

The questions to be answered

Seizing *Marxism Today*'s legacy of intellectual idealism and political realism, **David Miliband** addresses the conditions for a centre-left resurgence in Britain and across Europe.

The 20th anniversary of the last issue of *Marxism Today* provides an opportune moment to think afresh about the fundamental issues of doctrine and approach on the centre-left. The parallels between the 2010s and the 1990s should not be overdrawn, but it is clear that the European left faces its most challenging period, intellectually and politically, for at least a generation. So it makes sense to try to recapture the open-minded ethics, incisive if contrarian analysis, and critical prescription that typified the best of *Marxism Today*. It was also far more fun to read than the dreary image (and sometimes reality) of left-wing sermonising that passed for serious thought at the time.

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My memory is of a journal that, while sometimes infuriating, was often penetrating in the questions it posed. It spoke truth to the lack of power of British Labour. It forced a confrontation with reality – vital for a

party whose structure and culture did so much to divorce it from reality and keep it out of power. Even if you didn't agree with the solutions, the questions were real and important. *Marxism Today* was a journal of ideas, without being stuck in an ivory tower. It was distinctively of the left, but made a point of really trying to understand the right. And it was above all focused on the future, by confronting what had changed from the past. That is precisely the spirit we need now.

We know the purpose of centre-left politics. It is to empower people to take more control of their lives, protect people from the risks of life, and help them improve the community in which they live. The most difficult questions are not about what we would like to achieve but instead how we are going to achieve our goals. This is not a 'policy question' per se. It is at the intersection of purpose, priority, policy and politics that we have the hardest work to do. These questions raise the most profound issues about our track record and go to the heart of our political credibility and viability.

The commitment of Ed's leadership to open up political and policy debate is a refreshing and



welcome change from the unwholesome mix of uncertainty and control of the Brown years. We need the restless, open-minded and radical spirit – confronting reality as we find it – that helped us change Britain in government. We must be critical of ourselves as well as our opponents if we are to modernise ourselves again for the extraordinarily difficult challenges that western societies face today.

Labour's electoral success between 1997 and 2010 was unprecedented in the history of the party. It followed a prolonged period out of power, when its very viability as a political force was in question.¹ Today we face the task of preventing another long period of exile, which will determine whether the recent period in government was a blip or part of a trend.

Why the centre-left is losing

In a lecture at the LSE in March this year, I set out the dire political position of the western European centre left.² The combination of Conservative governments in Britain, France, Germany, Sweden, Holland and Italy is a first in the era of democratic politics. In short, left-of-centre parties are out of power in the six main countries of western Europe for the first time in 100 years. The political success of President Obama does not make up for this. I argued that social democrats were losing support among core voter groups: the working class, younger families, 'purists' alienated by the compromises of government. I also set out where we were getting on the wrong side of political arguments: about state action

as the way to protect people, about fairness and its relationship to empowerment, about building community.

We now have a social democratic-led government in Denmark (just), but there are centre-left governments in only four other European countries. Greece and Spain are in the emergency ward. That leaves Austria and Slovenia. Across Europe, social democrats are struggling either to defend their records in government or to identify with sufficient rigour their mistakes. In the UK, the local, Scottish and Welsh elections showed both Labour's strengths and weaknesses. As in the 1980s, we are on the road to becoming the monopoly political force in northern England and regaining our position in Wales. But our weakness south, west and east of Birmingham, and our implosion in Scotland, are both crippling for a party that aspires to national government. There is no route to power without the previously Conservative voters, notably the middle classes living in the south of England.

What has happened in political terms in the last 20 years since the closure of *Marxism Today* is interesting. In crude terms, the political difference between left and right on social issues in Britain has been narrowed. The right, which seemed in the 1990s to be stuck in the past, has closed down ground that had been opened up by the post-1960s left (on issues such as the role of women and gay rights). So a distinctive reason for middle income people, especially of a younger age, to vote for the left has been lost. In one sense, our electoral defeats have been born of significant past social and political victories. Meanwhile, on

1 I always remind people that the 1992 Nuffield election study was entitled 'Labour's Last Chance?'
2 'Why is the European Left losing elections?' LSE, 8 March 2011.
<http://www2.lse.ac.uk/publicEvents/pdf/20110308%20David%20Miliband%20transcript.pdf>

economic issues there has been a sharper divergence, especially since the financial crisis. As the NICE decade of ‘Non-Inflationary Continuing Expansion’ has given way to the GRIM decade of ‘Growth Restricted and Inflationary Menace’, so politics has taken on a harsher tone. On tax, spending, welfare and immigration, the left has been unsure of its response, failed to define the centre ground, and allowed the right to clean up.

