

CHECK AGAINST DELIVERY

We Mean Power

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What is the point of a lecture by a politician in a university?

Seventy years ago that would have seemed an odd question. William Beveridge and Richard Tawney were both teaching here. Politics and academia seemed intertwined. Beveridge inspired Labour's welfare state, Tawney did the same for our post-war education policy.

Who are the Tawneys or Beveridges of today? I sometimes feel as if politicians and academics are sitting in different corners of the same room, politicians guarding their monopoly on power, academics the perfection of their knowledge.

As with so much else, I blame Margaret Thatcher. Though she had pet academics, and sometimes seemed to have swallowed whole a shallow version of monetarism, she didn't seem to like universities. Thatcherism ran down many of our traditions, and one of them was respect for the expert, which she blamed for what had gone wrong with Britain. Experts had said we could manage demand; experts had said that a more equal society was possible; experts had said that we could afford a welfare state. And on each count, she argued, they had failed.

Thatcherism tore up centre-Left thinking by its roots. And in the 1980s we were intellectually too weak and politically too divided to develop a confident and compelling response. Then the fall of the Berlin Wall dealt what felt like a terminal blow to Left ideologies. Socialism had become a lost dream: extreme and idealistic, and certainly of the past. Now, all we had left to believe in was what worked.

I'm a passionate defender of New Labour. I believe that Britain is a better country than it was in 1997. We are more tolerant and open, we have better public services and lower poverty, and we are greener, safer and stronger. Unlike in 1979 or 1997, the main opposition party isn't campaigning for a repudiation of the governing philosophy of the incumbent. They're just trying to say they can achieve our goals better than we can.

The Conservatives' desire to present themselves as progressives is a massive act of flattery to the Labour Party and demonstrates that the centre of gravity in British politics has been shifted to the Left. This should give Labour strategic confidence as it approaches an election it should, given the circumstances, win. The Tories' slavish obedience to the focus groups and opinion polls – provoking odd policy zig zags – suggests they are essentially confused about what they think. They are just desperately trying to haul themselves over the line while offending as few people as possible.

For someone who believes passionately in the potential of politics to transform people's lives and change the world, this is a pretty dispiriting sight. And it's a challenge to Labour as well. Over a decade in office means incumbency is now a real disadvantage. Everyone is angry about something. To turn that incumbency into an advantage, we need to show we've learnt the lessons of government and are now clearer and more radical about the purpose of our politics.

So, I don't come here tonight to praise New Labour – though it deserves more praise than it's currently getting – nor to bury it, but to say that we must move beyond it.

And to show how this might be done, I want to talk about two ex-LSE professors – R.H. Tawney and Amartya Sen – who point the way to how academics and politicians could move towards each other in the centre of that room.

Of course, there's a good argument that having an ideology is not just unnecessary in politics but dangerous. Stalin and Pol Pot's victims have ideology on their gravestone. But as Amartya Sen argues in *The Idea of Justice*, this was because their ideology was extreme. Ideologies don't have to be murderous: they can be moderate. As he says, "the remedy for bad reasoning lies in better reasoning."

In this tradition, Tawney's political writing was an attempt to clarify the guiding ideology of the Labour Party, the absence of which he diagnosed as the reason for its defeat in 1931. He argued that the Party was hesitant in action, because it was divided in mind. It did not achieve what it could because it did not know what it wanted.

Tawney defined a moderate ideology as having three components: values, an idea of society, and a set of means to bring it about. But before turning to how Tawney proposed to fill those three categories, there's another question to ask about ideologies in politics. Are they satisfying in the seminar room but debilitating on the doorstep? In short, do they make it much harder to get elected?

Travelling light in politics has its advantages – it allows you to float on public opinion, to react quickly to the press, to abandon softly held views. Indeed this may be the source of David Cameron's tactical strength in opposition but his strategic weakness should he get into government. For Labour, the absence of such an ideology might have helped us get elected but caused three real problems in government.

First, it made it hard to prioritise. In difficult spending rounds, we lacked a lodestar to decide between the many valuable causes. Second, it created blind spots. If we'd thought harder about why we wanted choice in public services, we would never have stalled reforms to increase choice in democracy too. Public service reform implies electoral reform.

