

A different double shuffle?

David Coates

If political movements are to have futures, those who lead them have to understand the dynamics of time, and their own place in the constellation of things. But historical vision is difficult for those immersed in the detail of the here-and-now; which is why it is vital that intellectuals on the left bring the longer story to the table. Three times in my lifetime, we have been at the point we are now, three times when the political consensus across the aisle was virtually total. In the 1960s everyone was a Keynesian. In the 1980s, Thatcherism held sway. Now even David Cameron is a Blairite. Third way orthodoxies are currently unchallenged within governing circles in the UK: but they need to be challenged, because like Keynesianism and Thatcherism before them, they will have a very short shelf-life. If social democracy is to have a future, it will need to leave those orthodoxies behind. The purpose of this piece is to contribute to an understanding of why that is so, and how it might yet be effected.

New directions?

We live in an age of political certainties, and we have for quite a while. Margaret Thatcher used to make a virtue of never 'u turning'. 'You turn if you want to', she once told an adoring Tory party conference, 'the lady's not for turning'. Nor, it would appear, is Gordon Brown. For a decade he has made a virtue of prudence, following self-adopted golden rules that have kept public spending within tight and predictable limits; and for that same decade he has argued consistently for a resetting of the European social model. Faced with the inevitability of intensified competition from Asia's two new giants – China and India – Brown has consistently argued, as did Thatcher before him, that European governments should not go back to the failed policies of the 1970s. There must be no picking of industrial winners, no subsidization and management of national industrial champions, no wrapping of any protective wall of collective labour rights around a left-wing electorate. Instead of old-style industrial policy, governments of the centre-left need to do what Thatcher did – create flexible labour markets – and do what Thatcher did not, invest on a large scale in human capital.

Only through the creation and development of a high-skilled and flexible labour force, so the orthodoxy goes, can the EU in general (and the UK in particular) hope to out-compete Asian importers who currently rely on an endless supply of cheap and unskilled labour, but who are themselves increasingly developing high-tech, high-skilled, high value-added industrial sectors. We are locked, Gordon Brown has argued, not in a race to the bottom, as the jeremiahs have it, but in a race to the top; and the question is – are we

up to the challenge of that race? His argument is that we are – or can be – if we pursue ‘policies that promote openness and opportunity for all ... greater flexibility in product markets, labour markets and capital markets ... Structural reform that promotes flexibility and fairness together’. Brown is insistent that, in the new globalized economy, the key policy choice facing European governments is not one between old-style protectionism and unregulated market competition. Rather, it is a choice between those two and a third, more progressive alternative – a third way built on ‘modern social and labour market policies geared towards promoting opportunity and employability, through the provision of skills and steps to promote workforce flexibility’. The future lies, we are told, with economies and industries that are both knowledge-driven and endlessly receptive to new challenges and opportunities. The role of social democracy is to equip its people with that knowledge, and to facilitate that innovative flexibility. We don’t need a fourth way. We have a viable progressive third way in our hands already – one that guarantees that ‘flexibility and fairness’ can be advanced together (Brown, 2005).

But do we, and can they? I think not.

The limits of progressive competitiveness

Why? For these two reasons at least. First, that even if this combination of re-skilling and enhanced labour market flexibility were to work, its consequences would hardly be progressive. Equipping people with skills doesn’t guarantee them permanently rising wages. If history tells us anything, it is that wages rise when skills are in short supply, only to fall when they are not. And in any case, globalization is not just about new technologies: it’s also about a global increase in the supply of those willing to work. Competitive re-skilling to avoid unemployment simply shifts global unemployment around the monopoly board, off the square on which we happen to be standing and onto that occupied by someone less educated than ourselves. Anyway, we’re not the only players at the board. Everyone these days is busy re-educating and up-skilling its labour forces, and eroding hard-won trade union and worker rights. As I have written elsewhere: the strategy of ‘progressive competitiveness’ is neither ‘socially progressive at the level of the world economy as a whole nor free of its own internal propensity to be undermined by similar initiatives elsewhere, whose cumulative effect is to leave individual economies persistently prone to the crises of competitiveness, unemployment and social retrenchment that re-skilling was meant to avoid ... You cannot get off the treadmill simply by running faster. All you can do by that mechanism is temporarily pass others, until they respond by running faster too, with the long-term consequence of having the whole field increase their speed just to stand still. The victor in such a race is not the runner, but the treadmill’ (Coates, 2000, 254).