However, the questions we must answer now arise less from tactical considerations but from structural changes reshaping not just British politics but the wider world. I believe we have lived through the most traumatic decade for the west since the 1930s – and the problems of the European left can only be understood and addressed in that context. The last 10 years have been marked by disorder, with at least four clear sources, which overturn previous assumptions:

- Europe and the US are in relative economic decline, with growing disparities in the distribution of rewards. The middle class in China and India is growing at 50–70 million a year, creating a market for Asian production that hitherto has been directed towards the west. In the west, the middle class is feeling squeezed and insecure, and the poor in danger of being left behind (as Ed has highlighted). So the issue is not just globalisation, but the shift in the balance of power.
- The traditional sources of authority – in state and market – have lost power to insurgent individuals or groups of citizens. Just as people around the world – most obviously in the Middle East – now challenge the authority of the state, so a citizen-led organisation like Wikipedia can push the world’s

biggest company, Microsoft, out of the encyclopaedia business.

- A 200-year period of resource plenty is giving way to an era of resource scarcity. This is about climate change but also much more. When you know that non-oil commodity prices in the last decade have risen by as much as they did during the second world war, you realise the seismic nature of the change going on.
- Among all this uncertainty, there are insufficient rules for international cooperation, those that do exist are too-often breached, and there are fundamental disagreements about the principles that should govern an interdependent world, notably about national or shared sovereignty.

This is the backdrop for the loss of security, the sense of disempowerment and weakness of community that are such potent forces in European politics. I think they help to explain why centre-left parties are losing and why parties like the True Finns and Greens are gaining.

Some of the technological and cultural transformations now underway are creating new possibilities for our society. But the list of challenges is also growing. They are especially acute at the international level, where there is a massive strategic question for the centre-left about how it positions itself. But I confine myself here to three areas where *Marxism Today* made me think afresh in the 1980s: about the economy, sociology and agency (and in particular, the role of the state).

Economy: trust and growth

Our first duty concerns how to grow our economy and raise living

standards, in the face of an unprecedented shift in the global balance of power. Private investment in Britain, whether in research or training or technology, has long been low by international standards, but has been heavily focused over the last 10 years (to the tune of some 80 per cent) on financial services and property. While company balance sheets are pretty strong, business investment remains very low. Meanwhile, public investment, which rose under Labour's governance, is taking a hammering.

Keynesianism plays an important role when consumption and investment are sluggish but it is not the same as an agenda for growth

The central economic issue for the future of Britain is how to stimulate investment, therefore innovation, therefore productivity growth – all at a time of fiscal constraint. The UK has not nearly recovered from the post-2008 trough in economic activity – indeed, we languish way behind the US, France and Germany. We have not only suffered an extraordinary recession but an anaemic recovery. The immediate priority is demand, without which the private sector won't invest. The Conservatives' austerity programme has strangled the economy – and Labour is right to take it on. When I was asked during the 2010 general election campaign about the Conservative allegation that Britain faced a Greek-style meltdown, I said that the bigger danger was a Japan-style decade of low growth. I am afraid that is what is happening.

There is, however, also a gap of our own to be bridged. The combination of necessary deficit spending in response to the crash, successive overly-optimistic growth forecasts after 2004 that left a budget deficit at a time of economic growth, and rhetorical claims about 'abolishing boom and bust', bequeaths a double-edged problem: legitimate arguments about the pace of deficit reduction are undermined and spending is alleged to be our default answer to all problems. We need an approach to public spending that squares the following circle: convince markets we are not going to let borrowing get out of control, convince (most) voters we are not going to bang up their taxes, and convince ourselves that these positions are compatible with our vision for economic renewal and social justice. The right will challenge us to entrench fiscal rules – in Germany and France they already have through constitutional amendments – and we need to be ready.

Keynesianism is not a soft option – it demands surpluses in good times, as Norway or Chile show – but it is a tactic, not a strategy. It plays an important role when consumption and investment are sluggish, but it is not the same as an agenda for growth. In the period up to 2007/08, a panoply of measures were put in place to boost growth. From training to science to tax incentives to RDAs, dozens of ideas were tried to support Gordon Brown's ambition, set out in his first budget, to raise the trend rate of growth. Some seemed to work, others not – many were adapted or wound-up before the results were in. But we lacked a structured, long-term and compelling view of Britain's economic weaknesses and how to address them.

