The Labour Party under Ed Miliband: trying but failing to renew social democracy

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Ed Miliband had a serious diagnosis of the reforms needed to build a better society. Yet a series of compromises with forces within and outside the party watered down his overall narrative.

It is a convention of modern politics that leaders of opposition parties start their mandates by promising change. This promise is easy enough to understand. In order to win, opposition parties need to demonstrate that they have ‘changed’ their ways that led to defeat, but also that they offer ‘change’ to voters. In this regard, Ed Miliband’s bid for the leadership of the Labour Party in 2010 followed a well-established pattern. But perhaps less conventional was his insistence on challenging ‘established thinking’ to develop a ‘transformative’ agenda that would move the party into a more clearly defined social-democratic mould.

As the results of the 2015 general election made clear, Miliband failed to deliver that transformative change. The party obtained its worst results since 1987, winning only 30.4 per cent of the vote. Labour lost all but one of its seats in Scotland and had disappointing results in suburban England. If the party registered gains in London, its electoral results in the Midlands, the south-east, and the north-east were disappointing to say the least.

The causes of Labour’s shocking defeat are varied, but the fact that Miliband’s agenda lacked definition and was less than the sum of its parts contributed to it. The remaining sections of this article seek to explain why the Labour leader failed to
deliver the transformative change he promised in the early days of his leadership. In particular, this article will show that timing, the resilience of neoliberal ideas and the fact that the Labour leader lacked the support of relevant actors hindered his attempt to develop a transformative agenda that would renew social democracy.

A social-democratic moment?

It was not hubris that led Ed Miliband to believe that he was on course to capture a new ‘social-democratic moment’. After all, transformative change often occurs in periods of crisis. In periods that are characterised by great instability and disruption, the principles and assumptions that have guided political action thus far are questioned, because the old recipes no longer seem to work. It is rational then, to expect political actors to search for new ideas that will help them make sense of what is happening, but also to find a reasonably clear road map that will guide their way out of the crisis. At such times, new ideas enable political actors to reduce uncertainty. They do so because, as Mark Blyth argued, ‘such ideas provide agents with both a scientific and a normative critique of the existing economy and polity, and a blueprint that specifies how these elements should be constructed’.¹

The global financial crisis of 2007-08 was one of those moments.² This was a crisis that shook the foundations of modern capitalism and which resonated across the world, leaving a destructive trail in its wake. In Europe and the United States, millions of people lost their homes and their jobs, thousands saw their living standards collapse, and governments spent billions saving failing banks, creating huge public deficits in the process. Across the political spectrum, political actors sought to understand what had provoked the crisis, but also attempted to find ways to respond to it.

On the left, social-democratic parties believed that the global financial crisis had opened the way to a new social-democratic moment. Indeed, Ed Miliband’s bid for the leadership of the Labour Party suggests that he thought the global financial crisis had created the space for paradigmatic change. In several speeches and articles the Labour leader offered an ideologically cogent analysis of the causes of the global financial crisis and talked about the need to implement radical reforms that would amount to a policy paradigm shift. And Labour’s chair of the Policy Review Jon Cruddas took very seriously the task of ‘re-imagining social democracy’.

However, Miliband only had a broad idea about the direction of travel. As he admitted in his first speech as Labour leader, ‘we do not start the journey by
claiming we know all the answers now. We do so by setting a direction of change’. But setting that direction of change was far more difficult than he anticipated.

The supply of ideas

If the global financial and economic crisis of 2007-08 had opened the way for the emergence of new ideas, and new ways of thinking about the role of the market and the state in democratic societies, or about what constitutes the good society, it did not automatically follow from there that that open space would be occupied. As Blyth explained, moments of opportunity for fundamental change ‘do not lay courses of action’ (p275). Indeed, a number of things need to happen, but the first necessity, as Margaret Weir presciently argued, is the availability of ideas that ‘provide the rationale for policy departures’. This seems to be a very obvious condition, but it turns out that it was the first obstacle Miliband encountered.

Across Europe, the political right was quick to adapt and to fill that space with the old ideas that were at the origin of the crisis. Indeed, the political centre right was interested in changing the status quo as little as possible. To that effect, centre-right parties, assisted by a sympathetic media, quickly refashioned what undoubtedly had been a crisis of capitalism into a crisis created by a profligate and irresponsible state. European centre-right parties managed to convince voters that the deficit crisis had been created by irresponsible government spending and could only be addressed by a harsh dose of austerity and state retrenchment. With the support of understanding voters, centre-right governments slashed welfare budgets, eliminated thousands of public sector jobs, and eroded labour rights. Perhaps more surprisingly, voters continued to support this policy mix despite its evident failure to eliminate public deficits.

