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ONE NATION
Labour’s political renewal

Jon Cruddas & Jonathan Rutherford

London 2014
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Jon Cruddas
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thank you from Jon Cruddas

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Labour has faced three periods of real crisis. The first followed the crash of 1929, the collapse of the second Labour government and Ramsay MacDonald, James Henry Thomas and Philip Snowden joining the national government. The second came with Labour’s loss of power in 1979, the ascendancy of Thatcherism, and Labour’s threatened eclipse by a new third Party the Social Democratic Party (SDP), in the early 1980s. The third came in 2010, two years after the global economic shakedown. After 13 years in office, Labour suffered, arguably, our worst defeat since 1918.

It took nearly 15 years for Labour to return to power following the first two crises and the resultant election defeats of 1931 and 1983. We are planning on returning in 2015 after only five years.

Ed Miliband inaugurated One Nation Labour in his 2012 Annual Conference speech with the ambition to rebuild Britain in the wake of the 2008 financial crash. Under a new leadership Labour was addressing the challenges facing the country and facing up to its own past shortcomings. To change the country, Labour would first change itself, and so
the Policy Review was always about more than just developing a set of policies. We would rethink what Labour stood for and begin to redefine its politics in a time of financial restraint. Labour would transform itself from a 20th century political Party into a modern, democratic political movement for radical change.

When Ed Miliband was elected leader of the Party, he said that Labour was beginning a long and difficult journey. We needed to do some hard thinking and set a direction of travel. The task of the Policy Review was to organise a political community to help build the One Nation political project and win in 2015.

More than 50 public events were organised, including symposia, debates, seminars, and an annual One Nation Conference. Hundreds of Labour Party members, individuals and organisations took part and contributed their ideas. Individual experts and working parties were commissioned on specific policy objectives. Work streams on policy development were set up and overseen by Shadow Cabinet Ministers. The work of the Policy Review was combined with the reports of the National Policy Forum into a final document that was ratified at Labour’s National Policy Forum in Milton Keynes in July 2014.

Policy is about establishing a course of action and, in the early months of the Policy Review, an interesting guide was a paper written by the Conservative politician, Keith Joseph. It had the misleadingly dull
title, *Notes Towards the Definition of Policy* (Joseph, 1975). Joseph, who died in 1994, had presented it to the Conservative Shadow Cabinet in April 1975, two months after Margaret Thatcher was elected Leader of the Party.

The paper recognised the exhaustion of the post-war political settlement, and established the intellectual parameters for the political project that became known as ‘Thatcherism’. A small number of well-funded thinktanks, for which Joseph was a principal conduit to the Shadow Cabinet, had pioneered a New Right politics, drawing on the ideas of the classical Liberal thinker, Friedrich von Hayek. By confronting economic crisis with a combination of bold, radical ideas and political determination, the transformation of British society was set in motion.

The New Right believed that the neo-classical economics (what became known as neo-liberalism) associated with Hayek and the Austrian School of Economists, and with Milton Friedman at the University of Chicago, would enhance individual freedom and reverse the long-term relative decline of the British economy. It was a belief based on the claims that markets were self-regulating, human beings were rational economic actors maximising utility, and the state in modern society should be minimal. They were utopian ideals, but they gave intellectual legitimacy to the
political forces that defeated the left and its ethic of collectivism.

Today the right has lost its intellectual energy and inventiveness. The political settlement it initiated is exhausted and it has no theoretical insights capable of extricating the country from the mess its own orthodoxies have created.

Hayek’s book, *The Road to Serfdom*, which generated the rise of the New Right, was published in 1944, only two years after William Beveridge’s report on *Social Insurance and Allied Services* which defined the coming welfare state. The rightwing assault on the post-war, welfare consensus had begun before it had come in to peacetime existence.

In the same year, Karl Polanyi’s *The Great Transformation* was also published. It offered an important challenge to utilitarianism and neo-classical economics but it did not achieve the same political influence as *The Road to Serfdom*. Nevertheless, Polanyi proved to be a prescient warning against the utopianism of Hayek’s economic liberalism. He has provided an alternative political economy, arguing that markets are not self-regulating but rather the product of often forceful state intervention.

During the industrial revolution, government imposed markets on society and in the process created a powerful administrative state. The Conservative revival of laissez-faire capitalism in the 1980s involved creating new
markets and disembedding old markets from their entanglement in moral obligations, social constraints and state regulation. The task of separating markets from society required centrally organised planning, regulation and control. In the name of individual freedom, economic liberalism ended up centralising power and control in the state and large corporations. Thatcherism helped to undermine the shared responsibilities and obligations of society and transferred risk from the state and market on to individuals.

Polanyi’s analysis offers a socialism that rejects the impersonal forces of laissez-faire capitalism and provides another model to the statism and central planning implied in Beveridge’s report. The way to build a prosperous economy lies in social renewal. Society should be governed by its own intermediate institutions on the basis of a more human-scale democracy. These institutions are crucial to curb the excessive power of the market and the state. As Jesse Norman argues in his book, *The Big Society*, our institutions are the repositories of human wisdom and knowledge. They embody the collective experience of previous generations. They can promote good order and command affection and loyalty, and so give shape and meaning to people’s lives (Norman, 2010).

