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# The Resurrected Right and Disoriented Left.

*Growth model failure and the nascent  
politics of a transformative narrative.*

Craig Berry

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Sheffield Political Economy  
Research Institute.

## About the author



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Craig will soon embark on a major programme of new research, focused on the political economy of Northern England. He is also the author of the forthcoming book *Austerity Politics and UK Economic Policy* (Palgrave, 2016).

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## About SPERI

The Sheffield Political Economy Research Institute (SPERI) at the University of Sheffield brings together leading international researchers, policy-makers, journalists and opinion formers to develop new ways of thinking about the economic and political challenges by the current combination of financial crisis, shifting economic power and environmental threat. SPERI's goal is to shape and lead the debate on how to build a sustainable recovery and sustainable political economy for the long-term.

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## Foreword

At the start of 2016 one might be forgiven for thinking that the global and domestic news is starting to sound just a little too familiar.

Falling global stock markets, a tide of investor profit warnings and, in the UK, growing concerns about our deteriorating balance of trade position, private debt at near record-levels and a housing market that exhibits all the signs of a bubble on the verge of bursting. The sense of déjà vu, seven years on from the global financial crisis, is compounded by the brutal reality that the British economy is more fragile today than it was in 2007.

If a coming crisis may feel like (an all too recent) history repeating itself then it is incumbent on those of us who want a more sustainable form of political economy in the UK to ensure that our response does not repeat the events since 2008. It is in this context that Craig Berry's powerful new paper should be read, debated and acted upon. His paper is the culmination of a two-year research project through which he has expertly exposed the failings of the UK's 'Anglo-liberal' growth model, documented the right's success in rebuilding the pre-crisis growth model and demonstrated the left's failure to develop a credible transformative alternative. We are grateful to the late Andrew Rosenfeld for his support and contribution to SPERI which enabled this research to take place.

Passionately argued and provocative contributions like Craig's need to be debated and are intended to generate a debate. Thus, I am particularly delighted that Craig's paper is complemented by a set of excellent responses from five leading thinkers from the worlds of politics, policy and academia. Together they insightfully draw out the challenges and opportunities for growth model transformation and highlight key areas to advance this most necessary debate.

As Craig demonstrates, and domestic and global events attest, now more than ever it is essential that a credible path to an alternative growth model is charted and new ideas come to the fore. I hope this paper will play an important part in encouraging that vital debate and to stimulate the radical transformation that is so evidently, and urgently, needed.

**Colin Hay**

Co-Director of the Sheffield Political Economy Research Institute

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# The Resurrected Right and Disoriented Left

*Craig Berry*

More than seven years on from the financial crisis, the British economy is still struggling to adapt to the failure of what Colin Hay identifies as ‘Anglo-liberal capitalism’, Britain’s relatively distinct approach to pursuing economic growth in the pre-crisis period.<sup>1</sup> The return of stable GDP growth in 2013 (in statistical terms) does not amount to a genuine recovery. It is clear that, despite occasionally adopting the rhetoric of radical change, the Conservative Party in government since 2010 has sought to reinforce key elements of the pre-crisis growth model.<sup>2</sup> Its proponents would argue – in the unlikely event that such an orientation were acknowledged – that not to have done so would have presented an even greater threat to British prosperity.

The hypothetical possibility that a transformation of the growth model in the wake of the financial crisis would have yielded a faster, fairer and more durable recovery can never be demonstrated. In any case, to assume that transformation was a realistic possibility during the immediate post-crisis period is to overlook the capacity of growth models to survive crises through embeddedness in the institutions and ideologies of economic statecraft and indeed everyday economic life. The experiences of centre-left parties that have been in power across Europe and North America since 2008 offer no meaningful examples upon which to rest the case that events here could have unfolded significantly differently had Labour clung on in 2010.

However, this does not mean that change is impossible. The *ongoing* failure of Britain and other Western economies to break through the impasse which crystallised in the 2008 crisis may mean that growth model transformation is becoming more rather than less likely as time passes. British elites are clearly struggling to translate the return of statistical growth into a tangible sense throughout society in general that living standards are improving, opportunity is less scarce and the recovery is here to stay.

This paper explores therefore the political economy of growth model transformation in Britain, focusing on the political narratives upon which a transformative politics might be based. It argues that none of the narratives offered by the (broadly conceived) British centre-left, including the slowly solidifying Jeremy Corbyn agenda, offer an effective alternative in this regard, in part because of their failure to adequately account for the political economy of growth model *resurrection*. I posit *value*, *place* and *equality* as the three of the major pillars of post-crisis discourse in British politics, in that they express popular concerns about the state of post-crisis Britain and our economy. The Conservative Party has effectively founded its key

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1 Hay C (2013) *The Failure of Anglo-Liberal Capitalism* (Basingstoke: Palgrave).

2 Berry C (2013) ‘Are we there yet? Growth, rebalancing and the pseudo-recovery’, SPERI Paper No.7. <http://speri.dept.shef.ac.uk/wp-content/uploads/2013/01/SPERI-Paper-No.7-Are-We-There-Yet-PDF-747KB.pdf> Berry C (2013) ‘Are we there yet? Growth, rebalancing and the pseudo-recovery’, SPERI Paper No.7. <http://speri.dept.shef.ac.uk/wp-content/uploads/2013/01/SPERI-Paper-No.7-Are-We-There-Yet-PDF-747KB.pdf>

policy agendas, and their legitimisation strategies, on the sentiments encompassed within these pillars – albeit a partial reading of them. The left must also tap into such concerns if a transformative agenda is to be constructed, because growth model transformation will be impossible without appealing to millions of people not just to vote for centre-left parties, but to mobilise in support of counter-hegemonic practices in everyday economic life.

## Growth model resurrection

### *The Conservative policy agenda since 2010*

Before detailing how the Conservative Party has sought to resuscitate Britain's pre-crisis growth model, it is necessary to outline briefly what practices it encompassed. The model built upon longstanding traditions of British economic statecraft, but also incorporated many novel features relevant to overcoming problems associated with the management of industrial decline in large parts of the economy. At its centre was the finance industry, as both a direct engine of growth and indirect facilitator of economic activity more generally. Its importance increased as the City of London benefited from the liberalisation of global capital markets and the persistence of a light-touch regulatory regime. This growth both reflected and enabled services sector growth more generally, as the manufacturing sector declined throughout the postwar period, but the vast majority of service sector jobs were located in low value-added industries.

Public sector employment became extremely important to the British growth model in the immediate pre-crisis period, concentrated in certain areas, both to counter the decline of manufacturing and to stimulate consumer demand. High levels of public services investment were only made possible by increasing tax receipts from the finance sector, and an enhanced role for private finance. Household consumption was a significantly more important dimension of the economy than most comparable countries, but became increasingly dependent upon household indebtedness, which economic policy supported in myriad ways. The persistence of Britain's non-interventionist industrial policy, openness to foreign corporations, and a reversal of employment protection laws, became key elements of the growth model, such as a significant trade deficit, the vulnerability of many regions and industries to exogenous shocks, and limited earnings growth for low- and middle-income households. A conservative approach to fiscal policy was also strongly reasserted during this period.

The Conservative Party in government (initially in partnership with the Liberal Democrats) has sought to re-establish some of the main features of this model. This is not to suggest that it came to office consciously committed to this agenda, but when faced with the catastrophic performance of the economy in 2011, it chose the path of least resistance (and the one less disruptive to the prevailing distribution of wealth). In conjunction with the Bank of England, they have continued with the 'emergency' measures associated with the Brown government's initial response to the crisis. Almost half of the asset purchases associated with quantitative easing have taken place since the formation of the coalition government, and the appointment of Mark Carney as Governor of the Bank in 2013 was a signal that interest rates

would remain low indefinitely. These measures act to maintain asset values, most specifically shares in listed companies and property, enable banking sector recapitalisation at a subsidised rate, and reduce the cost of personal debt. The privatisation of the banks effectively nationalised in 2008 signals both that the Conservative Party continues to believe that shareholder value is the most appropriate way to organise the banking system, and that the pre-crisis activities of the British banking sector do not need to be significantly altered. In general, the privatisation of public assets has been a crucial part of the Conservative Party's governing agenda, and will continue to be pursued as such.