This turn of events has surprised many social democrats, but it may well be, as Andrew Gamble suggested, that neoliberal ideas ‘have become embedded both at the level of common sense, helped by the modern media, and as operational codes through the influence of modern economics’ (p14). In addition, the resilience of neoliberalism is also explained by the fact that ‘there are no longer many political economy alternatives to it’ (p14). Finally, as Vivien A. Schmidt and Mark Thatcher put it, ‘the dominance of neoliberalism has ensured that it has come to define the terms of discussion and contestation’. This latter factor is particularly apt to explain the absence of a social-democratic response to the global financial crisis in Europe. If many social democrats felt, like Ed Miliband,
that their moment had come, they had no road map that would assist them in making it a reality.

In the Eurozone countries, the sovereign debt crisis led to an obsession with deficits to the exclusion of everything else. The incremental alternatives to tackle the deficit proposed by different European social democrats – such as the emission of Eurobonds, tighter regulation of the financial services industry or the deepening of European integration – failed to unify the European social-democratic family. More importantly, none of the proposals offered a coherent and comprehensive response to the crisis. None addressed the complexities of policy-making in a transnational space like the European Union or sought to tackle the structural flaws of the monetary union. To do so would be to question the commitment of European social democrats to the project of European integration, and it would also threaten the viability of the monetary union to which they remain committed. But, as they painfully learnt, not challenging that austerity dogma condemned them to opposition, as they were unable to respond to the electoral challenges that were emerging from the radical left and the populist right.

The fact that European social democrats had not developed a viable policy alternative to the prevailing neoliberal ideas affected the Labour Party in a variety of ways. First, there were no successful examples of social-democratic parties that had been able to challenge the idea that the deficit crisis had been created by profligate public spending. Second, Labour was affected by the shortage of ideas around. The lessons Miliband learnt from the experiences of other social-democratic parties were on the whole negative, as they highlighted the obstacles to challenging established thinking. Consequently, the intellectual and ideological disorientation of European social democracy also meant that the Labour leader could not rely on the ideational, political or institutional support of European social-democratic parties to develop a programme of transformative change.

**Miliband’s blueprint**

In these heavily constrained circumstances the Labour Party under Ed Miliband sought to develop a political programme that would address the policy puzzles created by the global financial crisis that was consistent with the party’s ideological traditions. For that purpose, the Labour leader actively searched for ideas and policy solutions. Not surprisingly, that search did not concentrate in Europe. Indeed, the party barely ventured into the desolate European political landscape. Instead,
Miliband's team searched across the Atlantic – in particular in progressive circles in the United States, but also in Brazil (via Harvard University) and Australia – and also in the party's keepsake box, for the ideas that would form Labour's new agenda.

The starting point of that search was a diagnosis of the causes of the global financial crisis. Miliband drew two key lessons from it. Firstly, he concluded that modern capitalism had created the seeds of the financial crisis and generated unsustainable and unacceptable levels of social inequalities. Secondly, he believed that modern capitalism had to be reformed and regulated to deliver a stable, sustainable, balanced and equitably-shared economic growth. These two key lessons led the party to focus on four main areas of reform: reforming capitalism; addressing inequalities of wealth and power; devolving power and reforming the unresponsive state; and responding to the popular anxieties about national identity and belonging which resulted from economic and cultural globalisation.

This particular understanding of the problems facing contemporary Britain shaped Miliband's search for the ideas that would address those challenges in a manner that would be ideologically cogent, politically viable and electorally appealing. That understanding was visible both at the level of what Vivien A. Schmidt calls the 'coordinative discourse' that prevailed in the policy and public spheres (and which involved a variety of actors) and at the level of 'communicative discourse', which defined the way the party presented and justified its ideas and sought to galvanise the public at large.6

Under Ed Miliband, the Labour Party threw itself into the task of challenging 'established thinking' with great intellectual and ideological gusto. Miliband sought answers from the public intellectuals of the day, and surrounded himself with advisers, such as Stewart Wood, Marc Stears and Jon Cruddas, whose main job was to think deeply about these matters. In their roles as advisers they introduced the Labour leader to new ideas and new intellectual 'gurus', and reacquainted him with those Labour traditions that had something relevant to say about contemporary political and policy challenges. They also relied on the assistance of think-tanks associated with the Labour Party – in particular the IPPR, the Resolution Foundation, Policy Network and the Fabian Society – and with activist networks like Compass, Progress, LabourList, and not forgetting Blue Labour (there were others, but these were the more influential).