An example of this model of democracy is a pamphlet by Michael Young, *Small Man, Big World* which was
published in 1948. It called for Labour to embrace an active democracy and the radical devolution of power to people in their neighbourhoods and workplaces. Democracy, Young wrote, satisfies two of our fundamental needs: ‘to love or to contribute to the good of others, and to be loved or to receive the affection and respect of others’. Democracy gives everyone the opportunity to contribute to the wellbeing of others and to earn their respect. He wrote, in anticipation of an election victory, that: ‘The main step for Labour’s second five years is for the people to run the new and the old institutions of our society, participating at all levels as active members – workers, consumers, citizens – of an active democracy’.

Labour lost the 1951 general election and did not choose the path of social renewal and active democracy. Its politics were championed by the small New Left. But it was squeezed out of national debate by orthodox Marxism and the social democracy of Anthony Crosland, and later by the neo-liberal politics of the New Right.

Orthodox Marxism has been fundamentally discredited by history. Post-war social democracy found its nemesis in the New Right. And neo-classical political economy was finally discredited, if not defeated, by the financial crash of 2008. Thirty years of economic liberalism has shattered the philosophical and political
underpinnings of mainstream late 20th century politics on both the left and the right. In the wake of the 2008 financial crash, it is Polanyi and his politics of social renewal and democracy who points a way forward to a more human, inclusive, and sustainable political settlement.

It took the left several decades to come to terms with its historic defeat in 1979 and to recognise the new political realities. Labour is ready now to build an alternative to the political settlement pioneered by the New Right. As Stewart Wood comments, ‘this moment is like the late 1970s in one important way: it is a time that calls for spotting the exhaustion of an old settlement, this time the one established by the Thatcher government, and for politicians who are bold enough to argue for big change. The One Nation Labour approach being developed under Ed Miliband’s leadership is a response to that challenge. It calls for a different way of organising our political and economic life’ (Wood, 2013).

Today it is the left, not the right which is best placed to speak for individual freedom and a better society. It is the left, not the right that can lay claim to the new ideas and thinking. Democracy and the power of association are the people’s protection against the power of both the market and the state. A renewed Labour Party, together with an alliance of social forces,
will build a new economy and a better future for our country. We win when we are patriotic and when we speak for a radical and promising sense of national renewal.
One Nation

The British are a patriotic people. We are proud of our country: be it England, Scotland or Wales. Our values are a love of family, and a willingness to live and let live. We hold to the virtues of fairness, responsibility and duty to others, and we are fiercely democratic and independent. We believe that parliament is the sovereign expression of our country and that it belongs to us all. But many of us have come to believe that people have been shut out of government, and that it ignores the things that matter to us.

We believe the heart of politics is individuals and their families, the work they do and the places they belong. But people who live in this country cannot fail to be aware that too much power is concentrated in both market and state. Those who make decisions on behalf of others, whether they are in Westminster, Brussels, in business, the media, or working in the public sector, are too often unaccountable. People are losing faith that the system will ever listen to them.

Millions of families in Britain are juggling the demands of work and home. Mothers and fathers worry that they will not be able to provide the basic necessities for their families and they worry about the prospects for
their children. Will they be able to get a decent job? And where will they be able to afford to live? People are angry about the high levels of immigration. Their concerns about the effects on jobs and wages are real enough but they mask a deeper fear that we are losing control over our lives and that we are becoming a country of strangers. And they are angry about the benefits system, not for lack of generosity, but because they believe the system has lost the principle of contribution that made it fair.

This sense of injustice is all the more strongly felt because so many are working longer and harder for less. In many communities there is a sense of being abandoned in the face of rapid social and economic change. They feel that something has been taken from their lives that they will never get back. This is not nostalgia for some golden age in the past – few have that illusion – but the country is changing profoundly and what gives meaning and value to their lives feels under threat.

The condition of the country

England was the first country to have an industrial revolution in the 19th century and it has been the first to de-industrialise. We are in the middle of a second industrial, or more accurately a post-industrial,
revolution that is fragmenting the communities sustained by the old economy. New information and communication technologies are unseating whole industries and workforces. A new economy is taking shape around our advanced manufacturing and new digital technologies. The shift to a services economy is flattening out old, hierarchical command and control structures, and production is becoming more networked and disorganised.

These changes are a disorientating experience. The industrial class system which shaped the identities, prospects and ways of life for millions is being reshaped around new post-industrial models of production and consumption. The institutions and solidarities workers created out of long, historical struggles to defend their livelihood, homes and families against the power of capital have disappeared or become outdated and ineffective.

The Labour Party has been profoundly affected by these changes. It was built on the mass production model of industrial society over 100 years ago. Society then was characterised by a large stable workforce, large productive units, mass consumption, and family life organised around the male breadwinner. In the last 30 years, the shift from an industrial to a service economy has caused dramatic changes in the nature of working life, from full-time work mainly done by men to
increasingly decentralised and more flexible forms of employment. In little more than one generation, women have entered the workforce in dramatic numbers and millions of skilled jobs for men have gone. The traditional class cultures that sustained the Party have changed or been devastated. The role of women in society, and the relationship between men and women, are being redefined. An ethnically diverse national culture is creating a more plural and self-expressive society.

