

Blue Labour and the Politics of Place

I want to start off with an introduction to the intellectual and academic problem, and say that the ethical and political cost of mathematical economic analysis has been considerable. The problem with an entirely abstract future-orientated modelling system is not only that it ignores history, that point has been made insistently for two hundred years, but that geography is eliminated entirely – and that is what I want to look at more this evening. For reasons that I will try to explain in the course of this talk, once history and geography are off the curriculum it is a logical inevitability that democratic politics is voided of all meaning, and takes the form of a familiar thing from our children's education of a citizenship module, known in the private sector as corporate social responsibility, that involves anything other than building relationships with your neighbours and colleagues, increasing your power to challenge managerial prerogative in the public and private sectors and leading resistance and change in order to protect to the people and places that you love; democratic politics in other words. That is Aristotle's definition of democratic politics, and Aristotle [believed that it was] important to protect the people and places that you love. So that was Aristotle's definition of democratic politics and something that is absolutely essential to the Blue Labour concept. Under the present circumstance, citizenship ceases to be a political concept at all but a rule book for how to respond gratefully and gracefully to a consultation process that ignores your contribution entirely.

If economics is understood as it is at this time the unimpeded movement of people, money and things across an undifferentiated space – think, the EU – an economic space, which is the idea that people and things move in an unimpeded way – with no institutional constraints on voluntary contract, and politics is based upon generalising the principle of fair procedures over all forms of institutional and associational particularity and philosophy is exclusively concerned with knowing best rather than acting well, you have, in a nutshell, social sciences graduates from all our universities. A tradition that is incapable of understanding itself, because it rejects the very idea of a tradition in the first place. If you embody the highest virtues of scientific rationality and universal morality then there is no place for comparative analysis, because you already know better, or institutional analysis, because institutions get in the way of progress and protect unreformed practices and there is, ultimately, no place for democracy, because as we have learnt so recently in Italy and Greece, people in democracies can get it very badly wrong. So I would suggest that we give three cheers for central banks and global banking generally, free trade agreements and the primacy of international law because without them we would have a terrible deficit, a decimated productive economy, a demoralised political system and random moral panic prone to retrospective vindictiveness within a hopeless atmosphere of national decline. I think we have a lot to be grateful for.

So before we come to the issue of geography, of place, of the people, land, weather, colour, mood and institutions that constitute a locality, it is necessary to assert that the greatest damage inflicted by the type of analytical model predicated on generalised abstraction is to historical explanation. It is the extraordinary achievement of mathematically based academic economics that not only did it display no predictive power in relation to the financial crash of 2008, a point elegantly made by the Queen at LSE when she said 'why did nobody tell me about this?' But it has also been unable to

explain why it happened. Beyond the singular explanation that it was the result of lending too much money to poor people, there has been no plausible explanation that has not concentrated exclusively on the regulatory framework. This is because our existing paradigms and our existing ideologies cannot even comprehend the existence of anything beyond greedy selfish people doing the best they can for themselves and, perhaps, their families, as long as family members are included as part of a homogenous unit characterised by an over-riding single interest.

Despite the systematic failure of the paradigm, and a sustained political rhetoric of localism that runs through Blair to Brown to Cameron, it is still the case – the way this paradigm works – that it exerts enormous and insistent pressure to ask Lenin's Question, 'What is to be Done?' to concentrate on policy and programmes before ever dealing with Marvin Gaye's prior and necessary question of 'What's going on?'. Marvin Gaye's question of 'What's going on?' is prior to Lenin's question, but yet we haven't paid much attention to Marvin Gaye, and that's a problem because without an explanation of what has gone wrong, of what was wrong with the previous approach, there can be no renewal, there can be no re-orientation of practice. Both the Big Society and responsible capitalism are necessary and important organising concepts of governance but neither has yet generated a transformational politics that engages the energy of the people in changed practices and relationships. This is a bigger problem for the government whose overall impression – at least to me – is one of more of the same but less, than it is for my party which is just beginning its journey into the new terrain in which the old maps provide no effective orientation or guide to action. Neither a Keynesian nor a free market approach can give an explanation of their own deficiencies and yet they remain the fundamental choice we are forced to make. So the way that I try to conceptualise it in a less academic way is that the only choice is between Viagra or vivisection, between a stimulus package and cuts, when neither address the fundamental problem and both leave us with a terrible hangover. Neither can conceptualise the importance of institutions, of vocation, of virtue and value in generating competitive advantage. The conditions of human flourishing and growth are at best elusive and are filed under the most enigmatic of utilitarian concepts, that of happiness. Life is not like that, there is always a fly in the ointment, and that is one of the deepest meanings of 'blue'. The pursuit of relationships is far more important than the pursuit of happiness. The policy elites have no conceptual means of understanding the importance of relationships in generating growth and innovation, of reciprocity as the fundamental practice that should be pursued and an ethos of responsibility to yourself and others that is the fundamental condition of a meaningful life living with others. There seems to be a reluctance to absorb the grief of where we find ourselves, and therefore the lack of intensity of energy required to make things better.