The result of the ideational activities of this epistemic community were dozens of pamphlets, media articles, open-door seminars and closed-door workshops that
dealt with both big-picture issues and minute policy recommendations. The underlying idea guiding these discussions was that their policy proposals would have to consider the financial constraints on a future Labour government. Indeed, these discussions were often prefaced with a ‘reforms for when there is less money around’ or ‘big reforms, not big spending’ type of caveat. What this means is that the process of developing ideas for the Labour Party reflected the political and economic contexts as well as a particular perception about how voters and, crucially, relevant actors would react to them.

This process of reflecting and prioritising the issues which would constitute the core of the party’s agenda had a clear influence on Miliband’s narrative. The manner in which he discussed the challenges he wanted to tackle, as well as the vision he wanted to pursue, accommodated different traditions and ideas within the party. But this came to be seen as a problem. In fact, the result of this accommodation was a well-meaning reformist agenda which was too timid, not always intellectually consistent and lacked a main narrative pull. As Lord Mandelson argued in a rare thoughtful analysis of the 2015 election, Miliband’s case for an interventionist social democracy ‘did not cohere or become a compelling vision of society’. Instead, he ‘fell back on a string of financial offers’ that came to sound ‘more like populist, transactional, rather than principled, politics’. As a result, the break with established thinking that Miliband promised in 2010 was not as radical as he intended.

To understand why Miliband’s agenda failed to be transformational it is worth recalling Peter A. Hall’s criteria to assess the success of ideas. According to Hall, there are at least three external circumstances that can affect the power of ideas. The first is related to their ability to persuade. The ideas in question need to offer a plausible response to a current policy puzzle. But persuasiveness is not merely dependent on the intellectual coherence of an idea or on its technical viability. Thus, in Hall’s model, ideas also need to be comprehensible, and that comprehension is reliant on individuals’ ‘stock of knowledge that is generally conditioned by prior historical experience’ (p370). Finally, in order to influence policy, ‘an idea must come to the attention of those who make policy, generally with a favourable endorsement from the relevant authorities’ (p369-70). This third criteria is particularly important to understand Miliband’s difficulties. Indeed, it will soon become apparent that his inability to attract support from relevant actors affected his transformational agenda.
A lone rider

Miliband’s timid agenda was mostly the result of the multiple compromises he was forced to make with the different Labour factions. This process of accommodation to the different currents of opinion suggests that his grip on the party was weak. This difficulty pointed to the existence of institutional and political constraints that rendered more difficult the process of developing the paradigm-shifting agenda that Miliband desired.

Miliband’s position within the Labour Party was not one that granted him great autonomy. When he was elected leader, the party was exhausted and demoralised. This defeatist mindset became a fertile ground for party feuds and internal wars. As party members readily admit, Labour is not good at accepting the role of opposition, as it quickly ‘ retreats into factions, all of which are very conservative and are not sites of innovation and contest and renewal’ . To prevent the party from succumbing to the sirens of dissension and civil war, Miliband wasted precious time with party management issues.

Despite his efforts, Labour backbenchers seemed keen to remind him (and the media) on a regular basis that they did not back him to become party leader. The Blairite wing was particularly effective at undermining his authority by leaking stories about Miliband’s blunders or by giving unsolicited advice to the party leader via the pages of the right-wing media and the microphones of the national broadcasters. If that was not enough, several members of the frontbench team were equally sceptical about Miliband’s transformative agenda. Some of them believed that the party could win by merely offering incremental changes to its programme.

The main schism in the party divided those who did not question New Labour’s economic model and those who argued for a more social-democratic agenda. This schism informed Labour debates about how to deal with the public deficit. Another important dividing line separated the ‘centralisers’ from the ‘devolvers’ of power. This schism was not just about Ed Balls’s resistance to devolving power to English cities and towns. It was also about constitutional reform and the culture of the party. Whereas some were eager to inject a more democratic and pluralist culture into Labour politics, others favoured a more centralised and hierarchical electoral strategy. Similarly, there was no consensus within the party about how to respond to the electoral threat posed by UKIP. If the wing associated with Blue Labour had identified the concerns of ‘left behind’ voters with immigration as a key electoral challenge, other factions underestimated the threat UKIP posed. It
did not help that the Labour leader was ambivalent about many of these issues. If Miliband’s ambivalence can be partly explained by his desire to build a large consensus around him, it is also true that he was undecided about many of these crucial questions.