At best, all that a third way ‘progressive competitiveness’ strategy can achieve is what we might call the treadmill effect: everyone running harder just to stand still. It is less a recipe for long-term economic success than for a perpetual intensification of the work process, and a steadily deteriorating trade-off between work and leisure. At worst,

a strategy of progressive competitiveness simply camouflages a race to the bottom behind the language of a race to the top, as one centre-left government after another salami-slices away welfare programs and business regulations in a desperate bid for fickle and impatient foreign capital. This is more the politics of the bordello than the politics of the left – whole labour movements standing around, displaying their wares, trying to attract passing business – credentializing and prostituting themselves before transient foreign investors whose appetite for ever more concessions is only inflamed by concessions already consumed. Certainly in the UK case, a decade of the Brown strategy has failed to effect any significant regeneration of the industrial base. On the contrary, ten years of flexible labour markets and re-skilling initiatives have left the economy with a shrinking manufacturing base (the manufacturing sector now contributing less than 15 per cent of total UK GNP), a huge trade deficit, and unprecedented levels of unsecured personal debt. You get lots of hairdressers the Brown way, and plenty of shops: but the goods you buy, and the money you buy them with, are increasingly foreign and borrowed.

No matter how compelling the rhetoric of a proselytizing Gordon Brown can occasionally be, the consequences of his policies hardly constitute a viable base on which to sustain the long-term political dominance of third way New Labour (Elliott and Atkinson, 2007). On the contrary, the electoral, as well as the economic, fall out from deindustrialization of this scale is likely to be considerable. An overworked and over-stressed electorate must eventually reject social democratic candidates who offer them only more of the same: more credentializing, more work flexibility, more job insecurity, longer and longer working hours. The aspiration for a race to the top is a noble one: a progressive political strategy that can ratchet up prosperity and ease working conditions is something that is genuinely worth having. But the third way isn't such a strategy. We need a fourth way that is. The issue on which we now need to focus is what that fourth way might be, and how we might yet bring it into being.

Shuffling to a different tune

Stuart Hall, among others, has used a ballroom metaphor to position Gordon Brown's 'progressive competitiveness' strategy in relation to the more conventional neo-liberal 'competitive austerity' alternative that preceded it (this characterisation of the two strategies is from Albo, 1994). Hall describes New Labour as effectively performing a 'double shuffle' with Thatcherism (Hall, 2003, 2007). He has New Labour shuffling away from the more overtly class-inspired dimensions of the Conservative counter-revolution – reversing the more blatantly anti-union changes of the Thatcherite years, creating a national minimum wage, using the tax system to effect a modest redistribution of income by stealth, setting out to abolish child poverty, and so on. But he also has New Labour making no qualitative break with the basic Thatcherite paradigm – so keeping the minimum wage low, refusing to cap top salaries, continuing to use private finance for public sector capital projects, and maintaining the UK opt-out from EU labour codes.

Keeping the metaphor going, we can say that New Labour in power kept one foot in the Thatcherite camp, and one outside. New Labour under Blair and Brown has not been brave in its choice of dance partners, or in its steps. It has simply hooked up with a set of slightly more progressive and dynamic entrepreneurs than the Conservatives would have done, and danced cheek-to-cheek with them. In the process, New Labour ministers seem to have forgotten that their progressive partners are still capitalists who might yet dance away, leaving them alone and unchaperoned. A more secure social democracy would therefore be well advised to try another double-shuffle – away from third way concerns with progressive competitiveness towards fourth way ones with the creation of the good society – a double-shuffle, one step at a time, that would involve a significant change of dancing partner, and a significant change of tune.

There is a new tune available, and it can be learned in stages. Right now, the effective range of choice facing social democratic parliamentarians is limited to that between models of capitalism. New Labour under Gordon Brown needs to revisit that choice, and to realign its policy accordingly. For if New Labour is to have even a short-term electoral future, the Brown government certainly needs to reset UK labour codes, business regulations and welfare programs in a more Scandinavian and less American direction. Ministers need to talk the language of social partnership again, re-engage (dance once more) with a revitalized trade unionism, and participate in (and defend) the existing European social model. And then, behind and beyond that immediate alternative, the Party and the government needs to explore the possibility of a yet more managed capitalism: one whose performance indicators are measured by the quality of life it generates, and not simply by the volume of its consumption; and one in which a more humane balance than now is struck between the rights and rewards of workers and consumers, between paid work and unpaid work, and between work and leisure.

The UK left is currently in possession of a preliminary blue-print for at least the beginnings of such a political journey towards and then beyond a more 'trust-based' model of capitalism. The current Compass proposals on *The Good Society* and *A New Political Economy* advocate, among other things, a direct assault on child poverty and adult income inequality by the progressive taxation of top salaries and the guaranteeing of a living wage. The left's alternative program requires a fundamental resetting of the world of work: the valuing of unpaid work, the empowering of individual workers, and the building of trust relationships between managers and managed. It requires the realignment of the work-life balance in favour of greater private time, by limiting the working week and guaranteeing parental rights to flexible hours. If Compass had its way, a more radicalized Labour government would underpin a strong innovative economy with a strong and well-funded care economy. It would strengthen regulations on corporate behaviour, restore trade union rights, and end the use of private finance and companies in the building and running of frontline welfare services. And it would widen the criteria used to judge policy success, supplementing 'growth and employment' with 'quality of life' criteria of the kind briefly considered and discarded in New Labour's first term.