Labour has lost its social anchorage in the coalitions built up around the old industrial working class. Across Europe, social democracy faces a similar predicament. Once great ruling parties have become hollowed out and are in danger of shrinking into professionalised political elites. In government, these parties were often neither very social, nor very democratic. They tended to be top-down and state driven, compensating for the system, but not reforming it. It was politics that did things to and for people rather than with them. The old model of social democracy built in the industrial era has now come to the end of its useful life.

It is not only the Labour Party that has faced disruption. The forces of change have undermined the Conservative Party. Its traditional moral values of family, community and social order have been undermined by its economic liberalism. It is trapped between the discredited orthodoxies of neo-classical economics and the social
morality of traditional Toryism. The Conservatives were unable to make their Big Society work in practice because in government they neither increased individual and community power, nor tackled the disruptive forces of markets. Instead, their government has retrenched the state, promoted the transactions of the marketplace over social and individual relationships, and given power to big corporations not to people. In its crisis of identity the Conservative Party has lost its political purpose. It has no solutions for the economic and social problems its own orthodoxies have helped to create.

The destructive impact of economic liberalism is now increasingly understood. Its market fundamentalism has brought into existence a centralising and controlling corporatist state. The unfettered pursuit of individual advantage and wealth has created extremes of inequality and a ‘winner takes all’ society. And a culture of personal entitlement has grown in strength from the top to bottom of society at the expense of a sense of obligation to others. The growth of markets has meant public goods have been turned into commodities. The common life of our country as expressed in our democratic process, the institutions that uphold the public good, and our social mobility, have been weakened.

We are now living with the consequences. Our economy is dominated by an over-powerful financial sector, and heavily weighted toward London and the
South. Our football clubs, power-generating companies, airports and ports, water companies, rail franchises, chemical, engineering and electronic companies, merchant banks, top-end houses and other assets have been sold off to foreign ownership. This economy of dispossession is exemplified in the story of the Northern Counties Permanent Building Society – better known as Northern Rock.

The building society was established in 1850 by local people to serve local interests. It was a stable and trusted mutual institution of the local economy for 147 years. It weathered four serious depressions. In 1997 it demutualised and became Northern Rock. It sponsored Newcastle United Football Club to confirm its local allegiance, but within 10 years it had bankrupted itself with its activities in the global wholesale credit markets. Northern Rock was bailed out and nationalised in all but name. In 2011 it was sold to Virgin Money. Newcastle United is now sponsored by Wonga.com, a company that begins its lending at 4,000 per cent at a time when the banks are borrowing at less than 3 per cent.

In September 2008, Britain entered the recession with levels of household debt at £1.4 trillion. In 2014, household debt stood at £1.43 trillion. That’s an average debt per adult equivalent to 115 per cent of average earnings (Bank of England, 2014). After the biggest bank bailout in our history, we are now emerging from the
worst financial crisis since the Great Depression. George Osborne’s 2010 budget and Spending Review knocked the confidence out of the emerging recovery and the three years that followed created the slowest recovery on record.

The brunt of the crisis has been borne by workers and their families. In this parliament, working people will have seen the biggest fall in wages of any parliament since 1874. Since 2010, real wages are down by an average of over £1,600 a year. Increasing numbers of people are working for their poverty, and 5.2 million are earning less than a living wage. Affordable homes for families are not being built, and the skills training which business and young people need to succeed is inadequate. People’s talent is wasted in dead-end jobs, and opportunities for career progression are inadequate. There is not enough quality, affordable childcare to help women earn. And the care for the elderly is turning into a social catastrophe.

Despite its tough talk on reducing public spending, the Conservative-led government has borrowed £190 billion more than it planned, and it is spending £13 billion more than planned on welfare. In 2015, George Osborne will leave the country with a deficit close to £70 billion, the national debt still rising, and a trade deficit grown by £36 billion. The economy is now growing but it is in spite of the fiscal policies of the Chancellor. Martin Wolf in his 2013 Wincott Memorial Lecture points to the continuing fragility of our financial system and so of the economy
with which it is intimately intertwined (Wolf, 2013).

The Conservatives cannot renew our country nor
unite us around the things we have in common as a
nation. The social division and exclusion they are causing
is as threatening to our democracy as the recklessness of
our banks has been to our financial system.

The government they lead is shaping the future around
us. A country scarred by dispossession, its great industries
gone and with them the skilled jobs and communities of
the working class. People have been driven from secure,
full-time work into precarious, badly paid jobs. Poverty
and inequality are set to increase. The younger generation
have seen their employment prospects hit hard, and have
been shut out of the housing market. Those who live in the
old industrial regions die sooner, spending more of their
shorter lives with a chronic sickness. One-fifth of our
children leaving primary school are not achieving a basic
level of numeracy and literacy and there are more than 10
million adults lacking basic digital skills.

In the past three decades, people have been subjected
to changes they have had no control over. This
powerlessness has contributed to the growing levels of
anxiety, addictions, depression and loneliness. Problems
that have a social cause are experienced as humiliating
personal failures. Individuals are left alone to cope with
these problems as best they can and public services treat
the poor like supplicants and victims. The loss of self-
esteem and feelings of exclusion leave many feeling insecure about their identity. They are no longer sure about where they belong and who ‘we’ are. When a culture becomes disorientated, a fear grows of a world without borders, not just national borders, but borders that define social order, family life and common decency. People are beset by a nostalgia for better times, which is to say they grieve for the loss of home. The issue of immigration refracts their anxieties into a brittle politics of loss, victimhood and grievance.