**Persuasion and comprehension**

The fact that Miliband did not obtain support from ‘relevant actors’ affected the two other criteria that can determine the success of ideas. Because he had few cheerleaders inside or outside the party to promote his agenda, the Labour leader was forced to compromise on a number of crucial areas. As a result, the programme he was eventually able to develop was robbed of the persuasiveness and clarity it required to be successful.

Miliband’s agenda also lacked boldness. A typical comment made by his supporters was that ‘Ed talks a good talk but where’s the beef?’.

In other words, the gap between the narrative and the policy proposals was quite wide. The narrative about resetting social democracy was totally obfuscated by an electoral strategy that focused on micro-policies such as the bedroom tax, the mansion tax, and zero-hours contracts. Instead what was proposed was what Jon Cruddas defined as ‘a dice-and-slice strategy that balkanised the electorate’.

If Miliband viewed the global financial crisis as an opportunity to reform British capitalism, he failed to explain loud and clear how he would do it. More importantly, the Labour Party under Ed Miliband failed to challenge the perception that the deficit crisis had been created by irresponsible public spending by the previous Labour government. This failure had three important consequences.

Firstly, the party was never able to recover the mantle of economic credibility that it had lost in 2010. As Labour was still perceived as the party that had overspent, it was cornered into accepting austerity as the only viable policy option to eliminate the deficit. This in turn had the effect of obfuscating and confusing Miliband’s plans to launch the foundations of a more balanced and productive economy. The fact that Labour channelled its communicative strategy to emphasise its commitment to fiscal probity, and to downplay its plans to raise public borrowing to invest in apprenticeships and economic infrastructure, and for investments in key industries, raised important questions about the feasibility of such an ambitious agenda.
Thirdly, the endorsement of austerity compromised Miliband’s egalitarian agenda. This was particularly visible in Labour’s stances on the living wage. Indeed, in many speeches delivered in the first years of his leadership, he argued that the living wage and the plight of the low-paid were top priorities for Labour. But as the time passed, his proposals for the living wage lost pre-eminence and were eventually watered down. In the months leading to the general election, references to the living wage disappeared from Miliband’s speeches. Instead, the Labour leader announced a rather modest commitment to increase the minimum wage by £1.50 over a period of five years. Needless to say this modest proposal would have had negligible effect in the reduction of social inequality.

Labour’s departure from New Labour’s and from the party’s traditional centralised statecraft was equally half-hearted. Again, Miliband had put his finger on an important issue but failed to take the logic of his analysis to its full conclusion. His agenda for public sector reform inspired by ideas on the ‘relational state’ was timid and totally invisible (this being said, this is hardly an issue that decides elections). Moreover, Labour’s plans to devolve powers to local communities in England were over-shadowed by the coalition’s approach to regional development and in particular by George Osborne’s ‘Northern Powerhouse’ agenda. Similarly, his ‘power agenda’ proposals were piecemeal and lacked ambition. Finally, Miliband’s take on the politics of identity and belonging was too bureaucratic and subtle. He tried to develop an approach that simultaneously sought to respond to the concerns of UKIP supporters with immigration, and to placate those progressive voters who might be tempted to shift their allegiances to the Greens, the SNP or to the Liberal Democrats. Labour attempted to navigate this electoral minefield with a subtle message which on the one hand stressed the positive role of immigration, and on the other addressed voters’ concerns about EU migrants’ access to welfare benefits. But in the process Labour failed to demonstrate it understood the sense of cultural displacement and insecurity felt by the voters who had been adversely affected by immigration.

The result of Miliband’s institutional weaknesses and of the compromises and semantic contortions he was forced to make was a watered-down agenda that failed to challenge established thinking. Thus, ‘Milibandism’ constitutes an incremental leftward shift from New Labour in its approach to equality, to capitalism, to the state and to the politics of belonging, but it is far from being a re-imagined or renewed social democracy.
What now for Labour?

