

# **The State, Markets and Civil Society**

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Thank you for inviting me, for your hospitality and thank you Yvette for your graciousness in dealing with me and organising this visit.

Australia has always occupied a vivid place in my imagination as a place where my countrywomen and men, enclosed, dispossessed and then criminalised for encroaching on what once was the commons built a better life.

When I visited two years ago for the first time I was beguiled by the familiarity and difference of Sydney and when I returned to London people asked me to put my finger on it and in the end the best I could say was that it was like visiting my cousins who moved out of London to the county of Essex and were somehow taller, happier and less anxious than I was. They were more at ease with themselves, more confident and better looking and I felt guilty for being envious and ended up feeling sorry for myself and realised that I was living out the real life experience of a whinging pom. So I concluded that the reason we whinge all the time in your company is that we feel more than slightly jealous of you, of your sea, your space, your weather and your sporting excellence. We're jealous of your barbecues and capacity for friendship and I thank you for your generosity and it is wonderful to be back and I am not looking forward to going home.

It is not only that I have four children and it is really wonderful to be separated from them for a while. When I told my daughter Anna who is fourteen that I had been invited she looked at me in bewilderment and said, 'why are they inviting you, why aren't they inviting me, I'm a much more interesting person and I could meet 5sos'. This feeling of perplexed disappointment is perhaps the best way to sum up the mood of my house at the moment and I did enjoy the flight over.

But it is not just that which makes me reluctant to go home.

I will be going back to a nasty election campaign in which we in Labour have failed to renew trust, failed to articulate a vision that resonates with the country, failed to articulate where we had failed

as a government and what we had learnt and failed to heal the rupture with the working class. We have lost England while Britain crumbles and there is a sense of being stranded. We have not moved ahead in the polls and the general atmosphere is one where we would relish a coalition with 'progressive partners', an interesting phrase in itself, and seem to have given up on building the coalition necessary for a popular majority labour government.

The result is a sense of general disenchantment, that this can't continue and that change is not coming through a progressive politics that is overwhelmingly middle class and public sector, a politics that is not of the people, by the people and for the people but at the people, to the people and on the people. The result is a right wing populist insurgency that we demonise rather than divide.

The Party seems unable to generate a generous language and vision of the common good, that reconciles estranged interests; capital and labour, immigrants and locals, religious and secular, and cannot either challenge capitalism or accept it so it settles for taxing it. We are hostile to British business, who vote, while completely signed up to a dramatic extension of free trade in services as well as people, money and things within the European Union through the FTTP treaty amongst other things.

We remain statist, administrative and rights based in the minds of the people, constantly complaining of unfairness but unable to articulate a constructive alternative. In short, we have become the whinging poms of Britain and the good news for you is that the English people don't like it either.

The private sector working class are moving to UKIP and the public sector are moving more towards Greece than Germany in their desire for greater state spending irrespective of deficit, debt and the absence of value in the economy.

I note with some alarm that the perplexed anxiety of my home is spreading to the rest of the country and it is turning ugly. A mood of blame and self-righteousness has entered the political conversation and whether its immigrants or the rich, scroungers or bankers, Europe or UKIP it is all characterised by a reluctance to admit the fault within ourselves, to actively find common ground, to deepen democracy.

We are at the crossroads. Labour, social democratic and socialist parties are losing all over the European Union and the Commonwealth.

So, it is my honour, and an underserved one, to be the speaker here at this inaugural John Cain Foundation Conference. The more I read about John Cain and what he did the more I like him and you. The courage he showed in establishing some accountability for prisoners through an independent solicitor general was courageous in all the right ways. The Common Good approach to welfare reform he pioneered by engaging the users and providers of services rather than exclusively relying on managerial reforms remains the way ahead. He reminds us that welfare is the way we support and care for each other and that makes demands on users, workers and funders.