Third, it made it hard to build an enduring coalition for change. What Labour stands for is less clear now than in 1997, and that is in part because we haven't given people an ideological washing line on which to hang our policies.

So, a lack of ideology may help you win power. But it stops you using that power well.

Ten years after diagnosing a lack of ideology as the cause of Labour's 1931 defeat, Tawney proposed a cure. In his essay "We Mean Freedom", written in 1944, he attempted to persuade Britain's growing middle classes that they had little to fear from a post war Labour government. In a move repeated by Roy Hattersley forty years later, Tawney claimed the banner of freedom for the Left.

He acknowledged that the British establishment had always cloaked themselves in the banner of freedom. So Labour needed to show that it meant something totally different when it talked about setting people free.

First, he pointed out that arguing for freedom in 1940s Britain was often just the defence by the privileged of what they already had.

Second, he said that freedom implies "a power of choice between alternatives – a choice which is real, not nominal." In his latest book, Amartya Sen defines capabilities in similar terms, as "real opportunity... the freedom that a person actually has to do this or be that". Tawney and Sen both emphasise the difference between theoretical freedom and real freedom.

Amartya Sen is perhaps the best counter-example to my observation about the distance between academics and politicians today. He is quoted by everybody in politics and is politically active himself, from his work on famine prevention to redefining measures of social progress.

However, his work presents a couple of difficulties for politicians.

First, capabilities is a bad slogan. I tried to use it myself on Newsnight, and it was met not so much with bemusement as with derision.

I think a better way of translating his ideas is to talk about power. His idea of capability is what most people would understand as having the power to do or be something. His idea of a functioning would be what people actually decide to do with that power. The second problem we face is whether Sen's approach works better in developing countries than industrialised ones. His idea of justice grows out of our felt sense of manifest injustice – that we know when something is wrong. And in countries where people are starving or women have no political rights, those injustices are indeed manifest. But in industrialised countries, though there is injustice, it is often contested and complex, rather than manifest. I think the way forward lies in holding on to Sen's powerful insights – about real freedom, human agency, and pluralism of need and solution – but combining these with Tawney in two ways.

First, by thinking about the demanding conditions if people really are to have freedom. And second, by remembering that most of what matters in life is relational, whether family, work, relationships or culture. We are not natural born choosers, sitting in our rooms, counting our power. Human relations are the essence of a good life, and need to be the basis of politics.

The first part of this argument is fairly well trodden. Freedom conceived as the absence of constraint is, for many, no freedom at all. Therefore the state has an essential role in ensuring everyone can develop the core capabilities they need to have any chance of leading a life they have reason to value. The exact entitlement will vary over time and according to democratic debate. But the following should be fairly uncontroversial: good health and education, a decent standard of living, secure housing, basic democratic and legal rights, access to employment, personal and physical security, and a sustainable environment.

However, we also want to extend the range of capabilities from which people can choose. Some capabilities won't be relevant to everyone, but we still want them to exist so that people can discover them. As a society we cannot avoid making judgements between poetry and pinball, even if we're not all going to be poets, or read poetry.

This, and not market failure, explains why we fund the BBC, academic research or community sports facilities – because they enrich our society and our choices. The state needs to make sure such choice is real, not nominal.

So we want to guarantee a core of capabilities. But translating this from an abstract goal to an actual reality is incompatible with unjustified inequalities. Equality of opportunity is meaningless if certain groups in society always get the opportunity while others never do. A more equal society is a precondition for everyone being able to reach their potential.

When deciding where public funding and political capital should be spent, we should prioritise those inequalities that prevent people being powerful and society being reciprocal.

This means our first priority must be to abolish child poverty. Growing up poor, in relation to others, is incompatible with real freedom. For adults, there is a more complex interplay between our concern for equality, the reality of structural disadvantages, and our respect for effort and merit.

Our goal should be what Mark Stears calls 'active equality'. This means challenging the injustices that drive inequality at source by ensuring the rules of the game are egalitarian and democratic. This would create the conditions for people to act together to achieve the outcome that's right for them through their own efforts, on their own terms.