At the moment Labour is in a midst of a simultaneously introspective and cacophonous debate about the causes of its defeat and about the road ahead. Understandably, recriminations and finger-pointing play a big role in these discussions. Some party grandees and media commentators were quick to blame Miliband for the party’s catastrophic defeat. His ideas were too-left wing and too anti-business, and he failed to win the support of ‘aspirational voters’. Others blamed him for neglecting ‘left-behind’ voters who preferred the unequivocal stances of UKIP on immigration to Labour’s subtle proposals. Then there were those who claimed that Miliband’s endorsement of austerity led to huge electoral losses in Scotland to the SNP. But most agreed that the Labour leader was not prime-ministerial.

These different analyses about the causes of Labour’s defeat reflect the mixed messages voters sent to the party in May 2015. In Scotland, Labour was decimated. In England, the electoral landscape was more complex. Voters from suburban constituencies in the South of England were still blaming Labour for the deficit crisis and decided to place their trust in the Conservatives’ long-term economic plan that thus far had failed to eliminate the public deficit. In the Midlands, the UKIP surge helped the Conservatives and harmed Labour. And even in the party’s heartlands in the Northeast of England, Labour failed to enthuse their traditional voters and shed votes to UKIP. London was the only part of the country where Labour made significant gains.

This changed electoral landscape suggests that the party faces very challenging times. Labour faces electoral challenges from the left, from the centre and from the populist right. Responding to these challenges will take considerable time, patience, creativity and the courage to make difficult choices. Given that the fragmentation of the party system affects mostly social-democratic parties, Labour should also accept that the days of winning parliamentary majorities belong to the past. Like other social-democratic parties in Europe, Labour is in decline, and the way ahead might include the possibility of developing creative alliances and dialogues with other progressive parties or political forces.

But in the rush to find a road map to electoral success, Labour should resist the temptation to condemn Milibandism to the dustbin of the party’s history. If Miliband committed serious mistakes in terms of electoral strategy and emphasis and lacked those elusive prime-ministerial qualities, the party should not ditch Milibandism altogether. As Tony Blair and Lord Mandelson admitted in their election post-mortems, Miliband was right on a number of things. In particular, he was correct in identifying three particular issues – the rise of inequalities, the need
to develop a more balanced economy based on an active industrial policy and on
high-skilled workforce, the need to decentralise the state and reform public services
– that will continue to dominate the political agenda in the years to come.

As Blair recognised, Miliband was ‘absolutely right to raise the issue of inequality
and to say that Labour should focus anew on it’. But, as we saw, his approach to
equality was minimalist, though it was presented in divisive language that was
bound to be badly received by the right-wing press. The fact remains that the
widening gap between rich and poor worries many voters and negatively affects
Britain’s economic prospects. It is also true that many of Labour’s proposals in this
area were popular with voters. So popular, in fact, that the Conservatives are moving
quickly to occupy this territory. More crucially, this is a defining aspect of Labour’s
ideology. If the party is no longer the standard-bearer of egalitarian politics and
workers’ rights, it may as well consider closing its doors.

The right of the party is also busy accusing Miliband of failing to develop a strategy for
economic growth. This is not exactly correct. He developed (though neither fully nor
consistently) plans to rebalance the economy and address the long-term problems of
low productivity with proposals for an active industrial policy and new focus on
apprenticeships and market regulating policies. However, this agenda was
obfuscated by Labour’s convoluted stances on the deficit. It is also true that a deficit-
obsessed mainstream media was not the least interested in hearing about those plans.

Miliband was also attacked for his lack of interest in public sector reform, and here
again the party’s manifesto tells a different story. In fact, the 2015 manifesto brought
to the centre stage Labour’s ‘power agenda’, though – and for good electoral reasons
– this theme was hardly addressed during the electoral campaign. Finally, Miliband
tried but failed to turn the party into a movement that was open to other progressive
forces and grassroots movements. The post-2015 electoral landscape suggests that if
Labour wants to survive as a major political party in Britain it should revisit
Miliband’s movement politics and open its doors to dialogues with other
progressives and like-minded parties such as the Liberal Democrats, the Greens and
even (God forbid) the SNP. Thus, if Milibandism failed to renew social democracy, it
has identified the key political battlegrounds upon which its renewal will rely.

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Notes

12. Tony Blair, 'Labour Must Be the Party of Ambition As Well as Compassion', *Observer*, 10.5.15.