

# INTRODUCTION: THE SPIRIT OF REVISIONISM

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The events of 2015 proved that the British left needs a fundamental intellectual re-set. In less than six months, mainstream social democratic ideas were rejected twice over, with Ed Miliband's bitter general election defeat and Jeremy Corbyn's victory over the traditional centre left. 19 years after Tony Blair's first election victory, it is the end of the road for a political project that began in the dark days of 1983.

This crisis is not unique to Britain, however. All over Europe the centre left is struggling to define a new creed, in the face of unprecedented economic dislocation and the challenge of populist movements. Building on past achievements is no longer enough. It is time to go back to the fundamentals.

So when we started making plans for this book, we turned to a similar re-set moment in the left's past and sought inspiration from the *New Fabian Essays*, the foundation text of post-Attlee revisionism. Published in 1952, those essays brought together a new generation of Labour thinkers – including Crosland, Jenkins, Mikardo, Crossman and Healey – with the aim of moving beyond the ideas of the 1945 government.

The essays were not a rejection of the Attlee legacy, nor a tack to left or right on the passing questions of the day.

Instead the essayists' aim was to rebuild the foundations of social democratic ideas, to reflect the fast-changing world around them. They succeeded, and the *New Fabian Essays* marked the turning point in Labour's 20th century thought, where egalitarianism supplanted collectivism as the organising idea of the British left.

The essays were an explicit reproach both to the theoretical purity of unbending, doctrinal socialism; and to pragmatic reformist government when it becomes untethered from underpinning principles. Today, the same critique is true. Renewal cannot come from the sort of Blairite hero-worshiper who is unable to move on from the politics of the mid-2000s; nor from the die-hard Corbynite, with beliefs lodged in permafrost since the 1980s.

In any case, arguments about the degree to which Labour should oppose austerity or the detail of the UK's security commitments do not establish new principles. Crosland wrote in 1952 that "dissension between Gaitskellites and Bevanites has no relevance to the future of socialism". Then, as now, the issues at stake "raised no issue of long-term principle, nor threw into relief the direction of future advance".

The intellectual energy behind the 1952 essays was instead a deep engagement with how the world had changed since the ideas of the 1945 government had emerged. And in this book we have been guided by the same spirit, and sought to explore how the left should move on from the worldview of both 1983 and 1997, to reflect the Britain of the 2020s.

As the introduction to the 1952 essays remarked, even the best ideas eventually get out of date: "partly due to the achievements of the Labour movement...partly due to changing social conditions" and partly "from inadequacies in the original analysis". Almost 65 years later, those words remain the starting point for any project of renewal. So in our search for a new revisionism for the 2020s we

begin by examining the lessons from the recent past and those ‘changing social conditions’ which will define the future.

## **Looking to the past**

It is a paradox of successful political projects that they burn themselves out by achieving their most significant objectives. That was certainly the case for the 1945 government, with its success in creating the post-war mixed economy. But it was also the case for New Labour. One reason Labour needs to renew is because the 1997 government changed Britain for the better. Indeed, in some cases this change was so profound that the Conservatives have chosen to build on Labour’s achievements, as in the case of gay rights and the minimum wage.

So a project of social democratic revision does not face the challenge of slashing pensioner poverty or achieving high employment. The country now has a near-universal system of early years education, sends half its young people to university and educates many of its poor children very well. New life was breathed into the NHS and social housing, with the quality of each transformed. And the case for a carbon neutral economy was won.

Not only have these and other achievements significantly altered Britain’s social and political order, but they have also created a new context for the left’s intellectual journey. As the 1952 essayists said, we must not re-fight old battles, by seeking to do a little more of the same. The achievements of the past are not a model to replicate, but foundations on which to build something new.

So the left must not settle for a defensive, conservative politics that seeks to reset things to how they were when Labour was last in office. As Crosland warned in his Fabian essay, intellectual renewal must not be confused with “the defence of past achievements” or “repair

and consolidation" in the face of reaction from the right. That means, for example, that we must oppose austerity without giving the impression that matching 2010 spending levels is an end in itself.