But, despite the failures of this government and the very difficult circumstances facing families up and down the country, we are living in a time of tremendous opportunity. We are renowned for our inventiveness and work ethic and people want the chance to use their skills and talents to make a meaningful life for themselves and their children. Most jobs in the next 15 years will be created by small or medium-sized businesses which don’t yet exist. There is a fantastic energy and willingness to create and to build, and to turn Britain around.

The paradox of our time is that there is another, better future that is taking shape in our country.

It is a future of invention and wealth creation. We are just at the start of the internet revolution. As Sir Tim Berners-Lee the inventor of the World Wide Web has said, ‘The Web as I envisaged it, we have not seen it yet. The future is still so much bigger than the past’ (Berners-Lee,
Radical innovations in the generation, processing and transmission of information are modernising the whole base of our economy. There are new kinds of economic raw materials, the intangible assets of information, sounds, words, symbols, images, ideas, produced in creative, emotional and intellectual labour. New services, products and markets will generate more knowledge, prosperity and opportunity.

Cities were at the heart of the first industrial revolution, with Manchester as the first modern city. They will drive the new economic revolution across the world. In Britain our cities will accelerate the forces of economic development. With better infrastructure and digital connectivity, and good skills and employment strategies, they will play to the creative strengths of their people.

The internet is breaking down barriers. Digital technology has transformed start-up costs and it has never been easier to start and run your own business. For example, new platforms like Etsy are looking to open up global markets to small businesses and the self-employed. Kickstarter provides crowd-sourced funding for inventors of every kind, and the publisher Unbound brings together potential investors and authors to create subscription-financed publications.

New creative, can-do cultures that will generate economic wealth and deepen and enrich our experience of everyday life, are expanding the sphere of human
freedom and expression. People no longer just want to consume the culture and products on offer. Technology, from computer-aided design to the new 3D printing, will provide the opportunities to actively create culture and to pursue creative forms of labour. Individuals will be able to design and make the things they live with.

The increase in our ageing population challenges our cultural expectations of what being old means. Our greater longevity also promises a future, with a potential-fulfilling stage added to this creative life.

But without radical reform to our economy, this future will only belong to the few.

As the familiar phrase says, we are living in the ‘best of times and the worst of times’. The direction we choose for our country will be decided by our democracy: in other words, by us. But our system of government is failing people. The disconnection of politics from everyday life represents a deep and profound challenge to the whole country. The way we do government has to change. With the need to bring down the deficit and no room for more spending, we literally cannot afford the status quo.

The challenge for Labour

Labour defined the dominant political settlement of the 20th century. We built our welfare state. It was a great
achievement, but too often we settled for that. The ideology and institutions of 70 years ago became the horizon of our ambition. Confronted by economic liberalism and a more individualistic society in the 1980s, we sometimes just defended institutions and ideas that were offering diminishing returns. We became institutional conservatives, defending the outdated.

Labour, together with the wider social and radical movements, will define the political settlement of the coming decade. But we will not do so, nor will we build the new economy, with the old politics of command and control. As in the age of steam and the age of the railways, our new digital age is radically changing society. Technology is facilitating new cultural practices and models of production. The new economy uses teamwork and it creates relationships with consumers to co-invent new products, ideas and cultural meaning. Central government, big bureaucracies and corporations, faced with complexity and unpredictability, are all losing the power they once had to shape the world in their image. Their hierarchies and bureaucratic structures cannot keep up with our fast-changing society.

Our welfare state was built in the industrial era and is ill-equipped to deal with this new culture and with modern social problems like loneliness, the break-up of families, increasing individualism and selfishness, and the decline of community. Our health service is struggling to
cope with the rise of chronic illnesses such as depression, obesity and diabetes, and we literally lack a proper system of care for our growing elder population. Faced with these complex problems, the public is sceptical of the ability of ‘big government’ to solve them.

This is a powerful challenge to Labour. Historically, our instincts have been to centralise, conform and control. But in the new economy, successful political organisations – like successful companies – will resemble networks rather than machines, capable of responding to people’s needs for meaningful social connection, reciprocity and trust. To shape the future of our country, we in Labour know that we have to let go and start doing things differently.

We have started with ourselves. Ed Miliband’s Party reforms will introduce One Member One Vote for the election of the Party’s leader and they will require union members to opt-in to Party membership. Arnie Graf and community organisers like Birmingham’s Caroline Badley have helped create a Party culture in which members are treated as organisers and local leaders. Constituency Labour Parties have opened themselves out to the public, building alliances, leading local campaigns – from the living wage, to library closures to campaigns against legal loan sharks. The Party has embraced digital culture and is transforming its image and communications. Labour is changing.
The politics of One Nation

One hundred and seventy-five years ago, Thomas Carlyle published his famous essay, *Chartism* (1839). He began, ‘The condition of the great body of people in a country is the condition of the country itself’. But he asks, who speaks of the condition of England question? ‘What is the condition of the working classes in their houses and in their hearts?’ It was the question that parliament was not asking.