Good times were mistaken for a good system. I saw this for myself in

government. The fear of being seen as 'anti-market' cramped thinking; interdepartmental cooperation was overwhelmed by Treasury secrecy around budget cycles; ministerial turnover gave initiatives a short shelf-life. Peter Mandelson was the minister who most ambitiously tried to take on this agenda, briefly in his first tenure at the Department for Trade and Industry in 2000 and then more substantively (with Pat McFadden) when he returned to government in 2008–10.

Adam Lent and David Nash's recent IPPR paper on how Britain can prosper in this 'Asian century' pinpoints the problems of low business investment, a weak skills base, low innovation in firms and our small presence in emerging markets.³ I would assert three priorities:

- Driving up private sector investment through financial reform, for example through a British Investment Bank⁴
- Promoting better workplaces, with engaged employees and innovative firms, including to address the skills deficit
- Using public sector power – from spending to regulation – as a coherent and strategic driver of the private sector activity and investment.

Without a credible answer on investment, we will not be able to take on the right, whether their economic recipe succeeds or fails. Nor will we be able to promote a fair distribution of rewards, to the middle class as well as the poor, to counter the social dislocation and economic instability caused by inequality.⁵

3 Lent A and Nash D (2011) *Surviving the Asian Century: Four steps to securing sustainable long-term economic growth in the UK*, London: IPPR

4 I have previously argued this should be funded from the sale of shares in the nationalised banks, but one of the features of the current state of the economy is that these gains look further away.

5 Robert Reich's recent book *Aftershock* has a good analysis of how greater inequality reduces demand.

Sociology: tougher on responsibility and inequality

Our second task is to reengage the debate about sociology, society and social policy. The issue is how to forge commitments of respect and reciprocity in a modern society. There are two intersecting debates where the centre-left needs to clarify thinking and reclaim territory. One is relatively comfortable. It concerns how society has moved from the monolithic divisions of the early 20th century, framed in class conflict, to a fragmented battleground of stark inequalities. The other is less comfortable. It is about the relationship between structural questions of injustice and inequality, and personal questions of responsibility and duty – to self, to family, to community and to country. On welfare, housing, immigration and crime the two debates come together.

Traditionally, the right has camped on the cultural terrain of personal responsibility, the left on the economic ground of structural injustice, the right focusing on individual symptoms, the left on collective causes. This came through decisively in the debate about the summer riots. The truth is that both are necessary and neither is viable on its own. Inequalities are real, growing and dangerous (economically as well as socially). Yet the work in the 1990s of sociologists like Gosta Esping-Andersen, Ulrich Beck and Anthony Giddens highlights that the mixture of autonomy and insecurity that defined advanced societies remains important. The decline in the institutions that traditionally socialised norms and behaviour – from the family to

churches to workplaces and trade unions – is a real part of western societies.

For all these reasons I think that the centre-left underestimates the rhetoric of the big society at our peril. First, it is an agenda that speaks to a real human yearning for relationships and interdependence that is played out every day across the country. Second, to dismiss it plays to our stereotype as statist. Third, it was a political tactic born out of the right's weakness and our strength – which we mustn't concede. The solution is to go head-to-head on who can build a bigger society, in which mutual responsibility and real equality of opportunity contribute to economic justice. This means both 'bonding capital', the links between people who are similar, and 'bridging capital', between people who are different.

So James Purnell and Graeme Cooke's idea for restoring contributory elements to welfare is important,⁶ as is the housing scheme in my own constituency where the local authority gives land to a housing co-op which can in turn sell some cut-price houses to lower and middle income people with links to the local area. Similarly, schools and children's centres that provide all-week and year-round service provide a place for young people (and adults) across classes to meet. Stronger local government, with more power (not a series of institutions to go around it, like police commissioners) is essential to cultivating vibrant local towns and cities. And we need responsibility to be practiced at all levels of society, especially by those who preach it. Incidentally, a bigger society also needs the Human Rights Act, which gives people powers *against* the big state.

Significantly, it used to be politics that mediated this. Today, it needs to be filled not just by formal political institutions but also movements of citizens. That is why I have helped create Movement for Change – a leadership academy for community organising that aims to help people realise their own power to make change.⁷ Government for the people is good; government by the people is better.