To renew, the left needs a clear-headed appreciation of where our recent analysis was wrong or incomplete. On economics, social democrats must be equally challenging of 'old' and 'new' Labour. Over the least 30 years, the British left was right to reject state socialism; but wrong to be so relaxed about the UK's particular variety of capitalism. It was right to focus on poverty; but wrong to pay so little heed to inequality between top and middle. And, linked to these two points, it was insufficiently attentive to assets and debt, as drivers of both inequality and financial risk.

In office Labour was also right to insist on more productive and consumer-oriented public services; but wrong to focus on top-down control and market incentives as the way to bring this about. It was too wedded to means-testing, as the most efficient solution to poverty, without sufficiently considering the merits of universal or contribution-based alternatives. It failed to build enduring institutions to entrench its goals, which meant that progress on issues like child poverty could quickly be reversed. And its paltry record on reforming taxation, improving vocational education and increasing housing supply shows that the party did not grasp how strategically important these issues were.

The left also failed to appreciate the feedback loops between government action and public attitudes. It was too slow to recognise that unprecedented EU and global immigration would have profound social, cultural and political implications. And it did not anticipate the attitudinal consequences of devolution. Social democrats inadvertently stoked both anti-migrant and nationalist sentiments, and these in turn helped alienate Labour from many of its working-class supporters.

This is not an exercise in blame, however. Understanding past analytical inadequacies is only useful if it is used to draw lessons for the future. Looking forward, on economics, the left must learn to be activist, but not statist; it needs to rethink its principles and priorities for the welfare state; and it must think about public policy, as Margaret Thatcher did, as a tool to 'change the soul'.

## **Changing social conditions**

Since the 1980s and 1990s Britain has also changed in ways that have little to do with either the successes or failures of the Labour party. Above all, we live in a different economic world. For although the crisis of 2007/2008 revealed long-standing vulnerabilities, which New Labour might have tackled sooner, it also ushered in a new and unforeseeable chapter in our business history.

The stagnation of productivity and pay is now the critical economic question of our times. In the last decade both output per worker and real earnings have barely risen, despite the backdrop of exceptionally loose monetary policy. No one can say with any certainty when this picture might change. So, unlike in recent decades, the task of turning investment and innovation into rising output and higher pay must be the left's over-riding economic goal. And it is a challenge we must address in the context of a globalised economy, which has reduced the bargaining power of typical British workers, even as it has brought huge benefits to the people of middle income nations and economic elites in the west.

At the same time, the left must adapt to the consequences of wage stagnation and address the new challenges it has thrown up. Perhaps the most pressing is the question of intergenerational distribution. Since the crisis, the living standards of young adults and families have been hit the hardest; by contrast retirees have seen their pensions

protected and their assets rise in value. As a result, for the first time in history typical retired households now have higher living standards than those of working age. And yet in the context of austerity, special protection for pension and healthcare spending has skewed the balance of expenditure towards old age, and away from support for young families and investment in the future.

But spending less on older people is not the answer because, even now, Britain is ill-prepared for rapid population ageing in the 2020s. The NHS is divorced from social care and housing support, and is still designed to address discreet illnesses, rather than the prevention and management of chronic, complex and overlapping conditions. Over the next 10 years demand for health and care services is likely to increase even faster than today, as older people live longer with disease and disability, and as the annual numbers of deaths starts to rise after decades of decline. And the chances of family and friends stepping in to fully bridge the gap are slim: many more people are living alone; there are fewer traditional, nuclear families; and most people are working flat-out at the time their parents need care.

Meanwhile, digital technology is driving rapid change in the way we work, consume, communicate and access public services. Technology is creating opportunities for control and choice, as the age of hierarchy, standardisation and scale is supplanted by horizontal networks, collaboration and personalisation. But the digital revolution is also giving rise to new concentrations of power and risks of exploitation, with our economic lives becoming more atomised, commoditised and fragile. In this age of individuality people face more complexity, instability and risk as well as greater freedom.

