward self-fulfilment. As the nineteenth-century Idealist philosopher Thomas Green argues: 'the feeling of oppression, which always goes along with the consciousness of unfulfilled possibilities, will always give meaning to the representation of the effort after any kind of self-improvement as a demand for "freedom"'.[8] Justice requires not just a singular equality, but the pursuit of equalities around the different power relations of class, sexuality, race and gender. Each of these produces its own politics.

Ethical socialism and political economy

Ethical socialism alone is not sufficient to realise a new society. Its must animate radical change in the organisation of the economy and its relations of control and ownership. Alongside a critique of the current financial system and its structuring effects on our lives - which is a crucial part of political economy but not the focus of this essay - we need to think about the economy from the perspective of human needs. Britain has to make the transition from casino capitalism to a low-carbon, more equitable and balanced form of economic development. The transition

demands an economics whose principles are sustainable wealth creation, durability, recycling, cultural inventiveness, equality and human flourishing. The fundamental logic of this new economy must be ecological sustainability. Climate change, peak oil and the need for energy and food security are all core green issues that will lie at its heart. Social movements, single issue campaigns and civil society organisations will be essential to this process, but they are not enough. A plural politics of alliances capable of achieving transformative economic and political change requires a theoretical and philosophical grounding and coherence. Only by developing our traditions of socialism and social liberalism, in conversation with newer traditions, particularly green politics and a politics that recognises cultural difference, will we be able to build a new hegemonic politics.

In the decade ahead new forms of production and consumption will continue to reshape society and social relationships. Technology is facilitating new cultural practices and at the same time opening up opportunities for capital to commodify them. New kinds of property and property relations are being created. Just as early industrial capitalism enclosed the commons of land and labour, so the ICT-driven post-industrial capitalism of today is enclosing the cultural and intellectual commons (both real and virtual), the commons of the human mind and body, and the commons of biological life. Government must take on a new strategic authority to check and contain the destructive impact of capitalism. At the same time it must act as a dynamic builder of the green industrial economy of the future, facilitating a new techno-economic paradigm across markets and sectors.

We need to develop a democratised, redistributive, social activist and intra-nation state, capable of regulating markets and asserting the public interest in the wider economy. Such a state will need to be decentralised and responsive to individual citizens and small businesses. The advocacy roles of civil society organisations, particularly the trade unions, need to be strengthened. We must make capitalism more accountable to workers and citizens through regulation, economic democracy and forms of common ownership. Markets need to be re-embedded in society, and an ethic of reciprocity re-established in their contractual affairs. The economy must work for the common good. Britain needs an epochal shift, away from the dominance of financial capital and towards a greater emphasis on production capital, to balance its economy and to spread wealth more evenly across the population. Banks as public utilities will need to play a major role in the coming

green industrial revolution, by directing investment into new markets and into technological innovation and employment. In place of unfettered shareholder value, there needs to be a new relationship between finance and industry that fosters long-term investment and real improvements in productivity. The privileging of finance capital has led to the country becoming dangerously exposed to the speculative activities of the City. In the event of another financial crisis, the sheer scale of bank assets and liabilities will put the British state and economy in jeopardy. We literally can't afford the City to operate as a law unto itself. The first task of building a new economy is the wholesale reform of the banking sector and its dominant business model of shareholder value.

In the future the effervescent quality of wealth creation will demand secure social and material foundations. The welfare system will have to respond to a flexible and fragmented employment market. There must be a non-punitive, publicly funded welfare system run in partnership with local, non-profit-making agencies, which puts claimants at its centre. We have to recover the principle of universal benefits and social insurance in the form of a citizen's pension, part of which can be accessed at different stages of life. In the longer term this can be connected up to child benefit and the child trust fund and developed into a citizen's income payable to each individual as a right of citizenship. This would be an unconditional, non-withdrawable income that guarantees access to the necessities of life.[9]