Carlyle’s question shaped the early moral and political response to the Industrial Revolution. To know the condition of the country, one had to know the condition of its people in their everyday lives. It preceded the social surveys pioneered by Henry Mayhew’s *London Labour and London Poor* (1851) and gave rise to critics such as Matthew Arnold and John Ruskin and the social novels of Elizabeth Gaskell and Charles Dickens.

Among them was the young Conservative politician, Benjamin Disraeli, who wrote a novel-cum-manifesto, *Sybil, or the Two Nations* (1845). He described the greed and division of the new industrial cities and called for a return to the virtues of a pre-industrial England. In one city, he wrote, ‘there could exist two entirely different nations of the Rich and the Poor’, who live, ‘as if they were dwellers in different zones, or inhabitants of different planets’.
In 2012, Ed Miliband once again raised Carlyle’s question and called on the Labour Party to rebuild Britain as One Nation: ‘a country where everyone has a stake, where prosperity is fairly shared and where we have a shared destiny, a sense of shared endeavour and a common life that we lead together’. Ed Miliband’s One Nation Labour was a response to the ‘squeezed middle’ and the decline in living standards for low and middle earners. He defined a solution in the idea of predistribution which the academic Jacob Hacker describes as, ‘the way in which the market distributes its rewards in the first place’ (Hacker, 2011). And he aspired to use the policy ideas of predistribution to build a model of capitalism which worked for everyone and where those at the top took more responsibility for their actions. Tristram Hunt describes it as a radical and conservative politics, rooted in the traditions of the country and the history of the Labour Party (Hunt, 2013).

In the early decades of the Industrial Revolution, government sought to establish self-regulating markets through free trade and laissez-faire principles. The economic logic was to subject land, money and human labour to the laws of the market and turn them into commodities. In reaction to the imposition of the market system, a countermovement grew up to protect individuals, society and nature. The heritage of the Labour Party is almost 200 years of this countermovement. It embodies a
long and great civilising tradition of freedom and democracy within England.

As Maurice Glasman describes it, the movement stands for a politics that was committed to the value of work and workers, a balance of power in the state and the market, the protection of individual freedom, and a necessary role for democracy in the governance of the country. It upheld freedom of religion, of association and a balance between customary practice and market control (Glasman, 2013). It developed leadership, and built popular movements of collective self-help and improvement: the building societies, mutuals, burial societies, holiday clubs, food cooperatives, and the trade unions which gave working people dignity and more control over their lives.

The guiding philosophy of One Nation is the mutual recognition that we are each dependent upon other people throughout our lives, and that we need one another to succeed individually. ‘Society exists in individuals’ wrote Leonard Hobhouse. ‘Its life is their life, and nothing outside their life’ (Hobhouse, 1922). There is no ‘I’ without first a ‘we’ that is forged out of family, culture and society. In industrial society, the call of solidarity upheld this interdependency and the dignity of labour. It did so by appealing to an underlying, shared identity and common economic interest. But today we are a society that has become more individualistic and we are freer to live our
own lives. We do not always share a similar identity nor the same economic interest. The old notion of solidarity is no longer so appealing nor so effective and we need to renew it.

We can begin the new with the old. Labour’s values grew out of our religious roots, and that the power to change our lives lies within each one of us. For example, take from the Bible, Luke, chapter 17, verse 20-21: ‘The kingdom of God cometh not with observation: neither shall they say, Lo here! or, lo there! for, behold, the kingdom of God is within you.’ The political theorist Roberto Unger makes the point that socialism today is about the individual. The institutions and structures we build make us who we are. But, ‘they are finite, and we are not. There is always more in us, more capability of insight, of production, of emotion, of association, than there is in them’ (Unger, 2005). For Unger, our politics are about the human capacity to transcend our context and so transform our world. It is a gift, ‘not just for an elite of heroes, geniuses and saints but for ordinary humanity’ (Wood, 2014).

The aspiration to lead a meaningful life goes deep into our modern consciousness. The desire for self-fulfilment is individual, but it is not selfish. For Charles Taylor it 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 own terms (Taylor, 1991). Our social bonds are realised in the ethic of reciprocity – do not do to others
what you would not have them do to you. Reciprocity is the give and take which establishes a sense of justice in our relationships. The philosopher, Paul Ricoeur describes the unjust person as ‘the one who takes too much in terms of advantages or not enough in terms of burdens’ (Ricoeur, 1994). This ethic of justice originates in the personal sphere of family and friendship and extends upward into the wider social realm and the political community.

It gives rise to what John Stuart Mill calls social freedom (Mill, 1907). Edmund Burke describes it as ‘that state of things in which liberty is secured by equality of restraint’ (Mansfield, 1984). We cannot just do whatever we like. Our freedom is conditional upon the constraints of our obligation to others. Living with, and for, other people leads to the question of equality. Equality is not the imposition of sameness, nor the standardising of our individuality: it is the ethical core of justice. It holds that each individual is irreplaceable and it is the necessary condition for social freedom. It is an ideal in which freedom finds a synthesis with equality in an expression of our common humanity. It is essential to animate a decent society and its institutions. In the past we called it fraternity.

The philosophy of One Nation is conservative in valuing relationships, family and community as the basis of social order and as sources of reciprocity and wellbeing. And it is radical in its promotion of justice and equality in sharing out the resources and
opportunities between members of society. Its politics are neither about altruism nor collectivism, but the democratic practice of the common good.