The Help to Buy scheme was established in 2013 to further boost property values under the guise of supporting first-time buyers and housing construction, following on from the similar but more indirect Funding for Lending scheme, described by Larry Elliott as 'perhaps the single most important initiative taken by the government in the last parliament'.<sup>3</sup> It was arguably at this point that pre-crisis growth model resurrection became established as the coalition's overriding economic policy objective. Alongside the introduction of automatic enrolment individualised pensions saving (with key elements even further deregulated in 2014), the government's support for home-ownership is part of a concerted effort to both ensure consistent demand for financial services, and discipline individuals' everyday economic behaviour.<sup>4</sup> Significant cuts to out-of-work benefits, the intensification of benefit sanctions, and the introduction of the Work Programme are all designed to compel more people to enter the labour market, seeking and maintaining employment (and self-employment) irrespective of pay or job quality.<sup>5</sup> Recent attempts to dilute employment protections and trade union activities are designed to have a similar impact. Growth in many low-value service sector industries has become dependent on such measures – and indeed on large-scale economic migration, where government anti-immigration rhetoric has become significantly detached from the policy reality.

As discussed below, fiscal consolidation has been at the heart of the Conservative Party's economic policy rhetoric. However, cuts to public spending have not been as radical as the rhetoric suggests. Cuts have of course been severe in some areas, notably services delivered by local government and out-of-work benefit entitlements. Paradoxically, some of the most severe cuts have fallen on one of the areas the party has consistently promised to protect, that is, the NHS, as 'real terms' budget protection deliberately ignores the rising demands for healthcare. But cuts have been relatively mild elsewhere. Planned cuts to investment budgets have largely been halted. Moreover, spending on welfare and debt interest have hardly changed, or even increased, since 2010, partly as a result of the weakness of the economic recovery producing limited rises in pay and much lower tax revenues

3 Elliott L (2015) George Osborne's housing based revival stands on flawed foundation', *The Guardian*, 4 October 2015. <http://www.theguardian.com/business/economics-blog/2015/oct/04/george-osbornes-housing-based-revival-stands-on-flawed-foundations>

4 Berry C (2014) 'Austerity, ageing and the financialisation of pensions policy in the UK', *British Politics*, advance online publication. DOI: 10.1057/bp.2014.19; Berry C (2015) 'Citizenship in a financialised society: financial inclusion and the state before and after the crash', *Policy and Politics*, advance online publication. DOI: 10.1332/030557315X14246197892963

5 Berry C (2014) 'Quantity over quality: a political economy of "active labour market policy" in the UK', *Policy Studies*, 35(6): 592-610.

than anticipated.<sup>6</sup> There have been relatively few major changes in taxation, but the tax system has generally become more regressive, with VAT increased while middle-earners have benefited from increases to the income tax personal allowance. There have also been cuts to corporation tax and property-related taxes, albeit some elements of this agenda were partially reversed after the 2015 election.

Fiscal consolidation has not therefore been prioritised over all other economic policy priorities; measures such as Help to Buy arguably increase fiscal risks, because a collapse in house prices would effectively leave the state in negative equity as guarantors of unserviceable mortgages. That said, cuts to local government, effective cuts in healthcare and significant cuts in large delivery departments such as the Department for Work and Pensions have made it difficult to maintain the pre-crisis role of the public sector in supporting employment, consumption and the housing market in Britain's economic periphery. The agenda around devolving power to city-regions within England represents a partial response to this dilemma. Yet the nature of the economic policy powers being devolved will not enable local authorities to intervene in their economies in a transformative manner, and it seems quite clear that the agenda is underpinned by a desire to both further reduce fiscal risks on central government, and indeed to co-opt local councils into the task of growth model resurrection, as they are forced to compete to offer overseas investors the most favourable terms in terms of local taxation.

### *Conservative discourse since 2010*

Because they are the product of political struggle far more so than any objective view of how capitalist economies grow, growth models require persistent efforts to legitimise their key features – never more so than following significant disruptions to previously regularised patterns of wealth creation and distribution. The Conservative Party's legitimisation strategy builds overwhelmingly on the 'austerity' narrative, which – especially given the limited extent of fiscal consolidation to date – is far more complex and operative than its headline association with spending cuts might suggest.<sup>7</sup> Austerity is not simply, or even principally, about a smaller state. Although applied differently in different contexts, its timeless connotation is that of self-sufficiency. In the present moment, this can be associated with concerted attempts to encourage or compel individuals to take greater responsibility for their own welfare. This means working, no matter what, and engaging to a greater degree with financial services through both debt and saving products. The cuts that have taken place have largely chimed with this agenda. But self-sufficiency is also applied to the domestic economy as a whole, as the profligate tendencies and moral hazards of the collectivist state are deemed a risk to economic sustainability. Large-scale public sector employment has to be curtailed, but at the same time the possibility of a radical interventionist economic policy agenda is delegitimised.

The second recurring motif of Conservative discourse since the financial crisis is that of 'the global race'. Britain is depicted as being in direct competition with other similar countries, and sometimes the BRIC economies; in attempting to win a race, it is vital that the competitor is not 'weighed down' by unproductive characteris-

<sup>6</sup> Institute for Fiscal Studies (2015) 'IFS analysis for the 2015 general election: Public spending'. <http://election2015.ifs.org.uk/public-spending>

<sup>7</sup> Berry C (forthcoming, 2016) *Austerity Politics and UK Economic Policy* (Basingstoke: Palgrave).



tics, such as excessive social spending. As such, the possibility that the austerity narrative might lend legitimacy to higher taxation is impeded by the existence of the global race. Simultaneously, the possibility that the global race might lend legitimacy to a more activist industrial policy in support of ‘national champions’ is minimised by the austerity-reinforced argument against collectivism. Thus tax cuts and deregulation are the only way to win the global race in a sustainable manner, because a company that relocates to (or originates in) Britain only for subsidies, so the argument goes, is not a company worth having.

Finally, the Conservative Party have repeatedly promised to ‘rebalance’ the British economy. Efforts to address the geographical imbalances within the economy have been framed since 2014 by the related notion of ‘the Northern Powerhouse’. Although ostensibly a narrative propelling economic change, and creating a more inclusive growth model, rebalancing has rather obvious conservative connotations. It suggests that economic ‘balance’ is an attainable feature of capitalist, and moreover a form of balance once did exist within the British economy. In conjunction with the austerity narrative, rebalancing discourse implies that it is excessive collectivism that has disrupted this natural order – and the notion of economic balance clearly overlaps with the notion of an austere self-sufficiency. Simply defining a problem such as under-investment as an imbalance immediately delegitimises any state-led efforts to address it. Rebalancing is necessarily an exercise in technocratic fine-tuning.<sup>8</sup> As such, the Northern Powerhouse concept clearly circumscribes the role that the North of England might play in a more balanced economy, implying that Northern cities and regions must themselves grasp the contribution they can make to the British economy’s endeavour to win the global race (through a limited devolution of some economic policy powers), without addressing the structural disadvantages that create geographical inequalities. By freeing themselves of public sector dependence, Northern cities can open themselves up to naturally occurring dynamics of urban ‘agglomeration’.

## Value, place and equality

### *The three pillars of post-crisis political discourse*

The success of the Conservative Party’s key economic policy narratives in helping to restore the pre-crisis growth model lies in part on the fact they build upon extant narratives within British political discourse. The austerity narrative identifies New Labour as the chief perpetrator of collectivist profligacy, yet builds upon the foundation of ‘prudence’ in fiscal policy espoused by Gordon Brown. The global race narrative is a crude successor to New Labour’s discourse around globalisation – a concept which indeed retains currency and allowed the financial crisis to be depicted as exogenous rather than endogenous to Britain or the Anglosphere.<sup>9</sup> Rebalancing is newer as a discourse for public consumption, but has long featured in elite discourse, ironically in relation to fears of an over-heated economy.

<sup>8</sup> Berry C and Hay C (2014) ‘The Great British “rebalancing” act: the construction and implementation of an economic imperative for exceptional times’, *British Journal of Politics and International Relations*, advance online publication. DOI: 10.1111/1467-856X.12063

<sup>9</sup> Berry C (2011) *Globalisation and Ideology in Britain: Neoliberalism, Free Trade and the Global Economy* (Manchester: Manchester University Press).