Alongside the productive economy we need to develop the care economy. This would include the development of a public service of childcare and support for parents, centred on the emotional development of children; a care system for older people that affords them the same substantive freedoms as others in society; and proper financial support for carers. There are currently new emerging markets and needs around the third age, well-being and health, social care and education. On current trends this social economy will become the biggest sector by value and employment. We will need to develop new ways of thinking about this sector, and of linking the formal and informal economy. The state needs to be capable of interacting with the complexity and values of social and community organisations, and devolving real power and decision-making to workers and users. Democratising public services can avoid the problems of the market and of bureaucracy, and create new spaces of innovation and social development. Achieving a balance between freedom and security, and efficiency and conviviality, for both workers and users,

will be a difficult task but an essential one.

A new political economy also requires a revival of democracy. This means, most importantly, the introduction of proportional representation in local and national elections; and it also would involve a new system of party funding, to remove the undue influence of rich individuals and interests; an elected House of Lords; and the revival of local government tax-raising powers.

These changes would set the country on a new course, and as such would be met by fierce resistance, not only from the Conservative Party and the vested interests of finance capital and big business, but also from sections of the population who fear they will lose out in a more egalitarian society. There will be formidable enemies. Our strength will lie in making alliances and building broad popular movements for change. Despite the disillusionment with political parties, there is an extraordinary level of political, cultural and community activism in our society. Politics has become more individualised, ethical, and rooted in a diversity of beliefs, lifestyles and localities. This is stimulating a search for new kinds of democratic political structures and cultures that will re-connect institutions of political power with social movements and political constituencies. Young people are joining and leading the emerging climate movement. Like the activists of early socialism, those involved in the new ecological movements are making politics personal and moral. They are asking the important questions about the ways we live and what it means to be human.

The future

The progressive future belongs to a politics that can achieve a balance between individual self-fulfilment and social solidarity; personal ambition and the common good. It will be one that goes beyond a narrow conception of 'the political' to include aesthetic and cultural life. The importance of media, intellectual knowledge, art, music, poetry, image-making, the spectacle, is that they help give form to new sensibilities and forms of consciousness. They can give voice to the silenced, and they create meaning where none has existed before. The activities of playing, dreaming, thinking and feeling make us feel that life is worth living. By returning to our traditions of ethical socialism we can rediscover a politics rich in emotion and symbolism, capable of restoring ethical meaning and the idea of the common good.

Ethical socialism

The coming election is the end-game of an old era. Whether Labour remains in government or returns to opposition, we need a fundamental re-assessment of its identity. Nothing is guaranteed, but the opportunities for a more ethical politics and economy are real. In the years ahead, the goals of a centre left are a strong, responsive and plural democracy, a restoration of trust and reciprocity in public life, and an ethical and ecologically sustainable economy for social justice and equality. It will be the great challenge of our time, and it will shape the lives of generations to come.

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Notes

1. See National Statistics online, www.statistics.gov.uk/cci/nugget.asp?id=1005.

2. Mike Brewer, Luke Sibieta, Liam Wren-Lewis, *Racing away? Income inequality and the evolution of high incomes*, The Institute of Fiscal Studies, 2008,

3. See The Poverty Site, www.poverty.org.uk.

4. Ibid.

5. See creditaction.org.uk/september-2008.html.

6. Richard Wilkinson, 'Health, hierarchy and social anxiety', in N. Adler, M. Marmot, B. McEwen, J. Stewart (eds), *Annals of the New York Academy of Sciences*, 1999. Also Richard Wilkinson and Kate Pickett, *The Spirit Level*, Penguin, 2009.

7. Barbara Maughan, Stephen Collishaw, Howard Meltzer, Robert Goodman, 'Recent trends in UK child and adolescent mental health', *Social Psychiatry and Psychiatric Epidemiology*, 2008.

8. Quote taken from Matt Carter, *T.H. Green and the Development of Ethical Socialism*, Imprint Academic, 2003, p38.

9. See the work of the Citizen's Income Trust at www.citizensincome.org.