

# Forging A New Agenda

Politics is no longer dominated by a simple battle between state and market. **Tony Blair** argues for a new agenda, where both are combined and subject to public interest in a modern, active society

**T**he right-wing in the West would love to see the collapse of communism in the East crush all forms of socialism beneath it. It is certainly true that all fixed points on the landscape have changed. There are no safe havens of political doctrine. Everything and anything can be thought or rethought. We start again. Yet there is an irony. Even as events in the East unfold, the potential for advance by socialist and social democratic parties has not been greater for many decades. The 1980s saw a frontal attack on the public sector by governments claiming to act on behalf of the individual. In the 1990s the agenda for 'public action' is back. It is the same whether in Europe or the USA.

But, here is the rub. The limitations of individualism are plain. But there is no appetite to return to old fashioned collectivism either, whether of the full-blooded sort now dying in eastern Europe or the milder corporatism of the 1960s practiced in the West. The error of conservative ideology is to believe all problems can be solved by the market without the need for public action; the challenge for socialists is to re-establish the agenda for public action without the old failings of collectivism.

To do this, we must take the fundamental principle of socialism - the need of society to act together to achieve what the individual cannot do alone - but apply it entirely afresh to the world today. Modern socialism has

much to learn from 20th-century history, but it still has much to teach. We should accept the lessons of our history and build on them, not be intimidated or shackled by them. We must fashion a modern view of society or public action, which recognises the vested interest of both market and state and articulates a new over-arching concept of the public interest standing up for the individual against those vested interests. At the core of this modern view of society lies a new settlement between the individual and society which determines both their rights and obligations; so that public action is effective in achieving its objectives for the individual, and individuals can be protected against the possibility of abuse by the very action supposed to assist them.

This is a much stronger notion than citizenship, whether of the sort advocated by John Major or Paddy Ashdown. The more the word 'citizen' is used, the less satisfying it becomes - unless the idea of citizenship is allied to economic and social rights, as well as rights as consumers of public and private services, and unless it implies obligations as well as rights. In other words citizenship must be distinguished from individualism by an insistence that a citizen is part of a wider community. Citizenship without community, and without the willingness to act as a society, is empty rhetoric.

The consequence of a new approach - neither old-style collectivism nor new-

style individualism - is to alter the terms of the policy debate. It ceases to be dominated by a battle between state and market. Instead, it is about how we make both state and market subject to the public interest, creating a modern, active society with a modern notion of active government to go with it.

**The historical problem of socialism is not hard to define, though it is essential to define it correctly.** Socialism, as its name implies, was founded on a belief: that individuals cannot be separated from the society of which they are part. As a political force, it advocates the use of the power of society to protect and advance the individual. It therefore requires the notion of a clearly identified community, embodying the public interest or public good, standing up on behalf of individuals, against the vested interests that hold them back. Note that socialism in origin was based on society assisting the individual, not the other way round.

In the latter part of the 19th century, and the early part of this century, it was clear what those vested interests were. They were those of wealth and capital. Labourers produced the wealth but had it taken from them by the capitalist. So the objective was to wrest control of wealth and capital on behalf of the broad mass of people excluded from the fruit of their labours. The instrument of control was the state. The policy was ownership of the means of production, distribution and exchange. Owned by all, they would be used for all.

The public interest became synonymous with public ownership. In addition, marxism, in offering a scientific explanation of why such development was inevitable, gave intellectual coherence to the popular movement. Critically, in its leninist form in particular, it also started to place society above the individual, as an abstract ideal to which the individual should conform.

Of course it would be absurd to say that the British Labour Party was ever marxist or that it failed to take individual liberty seriously - as Tawney illustrated so clearly. But firstly, socialism, in its democratic form, was inevitably tainted by its caricature in undemocratic form - the Soviet Union.

Secondly, democratic socialists equated the public interest with public ownership. So that, though their motivation and values were, and remain, correct, and though they correctly analysed the shortcomings of the early capitalist system, they had no developed analysis of the limitations of public ownership through the state as a means of helping the individual. To be sure, they recognised the capacity of the state to do wrong. Even elements of the trotskyst Left condemned the Soviet Union as state capitalism. But early socialists always assumed these problems were remediable within a fixed political framework. They never perceived either that the problems were fundamental and required a fundamental re-

appraisal of the role of the state; or that capitalism itself had drastically altered with the advent of a modern sophisticated market. Socialists spent the next 50 or 60 years trying to escape from the consequences of these developments.