One of the most important areas of Blue Labour energy is vocational education and the retrieval of the idea of a vocation and skilled work as having a status within the economy. John Cain was well ahead of us on this and the work you have done here in Victoria is our friend as we fight our battles at home. The centrality of the city is another distinctive feature of the Cain approach with the insistence that the city is a place where people live as well as work and I honour the determined expansion of homes in central Melbourne. John Cain engaged with the task of how we honour the countryside and our natural environment and pass it on to the next generation as a treasure and wonder as well as a resource. There is a great deal of common ground that we will need to work into a common good in the years ahead.

I am often criticised by academics, politicians and activists for working closely with faith communities, most particularly the Church and I always answer that at least they don't think that the free market created the world, that there is something precious that existed prior to the price system. One of our great failures on the progressive left is the inability to connect to people around the idea that neither human beings nor nature are commodities, neither was created in order to be freely traded on open markets and the church has been a strong and natural ally to me in making this fundamental point about the destructive, as well as the creative power of markets and the limits of the state as the exclusive instrument of regulation. I have huge affection and respect for David Ritter and the work that Greenpeace Australia have done with the fire-fighters for example during the forest fires of last year. Building a common good between Greenpeace, the catholic church and the fire-fighters union is one very good way of conceptualising the approach I will be advocating

this evening and John Cain and this Foundation are the perfect place to start.

When I asked what the John Cain Foundation was about I was sent a list of commitments which began with the courage of ideas. I thought that you must mean that otherwise you wouldn't have invited me as a dark cloud of twitter hate follows me wherever I go. Aristotle defined courage as the middle way between recklessness and cowardice, if you take the two extreme terms, cowardice and recklessness you have a good definition of the English Cricket team at the moment, swinging wildly between timidity and a brittle arrogance. There have been times when I have been reckless, when a lack of discipline or simply a new idea occurring to me in public has tested the loyalty of my friends and other times when the thought of going to Parliament the next day and being met by the Whips has meant that I have not said what needed to be said and I have been guilty of cowardice but this issue of courage is central to the work ahead for all of us. And that means hearing things we do not want to hear, saying things that others do not wish to hear in ways that are difficult to accept by people we look down on and tend not to like.

The biggest courage is to stay in the room, to negotiate, to build relationships with people who are not like us and do not like us. It is good to remember that for many people the word progressive is the last thing they want to hear when they go to the doctor. At least my friends in the church are aware of their own sin and I find it astonishing sometimes that my friends on the secular progressive left can humiliate people, be arrogant and dismissive and not see that in themselves. Saul Alinsky, the founder of Community Organising and a great inspiration to me defined a liberal as someone who walked out of the room before the argument began and at a time when my Party, Labour, is barely being heard by seventy per cent of the population of Britain it is time for courage and for a reckoning with the way we have done things in the past.

You may regret having invited me but I am really honoured to be here and it is very important to me, Australia is important because you are different, unique in your blend of democracy and liberty, tradition and innovation, in your place in the world and it is very important that the Australian Labour Party do not become the whinging Poms of your own politics. You have the traditions and the liberty to change the dynamics of our present political malaise. As it stands, and I take a great interest in these things, social democracy

has neither a concept of the social or of deepening democracy and that is what has to change.

When I was last here I gave a talk to the Australian Society for Labour History, which I felt I had to come to the other side of the world to give, called '1945 and all that' in which I argued that far from being the crowning glory of our history the 1945 Labour Government was a turning point in the road to our own marginalisation. By putting all power in the hands of scientific managers through nationalisation and the welfare state, without any role for the workforce in corporate governance, for associations in housing or health, we undermined the functional relevance of the labour movement. For the great revisionist Eduard Bernstein 'the movement was everything and the ends were nothing' but for us the ends were everything and the movement is nothing and now we can see just how drastic the consequences of that was.

The 1945 paper followed me home and perhaps it was the time difference but the response was unusually thoughtful from areas of the progressive left and the party which had been hostile to previous incursions into this terrain. And in many ways the talk tonight flows from that.