Democracy starts with the self-interest of individuals, groups and classes, and the tensions and conflicts between them. Its practice is to bring interests together to face one another and to establish communication. In this activity, a relationship is made and then a group and a political endeavour forms in which each person is given recognition by the other. By granting our recognition to others, and so giving them esteem, we establish a good that is held in common. This allows a reconciling of estranged interests to begin, such that they become accountable to one another. It will not happen of its own accord. It cannot be administered or managed, it has to be built and sustained in dialogue through conflict. The common good is always contingent upon the parties who create it and can never be guaranteed. When it breaks down because different interests become irreconcilable, it has to be built again through negotiation and compromise.

The community organiser, Arnie Graf, explains self-interest as divided in two parts:

One is the drive for self preservation. Issues like decent paying jobs, security, having a decent place to live and enough to eat. It is why the issues of utility costs, housing, and pay day loans resonate with so
many people. Similarly fear of the immigrant taking jobs, rightfully or wrongfully understood, plays into people’s desire for jobs and security.

The other part of self-interest is the person’s drive to relate, to be recognized, and to derive meaning out of life. It is the part of self-interest that is often missed by people, but it is central to understanding a person’s desire to develop. It is why people do things that they get great joy and meaning from, even when money is not involved in their activities. (Graf, 2013)

Labour built its history organising working people to defend the integrity of their family life, to struggle for fair wages and a decent home, and to create a better future for their children. It was an aspirational politics about bread and butter issues. They remain the necessities for a decent life. But to this tradition we must add a story of human possibility. The socialism of the future will be about creating power together for individual freedom. One Nation is a story of a world in which each of us can live life to the full and achieve, in the time we have, our highest good.

**National renewal**

These politics demand a new approach to government. National renewal will only be meaningful if it connects
with the everyday life of individuals and their families. Government over the last 30 years has often failed to meet the challenges of our time. It has grown addicted to the ‘big bang’ of policy announcements and bold ideas. But what follows is the inevitable big failure. Grandiose IT projects are the most recent examples. The old mechanical model of top-down public administration will not work in a future of complex problems. People are losing confidence in the ability of our public institutions to serve the common good.

Winning office does not mean winning power. Labour will use the authority of government to create power and the capacity for change. We will do this by building partnerships and networks, enabling people’s participation and generating momentum for reform. Instead of imposing change on communities, we will use their insights and experience of what works and what doesn’t. Reform will mean engaging with people’s behaviour and cultural attitudes, campaigning with people on the ground for social action and change. Politicians will be convenors, bringing people together to help them help themselves, finding solutions to their problems and improving their communities.

We will renew our institutions step by step, learning about what works, and building dialogue and partnerships. We will start small, building networks of modest achievements rather than grand projects. Reform
needs to be about human-scale communities in control of their own services, continually able to make small, focused improvements. Government will be about giving people more control over their lives.

We will support the work of the Government Digital Service because the internet can distribute control and we can use it to push power out to the people who know best how to use it. We can give citizens control of their data and frontline staff control of the services they provide. And we can give cities and communities the platforms and freedom they need to provide and share the services they understand best. Labour councils like Leeds are already drawing together local public, private and third sector data to redesign their cities. Effective digital services make real-time data on the performance of the service available 24 hours a day, seven days a week to anyone with an internet connection.

The last Labour government was able to plan its 1997 manifesto on the basis of rising departmental spending; we will have to do so on the basis of falling departmental spending. We will eliminate the deficit in the next parliament in a fair and sustainable way. There will be no more borrowing for day-to-day spending. Departmental spending reviews will allow forward planning and will be made on a multi-year basis. Judgments about capital spending will be based on evidence and reflect economic realities (Leslie, 2014). We will begin renewing our
country with foresight and in a framework of reform and financial prudence.

The first task is to put the economy on a path to a more inclusive and environmentally sustainable model of growth. We need increased median incomes, based on better wage growth, and consumption which is not powered by growing household debt. Achieving this higher productivity growth will require increased investment and a high-quality system of vocational education and skills training.

People who have power to make decisions on behalf of others should share in the risks – they should have their ‘skin in the game’—not just enjoy the rewards. Only then can they be truly accountable. An inclusive economy is pro-worker, pro-business and pro-aspiration. It aims to share reward, risk and responsibility among all stakeholders: owners, managers, workers, consumers, suppliers and members of the local community. We will promote good corporate governance and support dialogue between workers and employers to create partnerships for improving both business performance and pay and job quality. Sharing power with people to give them more control over their lives, including over the work they do.

An inclusive economy of shared responsibility will help to re-embed markets in society and reassert the practices of democracy and reciprocity. Democracy
provides an economic system with legitimacy and stability. Markets require reciprocity for efficiency and productivity. Together they establish trust, relationships and a sense of stewardship at the heart of economic transactions.

A strong economy needs social renewal. Emotional life is at the heart of the relationships that bind society together; family, in all its various shapes and sizes, is its bedrock. But low pay and the pressures of work and caring for children and elder relatives have put families under increasing pressure. People working long hours don’t have the time for family and friends. Domestic violence and sexual exploitation remain far too common threats. We know that poor relationships in childhood lead to poorer employment outcomes, higher levels of unhealthy behaviours, such as smoking, substance abuse and over-eating, and poorer mental health. Over 30 per cent of our young people aged under 25 suffer from one or more psychiatric illnesses: one million children and young people are mentally ill. Our politics are failing to build a society in which families thrive and all our children flourish.