This is an ambitious and demanding egalitarian insight, but also one that chimes with our moral intuitions.

It recognises that people's lives and the condition of society are scarred by the inequalities that arise from structural injustices.

These must be challenged, but in a way that gives people the real power to bring about a more equal society – and asks what they are prepared to do to further that goal. Redistribution is essential but we should broaden our equality agenda so not all the weight rests on its shoulders.

So, Sen's philosophical insights lead us to guaranteeing core capabilities and reducing inequality. But they are not enough to capture all of what matters in politics.

This is because starting from individuals leaves out much of what matters to us and enriches our lives – our relationships with and dependence on each other. So, we need to balance our goal of powerful people with a reciprocal society. Or, in my shorthand, we need to marry Sen to Tawney.

The difference between the Labour and liberal traditions is that where liberals start from the right of the individual to be an autonomous agent, Labour starts from the importance of human relations. This does not mean subsuming all those relations into the state, but reflecting their importance through our politics and society.

Starting from our shared lives and shared fate leads us beyond liberalism. It reminds us that power isn't neutral, but needs to be organised, fought over and negotiated. It reminds us that we don't just accept the natural, inherited or market outcome, but judge together what is acceptable.

Statecraft then becomes more than just managing the state. It means remembering that the state can bully people, that society can discriminate against them and that markets cause unnecessary suffering. Our task becomes to make the individual powerful in

respect of all three, but also to use all three to make the individual powerful.

People on the Left sometimes get themselves into a muddle by posing markets, state and society against one another: saying we need ‘more’ of one or ‘less’ of another. My argument is that, in the abstract, this is not a very helpful line of enquiry. We need ‘enough’ of each and the ‘right bits’ of all. On first hearing I’m sure that sounds just as abstract and unhelpful, so I want to say something more specific about all three, starting with the market.

Market power

We lefties should love markets. When they work, markets put power in the hands of individuals rather than a central organisation. If people think kicking a football is a skill they admire, then they collectively decide to reward that skill. Markets are radical – they allow modes of life that are no longer valued to ebb away, and new ones to grow. At their best they can be liberating, anti-dictatorial, non-hierarchical, creative and iconoclastic. In other words, people on the centre-Left shouldn’t just tolerate markets because they are efficient and unavoidable; we should embrace them because they do good.

However, that is only true if markets work – a point Tawney made forcefully in saying that “since [monopolies] limit the consumer’s choice to goods of the quality and price supplied by the monopolist, they create semi-sovereignities which are the direct antithesis of anything that can be, or in the past has been, described as freedom”.

Following the credit crunch, we clearly need to learn lessons about financial regulation. But we also need to expand those insights to other parts of the economy, and rediscover the cartel-busting credentials of our first term, when we introduced the Competition Act and created OFCOM.

And we need to revive our attack on concentrations of economic power – in relation to patterns of ownership, corporate governance and the distribution of power and rewards within the British workplace.

Tawney also reminded us that markets over-power people through fear when he said “The brutal fact is that, as far as the mass of mankind is concerned, it was by fear, rather than by hope, that the economic system was kept running.”

For people to be powerful, they also need to be secure. So we should learn the lessons from the recession by putting security at the centre of our welfare system – through three big reforms.

First, we should guarantee work for everyone at risk of long term unemployment – with the government acting as employer of last resort, but jobseekers required to take that work or lose their benefits.

Second, we should improve the incentives for people to protect themselves, by reducing the penalties for saving in the benefit system, and making tax breaks for saving much more progressive.

Third, we should aim to ensure that anyone who works hard earns enough to have a decent life. This could be done through a combination of the national minimum wage, campaigns for a living wage and offering a reduction in labour costs, perhaps through lower national insurance contributions, for employers who have a higher wage floor.

We also need to look again at the old laws on usury, which used to prevent exorbitant interest rates being charged, through a legal cap on the cost of credit. If that meant some people, perceived to be riskier borrowers, could not access credit legally we'd need to find a different answer, for example providing public funds to lend to them, funded by redirecting 1% of the bail out of the banks.