You have got the topic for this conference spot on in talking about markets, states and civil society because the balance between those things are right out of kilter in England and I am looking forward to learning whether things are different here.

The Labour Tradition of a social democracy is built on precisely that, democracy in the institutions of society and a defence of the idea of the social. Justice, understood as fairness, which is itself understood as a uniform legal procedure underwritten by equality does not begin to exhaust what Labour meant by justice which was far more historical and linked to the violence and inequality required to impose a commodity system of capitalism. This tradition, which is not the liberal or progressive tradition has far deeper roots in the idea of the Commonwealth, when that meant something domestically, in congregationalism and the non established and often besieged Christian communities of England, whether they be Catholic or Methodist which had the practices of maintaining their self-organised institutions in a hostile environment.

The Labour tradition holds that there are three kinds of power, money power, coercive power and associative power, these in turn are based on contract in terms of the market redistribution in the

state and reciprocity in terms of society. These are the concepts that organise my thinking in the State, markets and society.

Liberal economic and political theory tells us that money is not a power, and that the market is based on a myriad of uncoerced choices that determine price. We know better. We know that capital has a tendency to centralise, every bit as strong as the administrative state. Money power allows you to employ people to pursue your ends, buy influence and pursue an agenda amenable to your interests. We know that by pursuing deregulation in the factor markets of labour, land and food there is a tremendous pressure to make everyone dependent upon money through the enclosure of all forms of commons and this turns our environment, otherwise known as nature, and labour, otherwise known as human beings, into commodities who are forced to move around in order to better serve the interests of capital. Politics requires a sense of place and a shared fate with others, under conditions of relentless change we find ourselves all at sea.

It is important to assert, and I won't go into this too deeply tonight that the Left lost the socialist calculation debate in the 1920's, and the price system is a better system for the communication of signals as to what people want than any other. I support free and open markets in real commodities. Without a price system to exert its pressure there is no incentive to innovate, to improve or be more efficient. This is not an argument against markets, it is an argument against markets that are unconstrained in their remorseless and avaricious desire to turn everything into money, and when there is a domination of finance capital, which has an address, and its called the City of London, then there is a merciless pressure to commodification, to turn things that were not produced for sale into freely traded commodities. Money never sleeps and the demand for maximisation of returns, makes one of the core aims of the John Cain Foundation, long term strategic thinking, impossible.

What we need to remember is that finance capital, severed from institutional constraint, is by its nature promiscuous. It is constantly seeking new partners, higher returns on investment, more bang for its buck, trying to break free of old entanglements and relationships and hook up with new and younger partners that offer less resistance to its will and easier returns. It acts as Aristotle said that anyone and anything would act who was outside of constraint and relationships, 'like a beast or a god'. As we found out in the financial crash of 2008, in the case of the City of London it was an equal mixture of both.

Capital in this form tries to commodify, to turn something that was not produced for sale, such as human beings and nature, into a commodity for sale on the market. It leads to the exhaustion of the person and their environment, of politics and society.

It is one of the central contentions of Blue Labour that the German post-war economy with its regional banks that are not allowed to lend outside specified geographical boundaries, with the representation of the workforce on boards in setting strategy and hold the managers accountable and in works councils to raise practical issues of feasibility in an increasing fantasy world of productivity is part of our inheritance. They weathered the storm with a far more resilient robust and reliable economy than we did which seemed to understand the difference between resilience and fantasy. We honour and learn from its vocational regulation of labour market entry so that an apprenticeship has to be served as a condition of labour market entry and in strengthening the institutions necessary to preserve, renew and teach skills, ethos and tradition. The very idea of a vocation is almost impossible to talk about within a state/market system based exclusively on the individual and the collective with a big undifferentiated space in between where they used to be a society.

Leonard Cohen sings on his new album that he is standing on the corner where there used to be a street, and sometimes I feel when I speak in the Lords that I am standing in a Parliament where there used to be a society.