A priority in this time of severe fiscal constraint is to develop services and support forms of mutual self-help that involve families. These support systems use the power of relationships and the networks they create to build the capacity of men, women and children for resilience, love and care. Families thrive when there is a
partnership and teamwork among adult relations. We will take a whole-family approach, including fathers, grandparents and those relatives who have involvement in the care, education and health of children. Central to this approach is support for adult relationships, so that we can build a vision of marriage and adult partnering that is democratic and inclusive.

The challenges we face are formidable, the problems complex, and there is no money to spare. But the first step to change is simple. It is to make relationships, to connect with others and to organise together. Strong communities are integrated and inclusive communities. An inclusive society is one in which people feel they belong through their contribution. Everywhere there are individuals and groups improving their communities, campaigning and growing the social fabric that binds us together. Their energy radiates around our country, but our political system too often either fails to connect with it, or it just smothers the life out of it. Inclusive politics mean government sharing power and responsibility with people to help them play an active role in representing their interests and solving their own problems.

In the new economy, political advantage will be about openness, innovation and participation. The traditional tools of policy-making – money and top-down government regulation – stifle innovation and are often ineffective in dealing with complex problems. We will design policy-
making to be a more democratic exercise by opening up to people’s energy and participation. For example, in May 2014 100 residents of a town in the south of England took part in a local deliberative poll on ways to make their town a better place to live. Older residents began by talking about their sons and daughters who have left the town. They were afraid that the town had been left behind and was dying. A young mother said that she told her children, ‘I want you to leave when you have grown up’. She explained, ‘There is nothing for them to aspire to here’.

But there was loyalty and pride in the town. People drew on their knowledge of their communities to tackle difficult questions. Who should have new housing? What to do about buy-to-let landlords multi-letting to migrant labour at extortionate rents? The new supermarket was hiring migrant labour over local people. There was anger at payday lenders – the majority knew someone who had borrowed from one. But closing them down on the high street was not enough – all gave support for national regulation and building local credit unions as an affordable alternative.

There is no ‘magic formula’ to building a better country, except to begin now. We won’t wait for 2015. Our best council leaders are already building power and participation at a local level. We will do the same by involving the wider public in our manifesto process, and campaigning in our local communities. In 2015 we will
begin laying the foundations of a new economy and a new approach to government.

We will be guided by the organising principles of Labour’s Policy Review:

- **Transformation**: We will reform institutions and devolve power to deal with the causes of our economic problems.
- **Devolution**: We will share power and responsibility with people to help them help themselves and shape their services in response to their specific needs.
- **Prevention**: We will invest to prevent social problems rather than wasting money on reactive, high-cost services.
- **Collaboration**: We will increase the power of local places by building collaboration among public services and organisations, pooling funds to stop inefficiency and avoid duplication.
- **Contribution**: We will promote a model of citizenship based on reciprocity and developing character for individual resilience, good relationships and wellbeing.

To give some examples, here are five illustrative policies that will contribute to national renewal.

1. **Transformation** – The drivers of a more balanced growth across the country will be the nearly five million
small and medium-sized businesses which produce over 50 per cent of our GDP. Their dynamism and innovation is vital for getting people into work, and the only way we will compete in a fast-changing global economy. But our financial culture of short-termism and quick profit has starved them of investment. In the decade before the crisis, 84 per cent of money lent by British banks to British people went into property and financial services. And despite this dreadful record, since 2010, what lending there has been to businesses has fallen steadily.

We need a banking system that works for every region, every sector, every business and every family in Britain. So we will set up a network of regional banks supported by a British Investment Bank to provide finance for businesses and for rebalancing the economy. We will return local banking to our English cities and so help build up their civic pride and identities (Policy Review, Economy, 2014).

2. Devolution – Britain’s centralised state and political system is a serious hindrance to good government and to economic development and growth. Our Labour local government leaders have shown the way and are already changing how the country is governed. They are devolving power to local communities, linking public service reform to growth and reducing future demand on public spending by investing in people to become more productive.
Our New Deal for England will be the biggest devolution of power and resources to our cities and county regions in 100 years. It will unleash the economic dynamism of our cities and it will bring government closer to the people. It will create regional banking, local powers over high streets and people-powered public services (Local Government Innovation Task Force, 2014). City and county councils, in partnership with local enterprise partnerships, will have larger devolved budgets to create better infrastructure development and a system of vocational education and training tailored for local need. City and county councils that form combined authorities will get a new devolution of business rates income in return for an agreement on key infrastructure investments to drive regional growth (Adonis, 2014).