This has serious consequences for pay and the quality of work. In the future, if there is no workplace organisation to bid up wages, or long-term sectoral partnerships

to redesign occupations around skilled work, then rates of pay will stagnate and the middle of the labour market will contract further. There are even those who predict that a radical new wave of automation might destroy more jobs than it creates. This would imply an end to full employment, to upward pressure on wages and hence to rising domestic consumption, the usual driver of British economic growth.

As collective, risk-sharing institutions decline people seem to be becoming more individualistic. The British today have a strong sense of personal responsibility, but also rising expectations about others and weakening social deference. The latter often takes the form of healthy scepticism about economic and political elites, but it is also tipping over into populist contempt which, on a political level, is reflected in the rise of Faragism and Corbynism. The collapse of trust in politics, as a vehicle for improving people's lives, is now itself a major barrier to achieving change.

## **A future left agenda**

This is the landscape for the left's renewal in the 2020s: new social facts; new ways of seeing the world; and new foundations, in the shape of Labour's past achievements. Together this degree of change suggests a political project which must differ significantly from Labour programmes of the recent past. The authors in this book explore different dimensions of the world of the 2020s and the shape of responses in much more detail. But here let me conclude by sketching some possible directions of travel, on four key fronts.

First there are two questions which the 1945 government set out to solve: how to grow and share prosperity in a **mixed economy**, shaped by government activism and private enterprise; and how to pool risks and create opportunity with a **welfare state** designed for its times.

Both questions need new answers to reflect our age. Then there is the challenge posed by the 1952 revisionists, of how to secure **equality and substantive freedom**, which alas remains unanswered to this day. And finally, there are questions that have emerged since their time, arising from social liberation and economic globalisation: issues of personal, national and communal affiliation; of our relationships with family and locality; and of Britain's status in an uncertain world. Together this comprises the new **politics of identity**.

### **A new mixed economy**

The 1950s revisionists assumed that the post-war mixed economy would become part of the furniture. But within 30 years it had been supplanted by a neo-liberal order with a negligent conception of the role for government. The left needs to revive the spirit of activism which pervaded the post-war period, but without the baggage of nationalised industries and national plans. The task for the 2020s is not to recreate Keynes' version of the planned economy, but to build a new model of a mixed market, shaped by enterprise, competition and government action, designed for the global, digital age.

Government leadership and fair, open markets must be the twin pillars of productivity growth and broad-based prosperity. The government must again be an economic leader, in the way that was unremarkable in post-war Britain and is unremarkable today in so many other European economies.

- **Leadership and coordination:** use investment, regulation and market signals to steer the economy in pursuit of long-term goals, above all decarbonisation; create government-industry partnerships to reshape sectors, jobs and skills; target full employment and asset price stability with monetary and fiscal policy.

- **Investment and capacity:** significantly increase public investment on infrastructure, development and innovation, in ways that crowd-in private spending; promote new public, mutual or non-profit players in failing markets like housebuilding or energy to boost capacity and change behaviours.
- **Risk and economic power:** use regulation to challenge the market power of dominant incumbents; initiate new opportunities for worker and consumer collectivism to redress imbalances in economic power and spread ownership and responsibility; re-create ways to share economic risks, from collective pensions to job creation programmes.

## Refunding social insurance

Thanks to successive generations of social democrats, the welfare state of Beveridge and Bevan still stands to this day. But it needs updating for new risks, needs and expectations. The left in the 2020s must set out to recreate what Beveridge called ‘social insurance’ for the modern world we face. Its goal must be to match need and spending power, over the course of our lives, with entitlements derived from past and future contributions.

Since the turn of the century we have already made good progress on reforming pensions and only incremental improvement will be needed in the 2020s. But we are failing to respond to other changing needs, especially the nature of today’s ill-health, housing need and the economic vulnerabilities of modern working life.

- **Meeting health-related needs:** integrate health, care and disability support, in a way that maximises personal control; secure consent for higher public spending, by creating earmarked ‘health taxes’; robustly regulate and ‘nudge’ to improve the nation’s health.