Without constraints capital has a tendency to three very ugly words that I would never say before I've had lunch and they are centralisation, concentration and commodification and the resistance to the domination of capital is absolutely what the Labour tradition is about. When Gordon Brown said in 2008 that it was 'the destiny of the Labour Movement to save the global banking system' those of us who started Blue Labour knew it was time to say something and do more. There is a distinction between fate and destiny that is given by democratic politics and we had lost it.

We assert in contrast the importance of labour as a source of value. When I say in England that we won the war and lost the peace in relation to Germany, it is a bitter pill for people to swallow but they know what I mean. The tragedy is that Germany has exported its goods but not its good to the rest of Europe and the EU is a fanatical force for the free movement of people and things. That is another reason to revisit the idea of the Commonwealth, we have the

tradition and necessity to think of that relationship in a different way, built around free and democratic trade unions, federal parliaments, self-governing universities and corporations like the BBC, ABC, and our churches which protect a sense of place, virtue and solidarity through their institutional presence. The revival of internationalism as a force that resists globalisation is an area that has generated a real creativity over the last two years in Britain, and although it is not the direct concern of tonight's talk it is another reason why I am delighted to be here.

Then there is state power, which is a collective coercive power to pass laws, punish, educate and tax. Given the enormous energy and power of markets we can understand why the state came to displace democratic association as a means of resisting commodification and the domination of the rich.

It was also necessary, given the growth and concentration of capital and the corresponding growth of widespread poverty and destitution to establish the state as a central site of redistribution. Increasingly, the parochial system of charity and welfare could not cope with the scale of needs or the generalised system of poverty and the achievements of the Labour state are extraordinary in retrieving a human status that was not dependent upon money. The eight hour day, the establishment of a national system of education and of a national health service, free at the point of delivery and paid for by redistribution through the state stand to our credit.

The Labour Movement, however, built itself on the basis of democratic association funded by contribution. The benevolent societies in which people ensured themselves against disaster, the burial societies through which people banded together and gave each other a dignity in death that was denied by the paupers grave, the building societies through which people supported each other to have a home in the world after the dispossession of enclosure, the workers education association in which academics and workers taught each other are examples of mutual contribution as a model but this was destroyed by a universal system based on need.

It was for good reason that socialism, the belief in the social, the commitment to fellowship and friendship, to congregations and places became statism, that the vision of social democracy became one of state administration based upon the absolute priority of procedural justice but it took the movement away from the people, it turned solidarity, the sympathetic care for others you don't know and a shared responsibility for each others fate into a form of collectivism

in which taxation and voting in national elections was the primary link of workers to politics.

The leadership of the labour movement in Britain switched from the working class to the technocratic managerial class who had far less understanding of the sentiments and interests of people who had not been to university. In the name of justice the labour movement sacrificed itself to the state and the result was that when the state was captured by a very aggressive capitalist programme in the form of Thatcherism the labour movement was weakened in membership and relationships having moved along with the idea that what was necessary was to elect a Labour Government which would subordinate the role and function of free and democratic trade unions as a partner in the economy and replace the movement itself with state provision. The result was a defeat, not only because of organisational weakness but also because the labour movement ceased to be connected to the lives of working people and was seen as a single interest hostile to the common good and to innovation. We no longer developed leaders from the working class but sent them to university instead.

Labour has been extremely uncreative in its symbolic, theatrical and constitutional imagination in relation to politics and the state for many years. The Movement that gave us the federal monarchy, the democratic commonwealth and the City Republics ceased to think of participation in terms of the economy or of political assembly. The uncritical apotheosis of the state, in its purely welfare and administrative form, meant that the values of contribution, of putting in and getting out were undermined by collectivism and welfare, which was established as a site of solidarity became a bone of contention, polarising the poor between workers and welfare recipients. Above all, the exclusive focus on the state meant a remote and technocratic offer that offered very little space of people to shape their destiny together through politics.