Yet they also enable the Conservative Party's current agenda to touch upon what I consider to be the three of the most important pillars of post-crisis discourse in British politics: value, place and equality, none of which were particularly important to the pre-crisis period (but nor were they entirely absent). The financial crisis and subsequent economic stagnation have undermined perceptions – which had been brilliantly exploited by New Labour – that 'things can only get better'. The value and meaning of economic participation had been underpinned by somewhat delusional assumptions about the emancipatory potential of the 'post-industrialism' and the onset of the digital age, in which opportunity and affluence were attainable for all those 'included', and exclusion was explained by attitudinal deficiency rather than structural disadvantage. The risks of participation were deemed minimal, because capitalism's inherent instability had been vanquished. The financial crisis has decimated this outlook, leading to a greater recognition of capitalism's unreliability, the triviality of much of what now passes for productive activity, and even the sanctity of money as an expression of value.

Secondly, people are now more concerned about the spatial organisation of their lives. Crises destroy complacency about the basic building blocks of our lifestyles, of which physical space is probably the most fundamental. Place, and associated concerns around identity and belonging, has therefore become a key dimension of numerous political and policy dilemmas. The most obvious examples are heightened anxiety about immigration and membership of the European Union, which both reflect concerns about individuals' and communities' ability to exercise control over their own social environment, even if they manifest politically as rather spurious claims about economic impacts. More generally, however, the crisis appears to have unleashed or unearthed a wider set of anxieties about the security of forms of spatial organisation – our home, our neighbourhood, our city, our country – which were once taken for granted, or more precisely, we once assumed were immune to the ebbs and flows of the wider economy.

Finally, equality, and related concerns around social justice and fairness, has returned to its occasional role in British political discourse as a normative good which spans the ideological spectrum. We no longer believe that the pie is growing inexorably, so the size of our slice (and those we identify with) matters more. The extent to which people are prepared to sacrifice their own interests in order to facilitate more egalitarian distribution of income, wealth or opportunities is not clear; such calculations are of course the subject of political struggle. At present, however, there appears to be both a strong sense among many people that the distribution of such goods is improper and unfair. This has been reflected to some extent in popular concern about the proliferation of food banks for those at the bottom, and the revival of excessive remuneration for those at the top, but such sentiments have not yet evolved into a coherent, progressive egalitarian agenda.

### *Value, place and equality in Conservative discourse*

In post-crisis Britain, the right have been far more successful than the left in articulating policy programmes built upon these pillars – albeit largely in a negative fashion. David Cameron's 'big society' notion was quickly discarded, but represented an early attempt to fill the void of value opened up by the crisis by exhorting voluntaristic contributions to society. Cameron also flirted with diversifying measures

of economic progress by asking the ONS to track levels of happiness, as well as output. Neither initiative should be anathema to progressives, but in the hands of the Conservative Party they functioned only as insubstantial replacements for growth model characteristics threatened by the crisis, that is, a (limited) welfare state, and reliable growth.

The principal Conservative response to concerns about value has, however, involved extolling the virtues of work. In harsher times, individuals can make a meaningful contribution by simply taking care of themselves, and their families, even if their occupation is not lucrative. Indeed, in this discourse, low pay and job insecurity actually *reinforce* how valuable contributing through work is, in that it breeds and rewards individuals of exceptional fortitude. Value is therefore still defined individualistically, but it is an individualism shorn of notions of self-fulfilment, which in turn serves to legitimise the rollout of austerity. In this context, it is logical that all measures to make work pay would involve the state taking less from workers in the form of tax – or indeed benefits, in line with the original design of Universal Credit – rather than empowerment within work. However, the inability of the labour market to adequately reward people who work, rather than shirk, problematises the narrative. It has been necessary therefore for the assault on in-work benefit recipients to intensify, in solidarity with slightly higher earners, and for the Conservative Party to adopt the mantle of low wage campaigners. The fact that George Osborne appropriated the concept of the *living wage* to describe a relatively modest increase in the *minimum wage* is a sign of the fragility of the right's post-crisis articulation of value.

The Conservative Party has responded quite ingeniously to concerns about money as an expression of real value. While the monetary system was repoliticised following the financial crisis, in that money is no longer seen, by some, as merely a neutral medium of exchange, the Conservative Party has effectively re-depoliticised money by acknowledging its contingency, but also maintaining that the monetary system is eye-wateringly complex and only able to be managed by technocratic experts. This is how the form of quantitative easing advocated by the Conservative Party has gone unchallenged, and the structure of the banking sector remains a low-priority political issue (quantitative easing has of course also been implemented elsewhere; one of the unique elements of its use in Britain is how drastically it contrasts with the dominant imagery of austerity).

The Conservative Party have offered the electorate more convincing answers to concerns about place than the centre-left. To some extent, this is due to the long-standing sentiment that the Conservatives are more patriotic than centre-left parties. The party has reinforced its commitment to perceived British interests with a hardened stance against immigration and European integration (only partly reflected in actual policy), with popular fears about the impact of these trends reflected in the rise of UKIP. Support for home-ownership also speaks to its understanding of place-related insecurities. Building, again, on longstanding associations, the home has been articulated by the Conservative Party in government as a fulcrum of security in an insecure world. The more recent emergence of the devolution agenda indicates that the largely defensive nature of this articulation of place has proven relatively unsatisfactory. Above all, the Conservative Party has begun to more strongly articulate a sense of Englishness, partly in response to the pos-

sibility of Scottish independence. At the same time, it has begun to recognise the clamour for greater recognition and control within the English regions, in response to a growing appreciation that the growth model works for some parts of Britain more than others. By inviting Northern city-regions to develop their own approaches to economic growth, albeit without devolving any meaningful economic policy powers, the Conservative Party has both incorporated localist sentiment while at the same time ensured that local economies will conform, for the most part, to the partially salvaged national growth model.

The rediscovery of egalitarianism by the Conservative Party can be interpreted in both positive and negative terms. There is, to some extent, an appreciation that pre-crisis Britain was too unequal – the Conservatives have nodded rhetorically to this sentiment in some aspects of their austerity agenda, although not entirely plausibly. More often, equality has been articulated negatively, with austerity used to create a sense of greater scarcity. Reforms to social security speak directly to the sense that there is something unjust about some groups not having to make an equal contribution to the labour market in order to attain a (perceived) comparable standard of living. Outcomes should be more equal, but primarily among the imagined community of ‘taxpayers’. The Conservative Party’s quest to build a property-owning democracy also touches upon egalitarian concerns, in a more positive way – yet in a way also that reinforces growth model resurrection – as equality is deemed to rest upon a greater distribution of opportunities to own property.<sup>10</sup>

## The crisis and the British centre-left

Before discussing the various post-crisis narratives of the centre-left, a note on the economics is required: what is the alternative growth model that a progressive narrative might ostensibly legitimise? It would of course put finance in service of the genuinely productive parts of the British economy, and initialise higher levels of public and private investment in support of higher productivity, quality employment opportunities and, crucially, enabling the development and adoption of technologies that can assist our response to the existential challenge of climate change. Shareholder value would give way to norms around the civic duty of private enterprise, enabling a longer-term orientation in relation to wealth accumulation. Social and economic goods which cannot be provided by market mechanisms – either because the market will not deliver equitable outcomes or, in many cases, because the goods in question do not lend themselves to marketised forms of co-ordination – would be co-ordinated collectively. The value of labour in the production process would be valued much more highly, starting, but certainly not ending, with higher levels of remuneration.<sup>11</sup>

However, there are several reasons to challenge the assumptions inherent in my self-posed question. Growth models are not so malleable that they can be replaced wholesale over a short period of time. The model will in fact be constantly evolving, as new economic practices and policy paradigms become institutionalised over

10 Hoskin P (2015) “‘We are warriors for the dispossessed’: Gove’s rallying cry for the Conservatives”, ConservativeHome, 13 March 2015. <http://www.conservativehome.com/thetorydiary/2015/03/we-are-warriors-for-the-dispossessed-goves-rallying-cry-for-the-conservatives.html>

11 Hay C and Payne A (2015) *Civic Capitalism* (Cambridge: Polity).

time; insofar as growth models crystallise patterns of wealth distribution, which might not be compatible with progressive ideals, the centre-left should see part of its role as fostering a more open and flexible approach to how production is organised. Ideally, this will involve challenging or broadening the notion of growth itself.