The state, of course, succeeded at first. It provided basic essentials - housing, education, health, social security, public services. But two things happened. First, the state became large and powerful, a vested interest in itself, every bit as capable of oppressing individuals as wealth and capital. The majority of people became taxpayers funding the activities of the state and therefore anxious as to how their money was used. Secondly, as economies developed and individual wealth grew and was spread more widely, people came to regard themselves as consumers as well as producers. They wanted choice. They needed the market to exercise choice.

The institutions of the collective - whether government, state industry or trade unions - became unpopular. Those who advocated less government and 'free' markets took the initiative. Hence Thatcherism. Socialists, in attempting to defend the state against this attack, appeared, however unfairly, to be merely defenders of the status quo against new radicals from the Right.

**But it is critical to note: Thatcherism** enjoyed far greater popularity as an attack on the vested interests of the collective than it ever did as a positive political philosophy in its own right. The essential values of the country, actually socialist values, remain. They believe in the right to own property and create wealth, but also in social justice, the removal of poverty and the reduction of inequality. They accept the need for a market economy, but also for market intervention in the interests of the community. They want public services to be accessible and of high quality, but they do not want them privatised or run for profit. They want trade unions to be accountable but not neutered.

There is no desire to substitute the market for all collective provision, though the boundaries between the two may alter significantly. But both should be subject to the governing principle of the public interest. Whether that public interest is then advanced through state or market, public or private sector, is still of vital importance. For example, it is clearly right for there to be a market in consumer goods; and for the Health Service to be publicly owned. But no power should exist without accountability and no vested interest, whether of wealth or state, should interfere with, or transgress, the fundamental rights and freedoms of the individual.

Let us be clear: we do not say that concentrations of wealth and capital have ceased to have the potential to exploit. On the contrary, plainly, private wealth and capital can and do have the potential to exploit the individual. Failure to recognise this properly is

surely the fundamental error of the Liberal Democrats and the abiding inadequacy of the Tories. The vested interests of the market have not disappeared. It is merely that our notion of society must recognise the similar potential in collective institutions and transcend traditional views of the state. The state must be transformed. But the radical agenda of social reform remains.

The real task, then, is to give effect to this modern idea of society embodying the public interest - as opposed to the vested interests of public or private sector. In turn, this requires a new political settlement between individual and society, a bargain between the two which determines rights and obligations on both sides.

**O**f course this means difficult choices. Taxation restricts the individual's ability to spend their own money, but it is self-evidently necessary to fund public services, defence, social security and so on. The right of the individual to free speech can conflict with the needs of the community for racial harmony.

No amount of careful thought about the nature of this bargain between the individual and society can exclude the role of subjective judgement when the rights of the one clash with the requirements of the other. But the debate is now centred on the right issue. The framework within which the choices are made can be properly defined. By modernising our view of society, by acknowledging the need for society as integral to individual freedom, yet defining its role as triumphing over vested interests, a new policy agenda can be forged.

This is not the place to do more than sketch out the headings of such an agenda. But they will be fundamentally different from the issues that dominated debate in the past.

A modern society requires a modern constitution. Democracy requires content as well as form; openness and plurality as well as merely the right to vote. Action by the community does not mean action by central government. At present our whole political system is a conspiracy against reason: outdated, unfair and with the minimum of checks and balances. There is a clear case for a written constitution, including the guarantee of certain inalienable civil liberties. Decision-making should be devolved as far as is practical from the centre and as close to the impact of the decision as is sensible. There should be fundamental reform of the system of government to make it representative and accountable, with the process of government open to proper scrutiny and information freely available. Constitutional reform can no longer be treated as peripheral. If it is right that we need a modern view of society and its relationship with the individual, then the constitutional question becomes central.

In economic policy, the battle over theoretical forms of economic organis-

ation is dead, or at least relegated to means, not ends. We need to develop instead, a new economics of the public interest, which recognises that a thriving competitive market is essential for individual choice; not a threat to ordinary people, but without seeing it as an ideology in itself, which we must obey, even if it conflicts with the objectives we, as a community, have identified as part of the public interest. It acknowledges the market's worth and its limitations.