State power

So we need the state to make sure the market doesn't overpower people. But, the state can overpower people too. Like the market, we need to make sure it is a good servant, not a bad master.

As a first step this means making democracy more representative, though electoral reform for Westminster, and, for the Labour Party, having primaries of our supporters to select candidates.

To prevent financial power dominating political power we should put a low cap on political donations to stop money buying influence. A rich and vibrant democracy does not come for free so we would need to bite the bullet of public funding for political parties too.

But we don't just need real choice in our democracy. We need real choice in our public services too.

It's not just that this works better, though the evidence that it does is strong. It's also about principle. Both Tawney and Sen's ideas start from human agency – that life is about what we do, not what is done to us. This should be the guiding idea of our public services.

As Saul Alinsky, the father of the Chicago school of community organising said:

“We learn when we respect the dignity of the people that they cannot be denied the elementary right to participate in the solutions to their own problems. Self-respect arises only out of the people who play an active role in solving their own crises and who are not helpless, passive, puppet-like recipients of private or public services. To give people help, while denying them a significant part in the action, contributes nothing to the development of the individual. In the deepest sense, it is not giving but taking – taking their dignity... It will not work”.

Labour was not wrong to want to give people choice. We were wrong when that choice wasn't real.

For example, school choice works well where students have a range of schools from which to choose – but not where over-subscribed schools end up choosing students. To make the choice real, we need more reform, not less. We need to give children and parents real power by opening up catchment areas and allowing the supply of schooling to expand to meet changes in demand.

Social power

So, we need choice in public services, as well as in democracy. But, in addition to the market and the state, we need to remember the third tool we have: society.

The Labour tradition has always been communitarian in spirit, but not always in practice. Tony Blair came to national attention after the Bulger murder by talking about the fraying of our society. He wasn't the first Labour leader to do so. In his 1959 conference speech, Hugh Gaitskell said he wanted a society based on social cooperation, rather than competition.

But neither developed a method for achieving the goal, and Labour moved from wanting to re-thread society to concentrating on delivering better public services and redistributing resources. Without a clear method, the goal of strengthening society was relegated.

The reason is that Labour has been looking for ways to strengthen community through the state, when the answer was staring us in the face in the form of the Labour movement itself, and the ideas of organisation, reciprocity and political action on which it was built.

Under the harshest conditions, our forebears came together to care for each other and organise to resist the power of capital. But after 1945 we forgot some of those lessons and neglected the

habits of association and organisation out of which Labour had grown.

Since then, little has been done to refresh the social capital of the Labour movement. Trade union membership has fallen from over 13 million at the end of the 1970s to around 7.5 million today. Just 15 per cent of workers in the private sector are members of a trade union. Labour Party membership is now well under 200,000 less than half the level it was in 1997. By contrast, in the early 1950s, there were over a million party members.

We treat these trends as if they mark an exogenous and irreversible decline in political participation or social activism – but the opposite is true, as the growth of single issue campaigns and on-line communities show. The people can be organised. It's just that Labour isn't doing so anymore.

Organisation is how we take empowerment out of the seminar room and on to the doorstep. As Saul Alinsky said: “if the people have the power to act, in the long run they will, most of the time, reach the right decisions. The alternative would be rule by the elite – either a dictatorship or some form of a political aristocracy.”

To avoid that, just as Labour needs to go back to the ideas of its early thinkers, we also need to return to the methods of our pioneers. A democratised state and a constrained market are necessary for a reciprocal society, but the main agents, in the end, are people, and the way we relate to each other.

This insight has significant, and challenging, implications for the Labour Party itself. We want a vibrant party, that doesn't just represent its voters and members, but knows them and works with them. The Labour Party should be a direct vehicle for change in people's communities, not just a vehicle for getting people elected.

And we need to feel more comfortable with a civil society that is organised too, and which sometimes works with us, but sometimes campaigns against us.

In short, we need an organised pluralism, not an atomised majoritarianism.