As such, political strategy and economic policy must be conceived as two sides of the same coin. Growth model transformation goes hand-in-hand with discursive and institutional change, and new forms of political organisation. Although it maintains in its public discourse the notion that ‘the economy’ is existentially distinct, in practice the right does not make the mistake of assuming that economics and politics are separate disciplines requiring different hegemonic strategies; its politics acts to create and constitute the economy it purports to govern. The left must rediscover the same approach, reimagining British capitalism in its own image. This means adopting and promoting alternative economic practices even when not holding formal office, and developing alternative epistemologies for understanding the nature and performance of the economy. A progressive growth model is not *a priori* to political action, but rather emerges from broad-based resistance to and adaptation of the existing model.

### *New Labour resurrection?*

Unfortunately, none of the narratives offered by the British centre-left since the financial crisis – or more precisely, since the 2010 defeat – offer a convincing strategy for comprehensively addressing concerns around value, place and equality. The New Labour or Blairite narrative, reincarnated post-crisis and represented in the Labour leadership election by Liz Kendall, accepts almost without caveat the Conservative Party’s interpretation of value and equality, and as such offers no critique of austerity. Even if Labour could return to power by presenting itself as a slightly more humane version of the Conservative Party, it would not have developed the discursive resources to legitimate growth model transformation. This scenario is highly unlikely, given the Conservatives’ perceived commitment to defending British interests, and more recent embrace of localism.

Specifically, the Blairites remain wedded to the notion of globalisation as benign rather than threatening, offer no significant attempt to champion the home and, most importantly, have no distinctive answer to demands for greater local self-determination. Kendall’s argument that power should be devolved to communities as well as councils is essentially insubstantive, and does not provide a basis upon which to rearticulate the Conservative Party’s (superficially) muscular rebalancing and Northern Powerhouse discourses.<sup>12</sup> This weakness is incongruous, given that most of the local elites Osborne is seeking to devolve powers to in Labour heartlands are essentially Blairite in practice, if not always in principle. But it is impossible for the left to construct a credible politics of place while maintaining the value of the post-place sentiment that characterised New Labour in the pre-crisis period.

### *Blue Labour*

The Blairite’s hollow rhetoric on place is a crude attempt to accommodate ‘Blue

<sup>12</sup> Kendall L (2015) ‘Labour was too timid to hand real power to the people’, *The Observer*, 7 June 2015. <http://www.theguardian.com/commentisfree/2015/jun/07/labour-too-timid-power-to-people>

Labour' thinking, which offers the centre-left's second major post-crisis narrative, into a pre-crisis narrative. Under the political leadership of Jon Cruddas and intellectual guidance of Maurice Glasman, Blue Labour originated on the fringes of the Labour Party in London, in the Citizens UK and living wage movements. It is a narrative which is essentially *only* about place; although it offers a radical critique of New Labour in this regard – including on controversial issues such as immigration – it concedes to the Blairites and the right the responsibility for respond to concerns around equality. Blue Labour is able, to some extent, to address value, by championing radical community organisation outside the public sector, but place always takes priority. Even the living wage has been articulated by figures like Glasman and Cruddas as a means of protecting traditional communities, with the clear resonance of the living wage with value and equality effectively eschewed (a trick not missed by George Osborne). It is worth noting that Blue Labour's has also emphasised the importance of family, religious faith, and even love, in articulating how individuals can make meaningful contributions to society (that is, a more substantive version of Cameron's big society). As important as these spheres undoubtedly are, they do not form a coherent basis upon which institutionalised economic practice can be transformed. Early Blue Labour interest in 'the German model' of capitalism seems not to have been pursued particularly aggressively.

More recently, the Blue Labour narrative has begun to champion Englishness (following UKIP's lead).<sup>13</sup> Cruddas appears not to have acknowledged in any meaningful way the Conservative Party's negative – but electorally attractive – approach to Englishness, which consists of defending England against Scottish nationalism. Instead, he embraces Englishness as a primarily cultural form, based on a reading of history that rightly locates some radical socialist thought within a distinctively early industrialist, Anglo-Saxon tradition. But this means that, strangely, while Blue Labour criticises the centralised Westminster model, it has offered no critique of the Conservatives' devolution agenda. In prioritising place above all else, Blue Labour has no progressive anchor by which to challenge the right's approach to place, and instead appears to see any and all forms of devolution, including to England, as positive expressions of cultural Englishness, not noticing the conservatism at their heart. The growing demands for an English Labour Party from Cruddas is gaining ground within the party but will prove to be entirely irrelevant when seeking to converse with the electorate. It has attracted support from the Blairites precisely because it leaves untouched the technocratic control of economic policy centrally, and seems to function as a purely presentational initiative. Do not expect to hear very much about 'Cruddonomics' in the near future.

### *The Ed Miliband agenda*

The narrative that accompanied Ed Miliband's leadership of the Labour Party can be dealt with quickly, insofar as it proved to be rather incoherent. Despite recognising the public turn away from Blairite notions of value in the wake of the financial crisis, Ed Miliband ultimately failed to offer a distinctive, progressive response to these concerns. He borrowed heavily from Blue Labour's sketchy articulation of value as radical community action, even attempting to incorporate some rather innovative policies on small and co-operative enterprises, but the narrative made

<sup>13</sup> Cruddas J (2015) 'Labour is lost in England', speech delivered at Mile End Institute, 22 September 2015. <http://labourlist.org/2015/09/jon-cruddas-labour-is-lost-in-england/>

little sense in isolation from the wider Blue Labour position, with Miliband having rightly recognised the limitations and dangers of prioritising place. It meant that Miliband offered a critique of capitalism's tendency to create large inequalities, but with little sense of how an alternative approach might mitigate this tendency. As such, Miliband's egalitarianism came to be seen as harmful, in that it stood in the way of aspiration, which for most people had come to mean making the best of what is left of the pre-crisis growth model. The result was that Miliband's Labour Party increasingly ventured into the Conservative Party's negative territory on equality in search of a hearing among the electorate. For instance, they refused to oppose key elements of the coalition's welfare reform programme, but in the process undermined its own *raison d'être*: support for increasingly ruthless benefit cuts essentially curtailed Miliband's work-in-progress in fleshing out Blue Labour thinking on value, by disabling any attempt to present Labour as the guardian of familial and community life.

It became impossible for people to locate themselves within Miliband's alternative order, which fed fears that their contributions to society and the economy would be even less rewarded under Labour than they were under the Conservative Party. However, although ideologically and discursively incoherent, the success of Ed Miliband's leadership was that he was able (with the exception of Scotland) to maintain Labour's 2010 position without succumbing to either the Blairite or Blue Labour positions, both of which offer a more straightforward narrative, but would have involved jettisoning too readily key elements of social democracy which might now be attractive to the electorate, to the long term detriment of the centre-left.

### *Corbynomics*

At present, it seems likely that Jeremy Corbyn's leadership of the Labour Party will ultimately undo Ed Miliband's achievements in this regard. Although the policy detail of Corbynomics is yet to be determined, ironically Corbyn is likely to construct the most compelling 'retail offer' of all the centre-left pretenders, because headline policies on investment, public ownership, public services and pay will be close to the electorate's preferences. But this will not be enough to wrestle control of post-crisis discourse away from the right. By failing to offer any account of place, and refusing to acknowledge the instinctive appeal of the Conservative Party's largely negative egalitarianism, there is a sense that Jeremy Corbyn's programme is creditable but somehow unreal. It is through articulating popular concerns about place and equality that austerity will be most effectively opposed; the electorate can already see, quite plainly, that Corbyn *et al* are correct on the macroeconomics of austerity, or at least that the Conservative programme requires greater scrutiny, but this hardly matters, because faith in all grand macroeconomic plans has been undermined.