The story that I'll put forward is that the combination of finance capital and public administration, which have been the dominant drivers of employment and growth over the past 30 years, is not generating very much energy or goodness. Of the £1.4 trillion invested in the British economy between 1997 and 2007, 81% was in mortgages and financial services. In other words, debt, with everything that means for people, families and businesses was the great growth area so that an economy built on invisible earnings concealed the virulent growth of an invisible grief. The two great dreams of our national renewal since the war, the statist social democratic vision of rational planning and just state administration, and the Thatcherite free market vision of entrepreneurial energies unleashed have both crashed amidst the rubble of debt and deficit. The problem is not that

we are neither here nor there, that can happen to all of us, and we resolve that through making choices, usually through the tough choices that tend to serve our own interests so well and cause pain and humiliation to other people. Our predicament is more radical than that. The problem we have now is that we have run out of choices, neither the state nor the market will help us now, as their mutual decimation of the institutions of society, their merciless pursuit of the endlessly diminishing returns of regulation and de-regulation, management restructuring and redundancy have undermined our resources of renewal. The problem is not that we are neither here nor there but that we are all at sea.

To the policy rationalists Blue Labour, in its combination of a strong commitment to tradition and democracy; co-operation and conflict; patriotism and international solidarity (particularly with free and democratic trade unions in China where its leaders are being daily murdered and tortured); faith and citizenship; equality and hierarchy; the common good and strong decentralised autonomous institutions is not seen as a paradoxical politics, where the contradiction is only seeming, but it seems completely incoherent. Blue Labour is fundamentally based on the rejection of the existing paradigms and the development of a strategy of national renewal based upon honouring the bravery and intelligence of its people and country, and being a partner to them in working out their shared difficulties. It works within the national traditions of the country, the most important of which is the balance of interests which stopped the king becoming a tyrant but did not substitute that for the unmediated sovereignty of the people. Labour was born out of the decimation of the common life of the people by enclosure and the abolition of any status or association between non-professional people. The Glorious Revolution was truly glorious for lawyers, accountants and professional partners, it was not so good for peasants, carpenters and plumbers. It was through the establishment of the institutions of the labour movement, the burial societies, mutual funds, building societies, combinations, as trade unions used to be known, that the people organised themselves and protected their status from being that of a commodity and an administrative unit of the poor laws state. The working poor buried each other in proper graves, they built houses and ensured each other from calamity. The Labour Movement was a friend in hard times as well as pursuing fairness through the expansion of the franchise, religious toleration and demanding that workers too could legally associate and pursue their interests. The party was radical and conservative, democratic and traditional, monarchist and republican – and Blue Labour is faithful to that tradition. People ask me how I can be monarchist and democratic at the same time and I can only reply that it is the inheritance and only progressive intellectuals seem to have a problem with it. Blue Labour resists the domination by the rich of the poor, of labour by capital, of the uneducated by the educated, but it would also resist its inversion. It is a democratic politics of the common good which honours the Tolpuddle Martyrs who defied their dispossession of land and status by claiming that they were freeborn Englishmen and should not be treated this way. The particular paradox pursued here is that the nation state can only be renewed by the retrieval of a form of statecraft that endows and strengthens local institutions.