3. Prevention – Thirty years ago, for every £100 we spent on housing, £80 was invested in building homes and £20 was spent on housing benefit. During this parliament, for every £100 we have spent on housing, we have invested just £5 in home building, while £95 has gone on housing benefit (Miliband, 2013). The gap between the number of homes we build each year and what we need is over 100,000. Rachel Reeves has warned that the number of working people claiming housing benefit is set to double between 2010 and 2018 at a cost of £12.9 billion or £488 for every British household (Reeves, 2014).
We will make sure that 200,000 homes a year get built by 2020 and we will bring greater security to people living in the private rented sector. We will tackle the root causes of the housing crisis and rising housing benefits by dealing with the low wage economy, and by recycling benefit savings achieved by local authorities into new home building. We will devolve powers to local councils so that they can negotiate rent levels on behalf of tenants who are on housing benefits. Councils that achieve savings to housing benefit will be able to retain some on condition that the money is invested in building new homes.

4. Collaboration – Three systems deal with our health and care: our physical health is looked after in acute hospitals; our mental health is looked after, often in separate services, on the fringes of the NHS; and our social care takes place in council-run services. The system is not designed for the complex reality of people’s lives. People with physical illnesses struggling with undiagnosed and untreated mental health problems cost the NHS around £10 billion each year. Patients are being kept in hospital because there is no help at home, costing the NHS £227 million. More than three million people have diabetes and spending on the condition is set to increase from £10 billion to £17 billion over the next 25 years. And two-thirds of people with common mental health problems get no treatment at all.
We will bring the three systems together in a whole-person approach (Policy Review, Society, 2014). Mental health will be given the same priority as physical health, and a single service will meet all of a person’s health and care needs. We will shift the focus of services out of hospitals, into the community and towards prevention. Instead of leaving older people helpless and dependent, we will help families and communities to work with professionals to support them at home. And we will give the 15 million people with long-term conditions much greater power to help design services around their needs (Kendall, 2014).

5. Contribution – Thousands of young people are locked out of the labour market. They are unable to contribute and so they don’t feel valued. Too many are poorly educated and don’t have the skills they need for work. They are trapped in a cycle, going from benefits to low-paid work and back again. It’s not a life to aspire to and it costs the taxpayer billions of pounds in extra welfare spending and lower productivity.

We will set up a high-quality system of vocational education tailored for local need, with all young people undertaking some vocational learning from the age of 14 years. We will work in partnership with business and local government to drive up standards in vocational qualifications. The system will be founded on a Technical
Baccalaureate at age 18, a rigorous, gold standard vocational qualification (Adonis, 2014).

We want young people who don’t have the skills they need to be in training, not on benefits. For 18-21 year olds who don’t have the skills or experience they need to get into decent, sustainable work, we will replace Jobseekers Allowance with a new youth allowance which is dependent on young people being in training and targeted at those who need it most. To pay for these changes, only young people who really need it will be entitled to financial support. They will be assessed on the basis of parental income, as we do for those young people who go to university (Miliband, 2014).

The tasks for 2015

These five policies are part of Labour’s plan for national renewal. We will tackle the cost of living crisis by making work pay a fair reward, and we will freeze and cap prices while we reform markets that are not working in the public interest. We’ll improve the life chances of young people and make sure we build the homes we need. And we will strengthen our public service, increase the availability of free childcare, and safeguard the principles and organisation of the NHS. These policies will help to make life easier for people
and will lay down some of the foundation for an inclusive economy.

Labour will lend a helping hand but we will also ask more of people. Everyone will need to contribute and play their part in building a better country. The British state is undergoing the largest budget cuts since the end of the second world war. In 2015 we will inherit a state that, in many areas, has reached the limit of its capacity to cut without transformational change to the system. Labour will change how we do government and break with the old way that simply did things to, or for, people.

We will reshape the relationship between citizens and the state by sharing power and responsibility, involving groups of citizens in the decisions that affect them. We will build an active democracy because it will be the most efficient and effective way for people to contribute and build a strong, inclusive economy. As Steve Reed reminds us, trying to control everything too tightly and imposing uniformity stifles creativity and breeds inefficiency (Reed, 2013).

Sharing power and responsibility with people is part of Labour’s history. Labour grew out of the popular movements of self-help and self-improvement. Our history lies in mutualism, cooperatism and organising movements for change. Labour gave political representation to working people by building political power in our cities. We gave millions pride and meaning
when we spoke about the virtue of work and about conserving the local places people called home.

Our forebears built this country and made it a decent land to live in. They understood that politics is a struggle for power and they organised people together to win a better future for themselves, not from the top down but from the bottom up.

Labour wins when we are patriotic and when we speak for a radical and promising sense of national renewal. In 1945 Clement Attlee won the peace against the Tories, the Party of appeasement and mass unemployment in the 1930s. In the 1960s, Labour spoke for the ‘white heat’ of scientific and technological advance against Alec Douglas-Home shooting on his grouse moors. In 1997 it was Tony Blair’s economic and social modernisation versus the drift, decay and sleaze of the Conservatives. In 2015, it will be the One Nation of Ed Miliband versus David Cameron’s divided country.


Bibliography


Your Britain website, www.yourbritain.org.uk
Labour stands for big reform without big spending. This pamphlet sets out Labour’s new approach in a time of financial constraint.

Labour has a history of taking a generation to recover from its political defeats. Long periods in opposition have marked our history. Ed Miliband set the Policy Review the task of radically rethinking what Labour stands for when there is no money to spare.

The Policy Review has delivered on the task of radically updating Labour’s policy position in record time. Working across the labour movement and involving thousands of people, it has produced a substantial piece of work that will form the basis of a bold manifesto at next year’s election.