Corbyn's economic policy agenda, particularly on monetary policy and the banking sector, takes advantage of the dismantling of pre-crisis notions of value in a way that the Conservative Party cannot possibly match. John McDonnell was right to attempt to cleverly blunt the charge of profligacy by strongly endorsing a growth-led deficit reduction programme, not unlike that advocated by Gordon Brown immediately after the crisis, and championed, briefly, by Ed Balls during the 2010

Labour leadership contest.<sup>14</sup> Ed Miliband could have been far bolder on this. It is remarkable – although perhaps only seems so in hindsight – that the initial front-runners in the 2015 Labour leadership contest, Yvette Cooper and Andy Burnham, shunned the opportunity to articulate this argument. Yet Corbyn and McDonnell offer only a high-brow vision of how the economy could function, not sufficiently grounded in how it is currently experienced. In this sense, Corbyn has little means by which to mobilise the kind of people whose livelihoods would be expected to embody a progressive growth model.

The problem is far more profound than one of electability, but rather one of constructing the human capital of growth model transformation. As Ken Spours observes in a pamphlet for Compass, in Gramscian terms, Corbynism is a ‘primitive bloc’. He continues:

Moving beyond primitivism involves, among other things, recognising that bloc autonomy can only be momentary and that the real aim should not be independence and the comfort of political identity (although these may have a valid function in 2015), but the more difficult and longer-term exercise of hegemony in the conditions of the 21st Century.<sup>15</sup>

It is simple to say, although admittedly much harder to achieve, but Corbyn needs urgently to articulate a message that resonates with the millions of workers in low-value service industries and small businesses, and the army of insecure under-employed young people looking primarily to utilise their skills, and pay their bills, rather than smash the system, whose lives would be transformed by an alternative growth model. These groups may not like the Conservative Party, but they have clearly not yet been convinced to become willing participants in reform. There are voices within Corbyn’s surprisingly young and diverse shadow cabinet that can plot a way beyond this impasse – but Corbyn will need to find a way to elevate them without undermining his own authority.

### *Liberal Democrat resurrection?*

The Liberal Democrats were severely punished by the electorate for their role in the coalition; from the left, for enabling austerity to be pursued, and also, it seems, from the right, for wobbling in their commitment to austerity towards the end of the life of the coalition. It seems unlikely, however, that Farron will succeed in restoring relevance to his party. It is quite obvious that the election of Jeremy Corbyn as Labour leader pulls the rug from under Farron’s feet to some extent, but the party’s problems are more severe. It is not possible for the Liberal Democrats to position themselves as credible opponents of the key tenets of austerity; Farron is far to the left of Nick Clegg on economic policy, but with only eight MPs, he would not have been given the opportunity in public debates to demonstrate this even if Corbyn had not usurped him as the left’s provocateur-in-chief. This is a great

<sup>14</sup> McDonnell J (2015) ‘Jeremy Corbyn would clear the deficit – but not by hitting the poor’ *The Guardian*, 11 August 2015. <http://www.theguardian.com/commentisfree/2015/aug/11/jeremy-corbyn-close-deficit-poor-labour-economy>

<sup>15</sup> Spours K (2015) *The Osborne Supremacy: why progressives have to develop a hegemonic politics for the 21st Century*, Compass. <http://www.compassonline.org.uk/wp-content/uploads/2015/10/The-Osborne-Supremacy-Compass.pdf>



shame, because Farron offers a genuinely authentic, if slightly eccentric, un-Westminster voice.

However, the Liberal Democrats could have contributed to a centre-left renaissance, even if maintaining its quintessentially Blairite posture on economic policy, by embodying a far more sophisticated politics of place than Labour's Blairites have offered. Clegg started to map out what this might look like in government, primarily through his Northern Futures programme, and it is tempting to think that this might have developed quickly, away from the confines of coalition, and perhaps in conjunction with the abundant localist parties that have emerged in Britain, to offer a genuine alternative to Osborne's Northern Powerhouse. Unfortunately, Farron cannot speak to this localising dynamic with any credibility. His politics is not grounded in Clegg's modest, metropolitan liberalism, but rather an evangelising mission orchestrated centrifugally.

### *The Green Party and the centre-left*

The Green Party, finally, challenges what it means to be centre-left, insofar as its politics is not primarily about responding to capitalism, and as such the financial crisis was less disruptive to the party's extant narratives. Its core concerns nevertheless chime with some aspects of post-crisis popular concerns. However, the potential centrality of green ideas to the centre-left in British politics remains far from realisation. The Green Party essentially treats climate change as a universal threat; although this may be accurate, from a scientific perspective, it renders the party's *raison d'être* rather abstract. A more effective narrative would locate environmental destruction within a broad and nuanced politics of place, emphasising the threat of climate change to our physical security, and emphasise the benefits of sustainable practices to everyday life. The Green Party also has a potentially unique and important perspective on value, insofar as responding adequately to climate challenge will require new production processes that will transform the life-chances of millions of people. Yet this line of argument remains largely unarticulated.

The Green Party's most compelling narrative is that in support of equality, but its egalitarianism is rendered rather hollow because criticising individual behaviour forms such an integral part of its politics – without demonstrating how alternative forms of consumption, for instance, might be consistent with greater prosperity or security. The continuing divide between social democratic parties and the green movement does more harm than good to both – but it should be recognised that, just as it is fair to say that social democrats have been blind to climate change for too long, the green movement would benefit enormously from greater cross-fertilisation with the rest of the centre-left.

## Conclusion

Anglo-liberal capitalism in Britain is in a vulnerable state. There is at least some likelihood of another severe economic downturn in the near future, as low inflation turns into deflation, productivity refuses to budge upwards even as the labour market tightens, and the alarming signs of asset price bubbles are evident once again – but this does not mean that the left can or should simply wait for the

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wheels to come off. A Labour Party squabbling over the meaning of May 2015 have yet to learn the lessons of its 2010 defeat. Labour were not blamed for the financial crisis simply because they were unfortunate enough to be in office in 2008, but because a progressive politics that does not encompass a critique of capitalism will be held to account when capitalism falters; the effect will be the same whether Labour is in office or not.

But critique alone is inadequate. Offering a credible path to an alternative growth model is paramount, but the notion that an alternative can be constructed in the abstract, and presented to the electorate as a series of retail offers, is wholly fallacious. Growth model transformation requires large-scale mobilisation, both in solidarity with a centre-left political programme, but also, just as importantly, in support of counter-hegemonic practices in everyday economic life. This is only possible if critical narratives reflect popular concerns. However, this does not mean that such sentiments, or the right's definition of them, have to be accepted at face value. The right can never fully address citizens' concerns around things such value, place and equality (which have been this paper's focus) while constrained by its commitment to a dilapidated growth model – each of these offers considerable scope for rearticulation by progressive actors, but the left will not succeed unless they are addressed in tandem.

It is clear that, while no prominent centre-left leaders have yet constructed a narrative that can seriously challenge that of the right, the raw ingredients exist, albeit in a fragmentary way. We need to recognise that crises of capitalism have a disorienting effect on progressive political forces, just as much as they offer opportunities for articulating alternatives. All of the narratives discussed here bear the hallmarks of this disorientation. But while the left debates and regroup, the right marches on. A growth model transformation encompassing the democratisation of finance and money, empowerment within and through work, and forms of citizenship which recognise the need for both local autonomy and a collectivist state, is both urgently required – and eminently realisable. But a lack of opposition should not be equated with abundant enthusiasm. Radical reform cannot happen under the radar, but rather requires the left to make connections between the new order and individual livelihoods.

## Environmentalist values and the prospects for a ‘green centre-left’

*Martin Craig*

Craig Berry offers a timely reminder that neither politicians nor policy wonks can bring about substantial political-economic change in isolation from broader social movements. The task of the centre-left, he argues, in pursuing a new growth model is to weave a narrative and a corresponding policy programme that can navigate the constraints and exploit the opportunities presented by public opinion and economic circumstances. If there is a distinct role for academics here, it is to help locate the opportunities among the constraints, and Berry’s analysis of post-2008 political narratives is an excellent example of how this can be done. As there is little I would add or subtract from his analysis, I confine my comments to the challenges and opportunities that arise within the green-social democratic synthesis that he calls for in the final section of his paper.

Of Berry’s three headings, it is ‘value’ that most clearly draws these into focus. Value can be imagined and ascribed in many ways depending on one’s ideological disposition. Yet there is one formulation to which the centre-left is forced to attend wherever it seeks to administer a *capitalist* political economy: value as accumulating private profit (or in other words, *capital*).