**The public interest demands action** by government to ensure a fully competitive market to prevent monopoly and to encourage choice. It also demands that companies operating within the market do so with social responsibility both to the customer and the wider community. For example, a public interest view of the market and the environment, would go much further than saying companies should not pollute, or should pay for the pollution they cause. The government should be prepared to intervene actively in order to promote environmentally beneficial products and methods of working. But in return the company and consumer would have to accept some restriction in freedom or increase in cost.

A public interest view of the market also recognises its obvious limitations. For example, whether a major infrastructure project like the Channel Tunnel is worth doing, is a judgement we should make as a society. If it is, then we should act to ensure it happens. Whether this is achieved by private or public sector, or by a mixture of the two, can be determined pragmatically, on the basis of which best satisfies the public interest. But to leave the judgement about whether it is done at all to the 'market', is fatuous.

**W**ith the new framework of the public interest, we can make sense of the need both for the existence of the market, and also for co-operation in the overall management of the economy. Debate about the 'social market' in the hands of Major or Ashdown becomes a mix of Tory or even Thatcherite economics with Labour welfare policy, as if the 'social' and the 'market' operated in separate spheres. The true meaning is surely that the market's importance is recognised but is itself still subject to the needs of society. To say, as the Tories do, that the government has no role in industrial policy is nonsensical. The government should play a full and active part assisting industry to grow and modernise. The difference is that instead of government's relationship with industry being part of an ideological fight for territory between public and private sector, it becomes a partnership for the achievement of certain specific objectives in the public interest. The real debate should be about the nature of these objectives and the manner of securing them. This is not to say that difficult decisions do not

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arise as to when interference in the market is justified or not, but we should not be forced to choose between two outdated views, which hold the market to be innately good or evil.

Similarly, with other policy areas the agenda becomes changed. For example, it would be absurd to say that the individual no longer needs protection at the workplace from potential abuse by vested interests. But the task of social or collective action today is not to abolish capital, as part of some war for supremacy between management and labour, but rather to enhance the power of the individual employees, not just to protect their position from abuse, but also to grant them the capability to use or exploit capital.

This is the real case for investment in training, not just for economic success, but to allow each individual the opportunity to develop his or her talents to the full and thus have much greater power over their own future. With it would go the right to fair treatment for employees - the message of the Social Charter - and rights to information, consultation and the right to participate in the decisions affecting them. The public interest view of modern industrial relations starts with people - their vast, untapped potential and the need to liberate it. If the 60s was about technology replacing people, then the 90s should surely be about the application of evermore sophisticated technology by ever better educated workers.

**'Citizenship without community, and without the willingness to act as a society, is empty rhetoric'**



The debate about public services becomes not about how we provide the basic minimum, but about how society guarantees to each citizen, as of right, equal access to the best, not basic, services; about services based on quality and choice; about how public services are paid for and how they are made accountable.

**T**he crusade against poverty is not simply one of compassion for the poor, or of Tory notions of charity or even of some loose notion of a safety net for the most disadvantaged. It becomes the infinitely more powerful idea of society having a duty to prevent the individual being held back by poverty, of each individual having the right to decent living standards as the price society must pay for the obligation of citizenship to be fulfilled. The existence of an underclass of deprived and poor, with vast disparities of wealth existing between rich and poor, is seen not just as morally wrong but as an obstacle to the creation of the social cohesion necessary for society to function effectively.

There is one final point of importance. A new settlement between individual and society must recognise, more than ever before, that it is a settlement not just within our own nation, but with Europe and the broader world. Labour's internationalism was, in origin, one of its greatest attractions. It is now urgently required in modern form.

Of course this goes much wider than

Europe, but in Europe at least we should be leading events not following them at a distance, stopping every so often to ask ourselves whether we want to be on the road at all. That we fail to do so even now is in part a reflection of our failure to forge a new national identity. We know the days of Empire are over, but we can't relinquish the memory sufficiently to grasp the new opportunities.

If Britain was confident in itself, in its modern identity as a European nation, it would be supporting the movement towards a single currency and closer European integration, but focusing the debate where it should be - on the measures that must accompany monetary union to make it work, and up-dating radically the institutions of the European Community to insist that, as its power increases, so must its democratic accountability. Instead, under the present government, we languish at the back, hesitating to join in and terrified to leave.

The notion of a modern view of society as the driving force behind the freedom of the individual is in truth the implicit governing philosophy of today's Labour Party. It will benefit us greatly now, both internally and with the public, if we spell it out with confidence and show how it means, not just a different set of policies, but a different view of Britain as a nation.

*Tony Blair is shadow employment spokesperson*

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