- **Financial support before pension age:** commission a new Beveridge plan for working-age protection that reflects modern economic risks; introduce extra tiers of contribution-based benefits and lifetime accounts; consider how to merge tax reliefs and universal credit into a single system of financial support.
- **Affordable housing:** drive a massive increase in housebuilding, in sustainable, mixed communities, by increasing land supply and construction capacity; promote large-scale borrowing for social housebuilding, through gilts or special 'housing bonds', secured against future rents and housing benefit savings.

## Equality and freedom

The 1952 essayists argued that the new hallmark of social democracy should be a radical egalitarianism of human capital, substantive freedom and social connection. In this, their ideas foreshadowed later, multi-faceted conceptions of equality, such as the capability approach pioneered by Amartya Sen and Martha Nussbaum. But they gave the politics of equality an important British twist, with their emphasis on reducing the social distance and status insecurity associated with class.

Today, inequality is still rampant, and in guises that would be depressingly familiar to social democrats of the 1950s. The Fabian essayists understood that the advance of equality and practical freedom was not a narrow question of income distribution through the labour market, tax and benefits. In the 2020s we need new strategies to tackle the priorities they identified and reduce inequalities of opportunity, wealth and power.

- **Life chances and education:** support stronger relationships and parenting, including more time with children, especially for fathers; demand world-class

teaching, facilities and curriculum for the bottom third, so no child is set up to fail; focus support in teenage years on ambition, emotional wellbeing and cultural capital; create credible skills and work pathways for every young person aged between 18 to 24.

- **Equalising wealth:** create nudges and subsidies for low and middle earners to save and build assets, especially younger generations; reform financial and monetary policy to target stable house prices with the aim of reversing the decline in homeownership; significantly increase the taxation of land, assets and large pension savings; develop ideas for UK sovereign wealth funds.
- **Power, status and participation:** spread people power within public services, including personal control and collective leadership; increase participation and power for employees in more collaborative workplaces; broaden and deepen institutions of local civil and political participation.

## The politics of identity

Politics is out of touch with people's lives. Trust in politicians is declining, the distance between elector and elected is widening and authenticity and conviction seem to be in short supply, in our professionalised political culture. In part this stems from the way we practise politics and that must radically change. But it also arises from the social forces sweeping through society, which pose particular challenges for the left. With communities becoming more diverse, deference on the wane, and the main route into positions of leadership being universities not workplaces, it has become very hard for social democrats to really be tribunes of the people.

In the second half of the 20th century the left's politics took community for granted. It reflected an industrial age of scale and homogeneity and was characterised by uniform, nationwide and impersonal collective action. Inadvertently other pre-1945 traditions, based on smaller-scale, self-organising forms of collectivism were swamped: co-operation, municipalism, guild socialism. Now that we cannot take old social bonds for granted, a new politics of identity must again nurture and cherish solidarity and collectivism in people's everyday lives. This means encouraging collective, autonomous institutions; and resisting the temptation to always intervene with national policy tools.

Lastly, many people also sense that the moral intuitions of social democrats are not the same as theirs. We seem only to value care, fairness and liberation, while most people also honour loyalty, authority and sanctity, to use the lexicon of the US academic Jonathan Haidt. In the context of rapid social change and an increasingly elderly population, the left has been too dismissive of people's anxieties and aspirations with respect to security, tradition and the non-material dimensions of life. We must not sacrifice our old values, but we need to show we share all those dimensions of morality that people hold dear; and, in particular, find a new confidence to talk about family, patriotism and immigration.

- **Politics:** demand fundamental organisational and cultural change within political parties, so they speak with conviction, and work alongside communities and civic society; embrace an approach to politics focused on institutions and communities not policy levers; investigate reforms to democratic institutions to bring politicians closer to people's lives.
- **Place:** adopt radical and coherent devolution of money, responsibility and democracy to cities and counties

with a strong sense of community; lead debates with confidence on English identity and be open-minded about future England-wide and regional governance.

- **Immigration:** make credible promises on managed migration, including lower annual immigration than today; work with employers to make them less dependent on migrant labour and exploitative employment relationships; take a tough approach to integration, focused on the responsibilities of newcomers.