The centre-left’s political project attempts to reconcile capital accumulation with non-capitalist values (including spatial and socio-economic justice and equality). Its historic strategy has been to harness employment in capitalist *production* to distribute income and opportunity, and then redistribute the proceeds of economic growth between social groups and sub-national economies.

However, this strategy has an Achilles’ heel: it only works if the economy grows. After every major economic shock the centre-left finds itself debating essentially the same two questions: how can a more durable model of employment-rich growth be accomplished anew, and to what extent does it necessitate compromising on the non-capitalist values that the centre-left champions?

Environmentalist values complicate this debate by resisting the subordination of non-human life, and of the integrity of the biosphere, to the requirements of capitalist growth. For some green thinkers, this mis-valuation of nature arises precisely from the centre-left’s coupling of capitalist growth and social welfare.<sup>16</sup> This coupling is seen to create a pan-societal constituency in favour of ever-expanding economic growth and its corresponding ecological impacts. As an alternative, critics explore the possibilities for a socially just ‘post-growth’<sup>17</sup> (and therefore post-capitalist)<sup>18</sup> political-economic model in which radically different allocative

16 Schnaiberg A, Pellow D, Weinberg A (2000) ‘The Treadmill of Production and the Environmental State’ <http://www.ipr.northwestern.edu/publications/papers/urban-policy-and-community-development/docs/schnaiberg/treadmill-of-production.pdf>

17 Jackson T (2009) *Prosperity Without Growth: Economics for a Finite Planet* (Abingdon: Routledge).

18 Craig M (2015) ‘The ‘trilemma’ of equality, accumulation and ecology’ <http://speri.dept.shef.ac.uk/2015/02/26/inequality-redux-ii/>

and distributional principles prevail. Such views are well represented within official Green Party policy.

If a would-be ‘green centre-left’ is to retain its historic strategy, at least for the time being, then it must articulate a strategy for ‘green growth’: a strategy to derive future growth in GDP and employment through activities which reduce the overall ecological impacts of economic activity. As Berry reminds us, this strategy must be a tool of political mobilisation *and* a policy programme. Yet, it must also meet the inflexible timescales imposed by ecological limits.<sup>19</sup> Given the preponderance of environmentally damaging industries and fossil fuel-derived energy in Britain’s existing growth model (for example, the automotive, chemicals, and oil and gas industries), this strategy amounts to a project to transform the industrial, energy, transport, food and housing infrastructures without loss of employment or regressive impacts on income and wealth distribution. That, in essence, is the daunting challenge facing Berry’s proposed green centre-left.

Yet, on a more optimistic note, the opportunities to create a new green-social democratic model furnishes the centre-left with new strategic opportunities to mobilise public support around Berry’s three pillars of place, value and equality. Many of these opportunities coalesce around the idea of ‘green industrial strategy’.

There is growing recognition across the centre-left that the opportunities inherent in industrial strategy were neglected by ‘third way’ progressives. Underpinning this is the idea that governments can, and should, provide a strategic vision for the direction of industrial development, and pursue it through targeted investment and demand-side support.<sup>20</sup> Whilst the scale and significance varies widely between countries a growing number of governments are seeking to synthesise environmental and economic policy goals by developing ‘green industrial strategies’. This often entails nurturing domestic industries to form part of emerging supply chains and which support de-carbonisation and other forms of ecological restructuring.<sup>21</sup>

A centre-left green industrial strategy could, for example, speak to public concerns about inequality and re-politicise how investment within the economy is allocated by raising issues of social justice, sustainability and decent employment. It could be articulated as a means of genuinely ‘rebalancing’ investment and boosting employment in Britain’s regional economies, thereby recapturing this slippery term from the right and mobilising public support in depressed regions. This could also disrupt the right’s narratives about the necessity and desirability of the present unequal and high-ecological impact growth model.

Finally, a green industrial strategy gives the centre-left an opportunity to deflect entrenched right-wing narratives which characterise the centre-left’s ambitions as ‘anti-aspiration’ (generally on the basis that they involve a heavier tax burden). Household savings could be mobilised by offering ‘green’ retail finance products (‘green ISAs’, for example). This would allow household financial security to be ex-

19 Anderson K (2013) ‘Avoiding dangerous climate change demands de-growth strategies from wealthier nations’ <http://kevinanderson.info/blog/avoiding-dangerous-climate-change-demands-de-growth-strategies-from-wealthier-nations/>

20 Mazzucato M (2013) *The Entrepreneurial State* (London: Anthem Press).

21 Rodrik D (2014) ‘Green Industrial Policy’, *Oxford Review of Economic Policy*, 30 (3): 469-491.

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plicitly accommodated in the project of growth model transition by positioning householders as ‘investor’ stakeholders.

Of course, green industrial strategy raises many further challenges. There is the question of whether ‘green industrial strategy in one country’ is realistic. The rising tide of international trade conflicts over green subsidies demonstrates how the centre-left must consider matters of international coordination.<sup>22</sup> Then there is the question of whether ‘green growth’ (as opposed to ‘de-carbonised’ or ‘lower impact’ growth) is oxymoronic. The powerful environmental case against indefinite economic growth supports the view that green industrial strategy ought to be thought of less as a means of reviving the centre-left’s traditional strategy of growth (re)distribution, than as a means of transitioning towards a new post-growth political-economic model. Such a radical project, however, will demand the mobilisation of an electorate that currently shows little inclination towards it. For this reason, the goals of growth-sceptical environmentalists and Berry’s green centre-left are likely to be more intertwined than is sometimes supposed, with green industrial strategy potentially serving as the framework to re-orientate these two strands of the British left.

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<sup>22</sup> Wu M, Salzman J (2014) ‘The Next Generation of Trade and Environmental Conflicts: The Rise of Green Industrial Policy’, *Northwestern Law Review*, 108 (2): 401-474.

# Growth pains: three reality checks for a new growth model

*Tony Greenham*

Craig Berry introduces a three-part framework of value, place and equality for a post-crisis narrative. A compelling story is required for all three if a new economic offer is to resonate deeply enough with the public to translate to electoral success. However, I proffer a different triumvirate: three relentless drivers of global change that any new growth model must be consciously designed to withstand, if it is to endure. These are ecological degradation, demographic change and technological innovation.

Technological change is nothing new, and any centre-left party should welcome it, whilst also scrutinising whether it is being properly harnessed for the common good. Arguably, there are four qualities of the current technological shift that make this a mega trend.

Firstly, robotisation will eat as many knowledge-based jobs as manual ones, threatening middle class security. Second, the tendency towards zero marginal costs in digital products and services threatens traditional business models. Thirdly, the winner-takes-all dynamics of digital businesses that can serve billions of consumers instantaneously has profound implications for the concentration of power and wealth. Finally, the web has created a new, digital commons which must be defended rigorously against enclosure by corporate pay-walls policed by (robot) intellectual property lawyers.

The onset of the information age is as pervasive and fundamental as the shift from an agrarian to an industrial society was. That shift required the creation of entirely new social and economic structures, from organised labour to universal education to company law, in order to leverage industrialisation for social progress. The current technological shift will require equally significant changes in social and economic organisation. We need new ideas from new forms of commons to shared regulation, with power and ownership more widely distributed and not concentrated either in the hands of oligarchs or the state. Dividends from technological innovation must be shared more equally amongst all citizens through a universal basic income. Increasing productivity should be enjoyed in the form of increased leisure time, not increased consumption. We might finally look forward to Keynes' fabled 15-hour week.

Closely related to this is the complex bundle of demographic changes unfolding in the twenty-first century: ageing populations in the Global North, young and growing populations in the South, rapidly changing migration patterns driven by conflict, resource scarcity and the hope of a better life. Two significant issues arise in the British context.

First, we should reverse the default stance of neo-liberalism on migration, which is to welcome the unfettered movement of labour *as a factor of production* whilst maintaining a wary, if not downright hostile, stance against people fleeing degra-

dition or terror at home. This would require the tight management of economic migration to balance the interests of indigenous workers against those of new arrivals, whilst at the same time dramatically improving the UK's welcome to asylum seekers and refugees. The best answer to addressing skills shortages is to skill up your workers, not import new ones every year from poorer countries.