Radicalising New Labour

The question then becomes: how to get New Labour going in that direction, given the new leadership's commitment to something entirely other? Here, we need to change the metaphor. No more the dance floor, but more appropriately, the battlefield. Not a question of tunes now, but of points of rupture, and strategies of break-out from entrenched defensive positions.

The left within and outside the current Labour Party needs to view the Brown government as the gateway to a more radical future, rather than as an agent capable of delivering that future if not pushed. Pushing and pulling will therefore be vital. A Brown government is open to this in a way that a Blair one was not, because Brown himself is aware of the positive virtues of active market policies of a Scandinavian kind, and because certain of his core policies are susceptible to an internal radicalization if properly developed. What the left needs now to concentrate upon is a strategy of 'breaking out' from the defensive trenches of established New Labour programmes, breaking out in that more radical direction, using those core policies as the vehicle. What we need is an incremental radicalization of policy that can, cumulatively, bring us to the moment of rupture, then perhaps even to one of entire paradigm shift. Three points of break-out seem potentially particularly promising in this respect.

The first is the developing concern at ministerial level with issues of *work-life balance*, the New Labour response to the emergence of a two-salary Britain in which the vast majority of both men and women are now heavily involved in paid work. New Labour has already made preliminary moves to ease the pressures on working families – making child care more accessible and available, and extending maternity and paternity rights. This is an agenda which now needs deepening – by the creation of sets of equivalent rights for all workers, not just those with children: rights to flexible working hours, rights to paid leave for all caring functions, rights not to work beyond the European standard, and so on. By developing a politics that subordinates work to life, and not life to work, New Labour might yet reconstitute a radical set of labour codes, if pushed. We need to push.

The second is the *green agenda*, and the regulation of business practices that it legitimates. New Labour under Brown has been a 'deregulating' Labour Party, as willing as the Conservatives to swallow whole the CBI case against red tape, bureaucracy, and the nanny state. But green issues are currently so powerful, and the adverse effects of deregulation on the environment are now so widely understood, that a space is opening again for a sustained challenge to neo-liberal axioms of the superiority of unfettered capitalism. The green regulation agenda must be seized, deepened, and used as a wedge to restore the right of the democratically-elected state to subordinate the short-term interests of private firms to the long-term interests of society. Green issues first, social issues later.

Then there is the matter of *trade and aid*. This will be the hardest of the three vital breakouts to make; but New Labour under Brown has to be persuaded that the scale of the EU as a market gives the European labour movement the power to trigger the race to

the top that he himself desires, if only that power is deployed to manage trade, not simply to free it. Fair trade, not free trade, needs to become the order of the day. New Labour must examine again the role of labour standards and human rights in the determination of trade agreements between the EU and the developing world. New Labour must be in the vanguard of any European-wide regulation of private equity firms, and in building European-wide controls on the movement of speculative capital. New Labour must radicalize its commitment to the eradication of global poverty from a concern with debt reduction to one that privileges the re-regulation of international business. And New Labour must explore infant industry strategies for the reconstruction of a wider and deeper manufacturing base within the EU itself.

None of this will be easy, but all of it will be essential if the Brown government is genuinely to be the start of a radical second phase of the New Labour project, and not merely its conservative and bankrupt swan song.

New dance partners

Long ago, Nye Bevan said that social democratic parties always face a choice of image and audience. They must present to their electorate a radical face – promising to act as the agent of popular control over private capitalist forces; while simultaneously presenting to those same capitalist forces a moderate face – promising not to limit the capacity of the capitalist class to accumulate ever greater quantities of private corporate wealth.

In opposition, the Labour Party is compelled, by the nature of the class struggle, to take up an alignment that hamstrings it when in office. A Party climbing to power by articulating the demands of the dispossessed must always wear a predatory visage to the property-owning class ... although all the time its heart is tender with the promise of peaceful gradualism. It knows that the limited vision of the workers will behold only its outward appearance, but it hopes that the gods of private enterprise will look upon its heart. In either case, one must be deceived. (Bevan, cited in Foot, 1966, 130–31)

That choice hasn't gone away; and the current scale of globalization hasn't rendered it mute. Capital and labour still clash on a global scale. There are issues of class power and class interest that continue to structure the space for political action. The space for reform in one part of the global system still depends on the strength of labour across the system as a whole. If social democracy is to have a future that is of any value, it must be the political instrument of radical reform, and leave behind the current prevailing illusion that, if progressive politicians in power link themselves to progressive sections of the local industrial owning class, they will thereby create a world in which labour market 'flexibility and fairness' will go together. Flexibility and fairness will go together in UK labour markets only when they also go together in labour markets world-wide. The future of social democracy depends on the strength of social democracy everywhere: and the potency of trade unions and social movements, not the number of enlightened capitalists, hold the

key to that global strength. It is time for New Labour ministers to face underlying class realities, realize who their true dancing partners are, and incrementally re-design their dance routines accordingly.

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