Once gain, the state is absolutely necessary in providing a floor, through the living wage and a ceiling through an interest rate cap, it is absolutely necessary to tax and redistribute centrally and to enforce a legal order but there needs to be some serious thought given to the way in which the failures of nationalisation and the defeat of Keynesian central economic management then led to an uncritical relationship with finance capital and an exclusively redistributionist approach to the state. James Purnell said it well

when he argued, here in Australia, that New Labour was too hands off with the market and too hands on with the state.

Labour was born in resistance to the poor law state and built its power through the building up of a movement that reconciled deep divisions between a protestant and catholic working class, between north and south and the different nations of the Kingdom. Labour is now the only party which represents all parts of the Union. It cannot be said, however, that it is of the people, by the people or for the people. This is because it sees local democracy as a potential violation of justice, understood as uniform universal procedure. It smells a rat in the redistribution of power to local places, it smells a rat in the representation of the work-force on the boards of firms because there is a suspicion that those who are most active, who tend to be better off and more educated are the greatest beneficiaries. In that way there is a sense that those who are good and participate and work are discriminated against in favour of those who do not give. I often hear it said that a motivation of politicians is to give voice to the voiceless but it is time to remember that people can speak for themselves. As a party and as a movement we are out of line with what people still care about which is their families, the place they live and their work, with a desire to be part of something good.

If the market is based upon contract and the state upon redistribution then the third kind of power, that of society, is based on relationships and reciprocity. It was this kind of power that formed the basis of socialism in which dispossessed workers joined together in mutual associations through which they could bury each other, feed each other and house each other. These were known as mutual societies, building societies and co-operatives. People came together in mutual interest and built trade unions so that they would not be isolated and prey to domination by either the owners of capital or the administrators of the poor law state.

It was a politics of relationships. I was born in Walthamstow in East London and the words re written in stone above the Town Hall, fellowship is life.

The building of relational power through association transformed British and Australian politics and offers a clue to the remaining affections our Labour Parties enjoy in the hearts of the people but it is wearing thin.

I have tried tonight to talk about how somewhere along the line, however, the left ceased having a distrust of the State and put an

enormous faith in its administrative power and through that undermined the relationships and institutions that were the roots of its civic power. The left became technocratic, policy based and ceased to conceptualise a self-governing democratic polity but preferred a just efficient state as the goal and we stopped talking to each other, dancing, making friends and started applying for capacity building grants from the state. We stopped looking to each other and stayed looking at the state.

There was a neglect of an old truth that without democratic association there would be a centralisation of both state and market power and the continued diminishment of relational power.

This has deep structural causes and engages the most powerful interests but it must, nonetheless be challenged by a robust conception of civil society that challenges us to build a civic coalition that can include church, labour and environmental groups in resisting the relentless commodification of people and nature without an exclusive reliance on the state.

The interests arranged against this are those of the state and the market which does not want accountability and resistance but compliance and conformity. My experience is that when a campaign is led by people which have had direct experience of the indifference and cruelty of large institutions to family concerns and individual distress then it succeeds in engaging the generosity and affections of a wide range of interests but when it is led by policy people in the name of altruism it tends to fail. That is because, for those campaigns led by people with direct experience there is also a sense of interests that are engaged.

Blue Labour is fond of paradox, something that sounds wrong but is right, like tradition shapes modernity or the past is the future or that leadership is necessary for democracy and conflict is necessary for the common good or that interests are necessary for solidarity. We also say things like only where there is a will is there a way and there should be no responsibility without power. It is the lack of space for civil society to exercise power that makes it weak and leads to a predominance of state and market funded NGO's that are not based upon dues paying members with interests and which hold the leadership accountable. One of the things we found was that people like meeting and not meetings, they like to meet with other people and do things but they don't like going to meetings.