Addressing the second significant demographic issue requires a degree of honesty that is bound to make any politician queasy. The terms of the current British intergenerational deal are wrong - not just miscalculated, but dangerously unsustainable. Austerity has fallen most harshly on local government and on disadvantaged socio-economic groups, including children, because electoral arithmetic has dictated that cast-iron ring-fences must be put around health and pensions to protect the interests of baby boomers. Public services cannot be maintained in any recognisable form within the current envelope of public taxation and spending, without curbing the built-in explosion in pension, health and social care costs for people aged over 60.

The unaffordable generous final salary schemes of today's pensioners, both private and public sector, are already a stealth tax on today's workers who can only dream of such bounty when (or indeed if) they finally retire. It does not require a maths degree to spot that retiring in your fifties on two-thirds of your final salary, when you could easily spend more years in retirement than you did in work, simply does not add up.

Together with the UK's housing nightmare, from which it seems we will never wake, who can be surprised at the political disaffection of the under 30s? But getting the young to vote would change the current electoral arithmetic. Who will grasp this nettle?

Finally, turning to the third driver of change, the cognitive dissonance around climate change, resource security and pollution has become deafening. Continued growth in material 'throughput' is not achievable, whilst GDP growth, albeit slow, might just be possible if technology delivers the near-miracles that are now implicit in any attempt to reconcile political-economic and ecological reality. But in the long run ecological reality will prevail. As E F Schumacher observed: *'Man talks of a battle with nature, forgetting that if we were to win the battle we would find ourselves on the losing side.'*

Protesting that growth is the only political product that sells on the voters' doorstep just will not do. Nobody complains on their death bed that they wished they had earned more money. Those who wish to develop a new growth model must first find out what people really want, and that they think economic growth will give them. I suggest a sense of economic security and dignified and fulfilling work will be high on the list. The neo-liberal 'trickle-down' growth model has conspicuously failed to deliver either to the masses. It was never going to and never will, even in Labour's hands. So it should be abandoned.

No-one is suggesting that constructing a compelling new political narrative of the good life is easy, especially in the face of well-orchestrated accusations of economic naivety. But I would argue that if we take economic growth as our only point of departure, we will never get there.

## Growing the economy from the middle out

*Rachel Laurence*

Craig Berry suggests it is crucial to make a connection ‘*between the new order and individual livelihoods*’. This resonates with two recent reflections of my own, which have come from my work with a number of communities who are attempting to regenerate their economies from the bottom up. Some of those communities are within areas where apparently huge economic opportunity feels frustratingly out of reach to those untouched by the office blocks and new infrastructure shooting up around them – like, for example, some of the communities in the poorer housing estates in and around Manchester and Salford. Other communities lack geographical proximity to new economic opportunities, but are struggling (often heroically, and ingeniously) to regenerate their economies, with very little in the way of building blocks such as infrastructure, investment or footfall – such as in Withernsea, to the east of Hull, or Shiney Row, near Durham.

### *Thriving communities or a thriving macro-economy?*

My first thought is that the current devolution debate – particularly in the context of a regional economic strategy – is a useful lens through which to consider a fundamental question about how we think the economy should work. Is the ultimate goal to improve the experience of individuals and communities where they live and work, or is it to improve the performance of the national economy on the global stage? And of these, which is the driver, and which is simply the knock-on impact of how we make economic policy?

Devolution could, and should, be an invitation to ensure that the former goal is the fundamental driver for regional *and national* economic strategy. However, successful current devolution deals have been based, first and foremost, on presenting a convincing case for how the region in question will contribute towards national growth. Placing the emphasis on thriving communities is a necessary shift in focus if the devolution process is to avoid embedding and reinforcing a problematic approach to economic development.

### *Top-down, bottom-up – or from the middle out?*

My second reflection is on how, if we’re serious about developing a credible and palatable alternative economic growth model, that works at a regional level? The existing growth model, as Berry outlines, assumes that GDP growth will lead to economic benefits for all. This has not been the case: our current system fails to deliver distributed economic benefits across the population, or to generate sustainable, resilient economic systems at the local, regional or national level.

So what are we trying to generate through our economic system, if not simply ‘growth’? The New Economics Foundation has recently published work on alternative measures of success at the national level which pinpoints the headline indicators that really would denote a balanced economy.<sup>23</sup> To move towards these kinds

<sup>23</sup> New Economics Foundation (2015) ‘Five headline indicators of national success’. <http://www.neweconomics.org/publications/entry/five-headline-indicators-of-national-success>



of outcomes I would suggest there are four basic aspects of a ‘well functioning’ regional economy:

- people are doing well financially;
- the businesses and organisations in that economy are resilient, diverse in sector and scale, well connected, and thus resilient to shocks and change;
- supply chains in that economy allow money flowing into it to circulate many times, through many businesses and many peoples’ pockets, generating a strong ‘multiplier’ effect, rather than the money leaking straight out again;
- the local economic system makes sustainable use of environmental resources including materials, waste, physical spaces and energy.

What kind of economic development approach gets you to this place? The sectors upon which economic development strategy is based are key, both in terms of their direct impact on people’s jobs and wealth, but also in terms of their respective knock-on effects in stimulating other sectors.

When trying to regenerate or stimulate enterprise in areas where both jobs and wealth are lacking, it is crucial to grow sectors that communities can easily engage with, as entrepreneurs or small businesses. The necessary sectors are those which demand activities light on the need for capital investment, and which can easily plug into quick and non-complex supply chains.

Small catering businesses or IT consultancies that can be hired by a slightly larger local business are conceivably within the reach of prospective start-ups with little access to finance and capital. It is far more challenging for people in capital-poor, under-resourced communities to establish businesses that can sustainably tender for lengthy, multi-million pound contracts, with, for example, large multinational high-end growth businesses that are attracted into local areas because they’re seen as inward investment.

Yet, the pursuit of high GDP or GVA growth naturally leads us to favour precisely those businesses and sectors which tend to deliver this kind of growth rapidly - such as finance or high-end technology - and which, crucially, do not need to procure substantial amounts of goods and services from the smaller end of the local economy. Equally, they do not tend to provide large numbers of mid-level jobs (instead, as Berry notes, they tend to offer either highly qualified, high skilled jobs or very low paid ones). This leads to the ‘hollowed out’ economy we see now in the UK, with a persistent pursuit of high-value growth sectors, and the correlating fringe of low-value growth sectors around it.<sup>24</sup>

Genuinely rebalancing our economy must be conceived with a focus, not on the top and how wealth trickles down, nor on the bottom and how it up-scales, but rather on the middle – the medium-sized enterprises and strong supply chains that connect the different layers of the economy. Finding, stimulating and supporting the sectors that easily support, or sit within, this middle ground might help to begin to root individual livelihoods back from the periphery into the heart of regional economic strategy.

<sup>24</sup> New Economics Foundation (2015) ‘Our Work: Jobs & Industrial Strategy’. <http://www.neweconomics.org/issues/entry/jobs-industrial-strategy>

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# Organising metaphors and austerity: What the left can learn

*Adam Leaver*

Arguably one of the most memorable moments of last year in the UK featured a tearful, Conservative-voting mother on BBC1's weekly debating programme *Question Time* explaining how cuts in tax credits would affect her ability to provide the basic requirements of food and shelter for her family; 'shame on you' – she shouted at the Conservative government minister Amber Rudd, whose discomfort was visible to all.

It was a remarkable intervention in many ways: it highlighted stark tensions between the commitment of the Conservatives to reducing the deficit and their stated desire to reward 'strivers' in a context where many working families were reliant on tax credits to subsist. It also indicated that the political constituency which brought the Conservatives into power so emphatically last May might in fact be thinner, more febrile and prone to rapid changes of sentiment than pollsters previously thought.

Craig Berry's paper is a further timely reminder of the fragility of the Conservative Party's political narrative against the backdrop of a credit-fuelled growth model that may already be exhausted. His central argument is that political rhetoric without a viable growth model is susceptible to challenge, whilst a growth model without a legitimising discourse is doomed to fail. The challenge for the Labour Party, therefore, is how to build something akin to a Gramscian hegemonic project – a unified economic and political worldview with supportive programmes for growth that inspire public support and galvanise an electoral base.