This does not mean the state leaves the stage when it comes to society. Nor, as the Conservatives suggest, that less state means more society. It's not state *or* society, but state *for* society. This means the state should focus on its supporting role, on how it can help society heal itself.

First, government can ensure there is space for civic organisations, independent of both market and state. This is why we should value the autonomy of our universities, the BBC and Channel 4, self-governing schools and hospitals, housing associations, trade unions and professional organisations. Such institutions resist the power of the market and balance the power of the state, but are also vehicles for sustaining norms of behaviour – whether academic rigour, independent journalism or medical professionalism.

Second, government can help society talk to itself. As Amartya Sen reminds us, democracy is a space for discussion, not just a method of decision. This is a further reason why we fund public service broadcasting and universities and defend a free press – because they are the collective water coolers where we find flaws in previous ideas and discover the appeal of new ones. Such self criticism is the secret weapon of democracies.

Third, government can make sure communities aren't overwhelmed by the market and have the chance to revive themselves. To kick-start this process, we could use one per cent of the money spent bailing out the banks to create locally governed endowments to fund the projects that the state shouldn't and the market wouldn't. These could range from setting up new businesses in poor areas to investing in the infrastructure that will allow those businesses to thrive.

So, a certain amount can be done through the state to strengthen society. But doing too much would not just be ineffective; it would undermine the very reciprocity it aims to foster. If we are only compassionate or responsible because the law says so, we are neither – we are merely law-abiding.

In the end, genuine reciprocity is about human decency – putting in an honest day's work, caring for your family, treating others with respect. Self-government must be partly about self-policing.

This is demanding; it asks something of people. It means sharing the task of governing with the people, who need to be given the tools and the space to knit those relationships together.

There is a longstanding, but largely circular debate about whether the Labour tradition is more liberal or communitarian. In truth it is distinctive from both. Liberals cannot conceive of the scale of association and resistance to market power necessary to preserve liberty, and communitarians are unaware of the leadership, innovation and individual initiative necessary to preserve an effective sense of community.

To renew an idea of society based on association is a very exacting task but defines what is at stake in rejecting both a passive sense of community inheritance and a form of liberalism that treats children as merely future choosers. One could almost call it socialism.

Conclusion

It is often said that Margaret Thatcher was an inconsistent neo-liberal in that she believed in free markets, but not in a free society, and of being a failed neo-liberal, in that she failed to reduce the size of the state.

But in fact the opposite is true: she was highly consistent; and her failure to shrink the state was totally predictable. A free market requires a strong state. If you are prepared to tolerate the

injustices a genuinely free market creates, you need a strong state to control the anger that injustice will generate.

If you believe in open markets but are not prepared to tolerate that injustice, you also need a strong state to alleviate the consequences of the market. That is the story of New Labour – trying to harness the best of markets, then correcting their failures through the state.

The consequence of these good intentions is that the state has been too strong in respect of society, and not strong enough in respect of markets. Our unwillingness to be more hands on with the market has required us to be too hands on with the state.

When the state over-reaches it undermines society's ability to solve problems itself – so, if we try to tell parents they need a Criminal Record check before giving lifts to their kids' friends, we end up stopping people from helping each other. Similarly, trade unions undermine their reason for existing when they achieve most of their goals through legislation, rather than organisation.

To get out of this self-defeating cycle of good intentions, we need to create the conditions for people to take power and for society to be reciprocal. Like Tawney before us, we need to remember that nominal power is just the power of those who already have.

With state, society and markets in balance, each is less likely to crowd the other out and then, and only then, can people flourish. Conversely, when any one dominates, people are over-powered. If our collective institutions are strong and in balance we will respect the dignity of the individual by remembering that they need to solve their own problems, but in conditions that make this realistic, not a game they are set up to fail.

The power game needs new rules. Where people are guaranteed work and earn a living wage. Where they control their public services. Where children don't grow up in poverty. Where usury is outlawed. Where a good life includes a shared culture. Where the welfare state is reciprocal. Where we endow local communities so

that wealth doesn't just get sucked up to an elite. Where our democracy is representative and not for sale.

Where, when we say power, we mean it.

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