Agency: reforming the state and spreading power

The third issue is about reconfiguring government as a support for individual empowerment. This is important because the centre-left's association with overbearing big government is a disaster. In the context of the US, pollster Stan Greenberg argues that 'a crisis of government legitimacy is a crisis of liberalism'. A similar lesson probably applies to European social democracy as well. In recent years, Conservatives have recognised their problem with 'society' and, in their distinctive national ways, the European right have responded. Now social democrats have the problem, tainted by our association with a big and bureaucratic state.

The current government have a half-hidden view of the role of government: coordinator not provider. They accept the need for government to have a strategic role, but all other things being equal (and outside defence) see no relationship between that strategic role and the public provision of goods or services. Labour's default position is the opposite: strategy and provision combined. New Labour between 2004 and 2007 got stuck in a halfway

6 Cooke G (2011) *National Salary Insurance: Reforming the welfare state to provide real protection*, London: IPPR

7 See www.movementforchange.org.uk

house, where underlying values and practical policies became confused. After 2007, it just got stuck: the state as big provider was combined with the state as big regulator to leave the political impression of an inexorable growth of government. This made it far too easy for the Tories to equate public action with bureaucracy and cost.

The point of politics is to understand the dynamic changes in the economy and society that are shaping the future, so as to inch forward changes in reality according to your values

I think there are three separate issues here. One is about the future of different public services. We need to expose the government's dangerous upheaval of the NHS, but there will be mixed public, private and third sector provision in areas like childcare and eldercare, explicitly in the interests of efficiency as well as equity. Within the public sector, we have to show that we are ready to challenge the status quo not just defend it. For example, many people are concerned that so-called free schools are the thin end of a selective and fragmented wedge. So let us be the people who mobilise 100 great head teachers to propose the creation of the most comprehensive, most innovative schools the country has seen – and ensure that they are open to children from all backgrounds and are part of a local education system that is personal to each child and fair to all children.

The second issue is that we need to defend the role of government in tackling systemic risks, for example in

financial services, but not confuse that with suggesting government can eliminate all risks as we go about our daily lives. Criminal Record Bureau checks are important for child protection, but when I think of my dad taking me and other schoolboys to play football on Saturday mornings in Leeds in the 1970s, there is no way he would have wanted to have to fill in forms to justify it. And the third issue is to respond to the demonisation of politics itself. The pathetic Tory argument that it is right to cut the House of Commons by 50 MPs on cost grounds is only the beginning; the argument about term limits is just around the corner.

Conclusion: idealism and realism

One way of thinking about the challenge facing the European left, 20 years after the closure of *Marxism Today*, is to pit idealism against realism. Idealism is a set of noble values that inform our view of the good society; realism is the sad fact that lots of people don't agree with us, so we have to compromise to get elected. I have always thought this is profoundly wrong. It leads to the haunting spectre of betrayal that permanently hangs over the Labour party, creating a unique capacity to liquidate rather than defend our own record in government, and spawning an uncertainty in our conversation with voters that they detect and ultimately reject.

Labour's 2010 manifesto was called *A Future Fair for All*. But people did not think we were the 'future party' – so we lost on interests. And they did not think we were the 'fairness party' either – so we lost on values. When Ed says that we need to address the problems of the squeezed middle and the rising generation of young people, he is rightly hitting issues of both

future and fairness. The route back to power is through demonstrating that the centre-left understands the moment, on a global and a personal level, and has the ideas and methods to secure real improvements.

To get back on the front foot, the centre-left faces an intellectual and political task akin to anything faced by previous generations of revisionists – but with the big change of new global forces tilting power away from the west and away from government. The ambition is clear: to become the answer to the question voters will be asking of their politicians. Step one is to have the confidence to confront our weaknesses with honesty and clarity. That is essential to regaining permission to be heard. Step two is to not only highlight where the government is currently failing, but to move beyond it in the interests of the country.

That means not only regaining economic trust, but offering a prospectus for economic growth and renewal beyond the need to boost demand through higher public

spending. It means building a bigger society by being demanding about personal responsibility *and* the tough conditions necessary for equality of opportunity to be real. And it means reforming the state where it is centralised or unaccountable, while showing how government can spread power and protect people from insecurity.

The point of politics is not to compromise with values. It is to understand the dynamic changes in the economy and society that are shaping the future, so as to inch forward changes in reality according to your values. When it comes to addressing the major challenges we face, the right-of-centre governments now in power across Europe are confused at best and off-beam at worst. The centre-left's job is to engage on the high ground. That is the biggest lesson of *Marxism Today*.

David Miliband is Labour MP for South Shields and formerly foreign secretary under the previous Labour government.