Berry points to the themes of 'value, place and equality' as the discursive sites upon which such a project might be built, but he argues that the right has traditionally been far better at claiming these domains as their own. Berry suggests a gradualist strategy which resists Conservative appropriations of these themes and rearticulates their importance within a popular/populist centre-left frame that then connects to alternative economic principles, such as the subordination of finance to industry, workplace empowerment, local autonomy and a collectivist state and other social democratic concerns.

This is no small or easy task, as Berry acknowledges. So maybe there is some utility in reflecting further on why the Conservatives have been so successful and what their vulnerabilities are, if we are to learn how the left might construct a successful alternative political strategy.

There are many ways we can break down and analyse the electoral success of Cameron's Conservative Party. But one striking aspect has been their use of language, which is laden with what George Lakoff might call a 'strict father morality'. The desirability of attributes like self-denial or sacrifice, discipline, prudence and

personal responsibility become an injunction to moral conduct in all areas of life, including those which pertain to matters of value, place and equality. These metaphors infuse political debate and can be used to quickly foreclose alternatives by simply highlighting their transgressive values. Think, for example, how often the term 'deficit denier' has been used to silence any questioning of the government's austerity programme, denying airtime to the substance of that view. Progressives need to learn from this form of (moral) argumentation and consider which organising metaphors might act as a platform from which to build alternative strategies, to deny the right the opportunity to frame political debate on their terms.

But it is also important to understand the weaknesses of current Tory strategy. The largely successful attempt to impose an abstract moral frame on political debate has been accompanied by a set of short-term policy manoeuvres designed to outflank Labour tactically on key issues in a bid to seize the political centre-ground. This has also been a source of short-term success. Often opportunistic in nature and informed by the latest polling data, the Conservatives have devised strategies to marginalise or divide political opponents whilst taking the political initiative on an issue-by-issue basis. This has proved remarkably effective as an electoral tool, but is now creating problems for them in government, reinforcing the argument that, although opinion polls may tell you how to win power, they can't tell you how to govern. The tactic of chasing small, isolated policy land-grabs now looks increasingly incoherent as a strategy, given that the Conservatives have now had to choose whether to attack the living standards of its fragile electoral base or risk reputational damage by missing deficit targets in the future – the paradox expressed so succinctly in the Question Time programme discussed above.

These tensions are only likely to increase – as Berry notes – because the Conservatives have no alternative to the current credit-based growth model which is already under extreme pressure. The cracks first appeared in the Coalition Government's key response to austerity-driven slow-down, which was to crank up the machine further through 'Help to Buy' and 'Funding for Lending'. These programmes did not fit the austerity/self-sufficiency rhetoric, but they were the necessary compromises struck to stave off a recession and bolster a failing Plan A in the run-up to an election.

These and other interventions undermine political rhetoric (provided the opposition is able to capitalise) and are likely to store up more pain for the future. And another financial crisis would pose a challenge, not only to the tactics of short-term positional manoeuvring, but to the core ideas around fiscal discipline and individual responsibility which form the moral centre of the current Conservative project. For that reason a phased strategy for the left is sensible, but it should concentrate on establishing an alternative organising concept which could gain traction in the event of another crisis.

A concept like 'resilience' might be one answer. It is already widely used in a positive sense to think about issues from food supply to IT systems and health. It would enable the left to connect back to past successes – what was the welfare state, after all, if not an attempt to provide stability and structural fortitude to society and economy after the disruption of war? In the same vein privatisation could be represented as an attempt to dismantle institutions that add security for the people.

Furthermore, as a political concept, resilience would allow the Left to ask telling questions about the sustainability of asset-price growth and the susceptibility of assets to shocks; the power and organisation of the financial services sector; the economic balance between the regions and London; and even about the quality of jobs needed to maintain a stable and vibrant society.

What features undermine resilience and add risk and what structural changes might be introduced to improve the durability of the system for the people? Berry's paper is a useful starting-point from which to think through these important matters of political strategy.

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## Challenging rising inequality must be at the heart of a new political economy

*Stewart Wood*

Craig Berry's paper explores the economic narratives deployed by the left and right since the global financial crisis, and finds them all wanting. Although the subject of Berry's paper is narrative and discourse, underlying his discomfort is the search for something more fundamental – a new political economy for the left.

Berry skilfully identifies the main elements of the growth model which operated in the decades prior to the crash: the pre-eminence of finance in the industrial firmament; a reliance on public sector employment under the last Labour government; maintaining high household consumption (partly through loose credit, partly through a booming housing market) to keep demand strong, and a *laissez faire* industrial policy. Since 2010 the Conservatives have pinned their hopes on a return to this model, but have added some post-crash twists to the cocktail. In particular, they have continued Labour's reliance on Quantitative Easing to maintain asset values and the health of banks; doubled-down on reinvigorating confidence by fuelling the housing market; and imposed fiscal consolidation – first severe, then looser, then severe again – on public spending.

This is a strong characterization. Where I am less sure about Berry's analysis is in his description of the Conservative narrative. Berry says the three conspicuous elements of the Conservatives' story have been austerity, the 'global race' and rebalancing. I am not sure this captures the core of how the Conservatives see their mission. The 'global race' metaphor (which, incidentally, is a deeply mercantilist rather than a liberal metaphor, and implies that national economic fortunes in a competitive world are zero-sum) has been conspicuously dropped since the general election. Jim Pickard of the Financial Times has pointed out that David Cameron has not used the term once since May 2015. Meanwhile, Berry thinks the term 'rebalancing' is primarily used in a geographical sense (strengthening the usually-neglected North of England), whereas I think use of the term is a very recent and opportunistic development that has occurred since 2014.

In fact, 'rebalancing' after 2010 was George Osborne's term for a shift that never happened – in their frame, this shift was to move away from an economy dependent on debt and public spending, and towards a strengthened, more efficient and expanding private sector. This starts to get to the heart of the main Conservative ambition: a fiscal and political attack on the concept of active government. In fact, the narrative of austerity has actually coexisted with periods of drastic, and less drastic, cuts in spending since 2010. The truth is that Osborne was a quiet and small-scale Keynesian after 2012 – this is how, to some extent, the awful macro-economic record on growth in the first few years of the Coalition government was reversed. But in other respects, the core project of Osborne's stewardship of the economy has been to disarm the capacity of active government, both for now and for the long term. He has done this in a variety of ways: by making clear assertions

that the public sector must bear the primary burden of fiscal adjustment in order to release the private sector to be the engine of recovery; by drastically cutting the provision of social security, even when it supports incentives to work; and by shifting the expectation of support for the least advantaged in society to the private sector, without compensating them for doing so.

When it comes to considering the narratives of the left, much of Berry's criticisms of New Labour, Blue Labour, Ed Miliband's Labour, Corbynism and of the wider left are fair. He is right that they lack a serious political economy – or in his terms a logic of economic transformation. Whether the way to think of an alternative political economy is to conceive of it in terms of Berry's three pillars – value, place and equality – I am not sure. In particular, I'd like to read more about what he means by value. He is absolutely right to criticise the Left for its emptiness on the notion of attachment to place – community, city, nation, country (or even Europe) – but I am not convinced that this idea is captured by the notion that *'people are now more concerned about the spatial organisation of their lives'*. As for equality, although, as Berry points out, it is a term that is being appropriated by the Conservatives as they seek to move towards the centre-ground, the gap between their policies and their rhetoric is becoming starker by the week. Berry is right that equality has been re-politicised by the crash to some extent, but the left has to respond by reconceiving how it addresses the challenge of preventing inequality from rising further.

The overwhelming priority for those of us on the left who have seen the collapse of New Labour's political economy after 2008, and have been part of the failure to establish an alternative and coherent political economy ever since, is to put that challenge at the centre-stage. The left needs to discover a logic of economic reform that offers the prospect of growing in a different way – one that addresses the economy's supply-side deficiencies (productivity, the financing of industry, investment and skills), but which does so in ways that ensure a more *shared* prosperity, rather than loading-up the task for redistribution higher and higher, as has been the case for the past couple of decades. This is where the left's intellectual energies should be focused. Whilst I share Berry's scepticism that the Labour Party has anything in play that currently meets that challenge, I have optimism that working together with other left parties we can turn that around in the coming few years.



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