I have found that a very strong emphasis on leadership development from poor communities, often through their faith institutions was the best way to bring the sentiments and interests of people excluded from the progressive zone of policy development into the political arena of contestation and change. The Living Wage campaign that I worked on for a decade with London Citizens was overwhelmingly led to Catholic Cleaners, Muslim security guards and black church cooks who had followers and organised and led the negotiations with the head of Barclays Bank and the mayor of London, and they won because they had followers and were organised. I was hanging around helping with the script, with the strategy and that is just where I should be because I went to Cambridge University and I worked as an academic and I earned a lot more than them for doing a lot less.

Accepting and strengthening the leadership of the poor was my big conceptual breakthrough, things went well from then on and it all ended up, because England still has a sense of humour, in being made a Lord. And now I am organising in the elites, I realise that they view leadership in an administrative way, not a way of keeping the relationships and delegating the tasks but the opposite, losing themselves in technical details and not having one to one conversations with other leaders and building a coalition that wins politically. There is so much talk of principle and policy and so little of politics and winning. I came across better leaders in the black church in Newham that I do in Westminster.

What I am saying is that the building of relationships is necessary for effective action, that this requires leadership from within the communities with an interest in changes that will make their lives better, like a living wage, like an accountable hospital management, like schools that listen as well as teach. This requires a big change in the way we think of civil society, that also includes the institutions of the body politic, our universities, churches, football clubs, mosques and unions. This building of relationships between institutions as well as between people generates the power to act through resisting the domination of the state and the market, of the private and public sector managers and enables a negotiation to take place in which society is a force.

That is the plain truth. Both the market and the state are too strong because society is too weak. Only through building up relationships and power can that be changed and that is not an administrative act but a political one.

Relationships, power and action are the order of the day for civil society. A reconciliation of estranged interests around the idea of a common good. Your goal of a strong sustainable economy for the 21<sup>st</sup> century should be negotiated with the interests of labour and the church as well as business, schools and universities through the idea of vocation. I got into enormous trouble with the medical and legal establishment when I suggested not only that we should shut down half our universities and turn them into vocational colleges, (I really wanted to teach a course in politics as a vocation rather than different theories of justice), but also that the law schools and medical schools, the accountancy and dentistry degrees should be there too as they were also vocations before they were professions and they all needed to rediscover that obligation. If the financial crash of 2008 taught us anything it was that accountability was too important to be left to accountants.

One of the key rules of organising is that the action is in the reaction. That political leadership is about generating a response, conflict, tumult and thinking ahead so that new allies and relationships can be formed. In rediscovering interests in civil society rather than exclusively relying on programmes with aims and objectives civil society can be understood as a terrain of power and negotiation and through that our conception of politics is not exclusively focussed on the state but on building coalitions and relationships that can put pressure on the state and the market.

If, as a foundation you are exclusively concerned with policy development you will not generate a reaction, you will not develop new relationships and coalitions but will be absorbed by business as usual. But if you have the courage of your ideas you can make friends, get into trouble and change the world. A strong and sustainable economy without a vocational system that is a rival in excellence to the university system won't happen. Without building up regional banks that redistribute capital to local families and business so that they can work out their own solutions you will not facilitate enterprise. Innovation can only be strengthened with a strengthening of tradition and good practice so that things can be combined in new and unique forms. Through giving incentives to virtue rather than incentives to vice in the economy you can generate real change. By recognising that transparency must be complemented by accountability and that this could be done through democratic public assemblies as they were once done in the Tribunes in Rome you will be innovating in politics through exiled traditions

brought back to life. With Jon Cruddas in Labour we have built all these things into the policy review and they are making friends and generating energy.

There is wonderful work to be doing over the next decade and the framework you have laid out is rich in possibilities. I am thrilled as well as honoured to have been invited to give this talk and whether, after what you have heard tonight you wish me and Blue Labour to be a part of that is your decision. For myself I am grateful for the opportunity.

Thank you.