So, place is of fundamental political importance in this. A renewal of ownership of place and the energy necessary to protect it and ensure its flourishing is a condition of innovation and competitive advantage. That is why the work that Localis does, and will continue to do, is of such importance. Central to this strategy is the breaking of the abstract methods in which whether you were here or there did not matter at all. The assumption that globalisation required transferrable skills and not

vocational speciality, that tradition and local practice were to be superseded by rationalised administration and production, has been mistaken and ruinous. Economies, as well as polities, are territorial. They are not virtual; the work of politics happens on dry land. The denuding of the country and its people of their institutional and productive inheritance by the higher rates of returns found in the city of London, and then the vulnerability of those gains to speculative loss, is the story we confront. It turns out that the German political economy, with its federal republic and subsidiarity, with its works councils and co-determination between capital and labour, with its regional and local banks and vocational control of labour market entry, with its distinctive stress on place, a democracy locational and vocational was much better equipped to deal with globalisation than we were with our financial services and transferrable skills. They generated value, particularly labour value, and they generated innovation and expertise in the workforce and were not entirely subordinated to the managerial prerogative. They pursued a common good between capital and labour, they retained regional diversity as part of that common good. In a political culture of assessment diversity such as ours, regional diversity doesn't really figure at all. In Germany, they retained pre-modern artisan organisations and turned them into the foundation of their economic success. They entangled and constrained capital in a myriad form of localised arrangements and they emerge from the crash, virtually alone, with a productive economy and a functioning democracy, with greater equality and more meaningful work. I just ask you, people more or less of my age, to remember the Labour of the early 90s, the last time Labour was engaged in political thinking of the economy – and Germany was referred to as a basket case- that it was ruined; that it was too regulated, and had too many constraints, and that it would be 'Blown out of the water,' a phrase used by someone in Gordon Brown's office. In Germany, they have retained ideas of status that we discarded in favour of flexible labour markets and yet they proved better at adapting to the change in circumstances generated by new technology and financial innovations. They asserted fundamentally that globalisation was not a fate that required a single response – that it could be mediated. An Aristotelian conception of internal goods, of internal negotiation and co-operation, of a balance of interests within a corporation and not an exclusive assertion of external ownership and unilateral managerial prerogative characterised a system built upon strong self-organised democratic institutions within the economy, as well as political representation. It is telling that the only advice our government can give to Germany is to generate and underwrite more debt. That seems to be the sum total of the communication between the government and the German government is 'more debt', and encourage more spending. If you look at personal debt, at household debt comparatively in England and Germany, it really is a cause for grief. We don't get it and until they do the Big Society will be incapable of developing institutions that challenge market power and will be lost between voluntarism and hanging ex-bankers out to dry. It requires constitutional change and institutional endowment, the generation of a different system. A telling statistic is that there are nine effective lending banks in Britain. In Germany there are more than 2000.

So, I can hear the Leninists amongst you asking, what is to be done? Or, in more familiar management terms, what are the next steps.

The first is to establish new institutions in the places where people live and would like to work which can address the fundamental problem of lack of internal investment. The stranglehold of the City of London on our pension funds, savings and assets and the relentless recklessness of the money

managers that caused the crash threatens us all with national bankruptcy. Constraining banks to lend within specific places, to establish productive and profitable relationships with businesses that function in that place is necessary to break the illusory speculative thrall of higher returns on investment. So best practice and all forms of pressure were put on to denude all forms of regional capital and send it to the City of London where the rates of return were higher – it then turned out those rates of return were illusory, and then we had to bail them out. It is quite a sorrowful story in many ways. I am inspired by the excellent work of Andy Haldane at the Bank of England and he has gone furthest in probing the causes of systematic unaccountable recklessness in the banking sector. I would suggest that we use 5% of the bailout money to endow the Banks of England, which would be established in the counties and cities of England and would be constrained to lend within the county or city. The principal of the endowment would be in trust to the people of that county or city and the balance of power in its corporate governance will be held by those institutions.

Blue Labour is considered to be at its most fanciful when talking about the revival of Tudor Statecraft and the commonwealth tradition. However, the move away from policies and programmes towards institutions and the common good requires this. England in 1500 was behind in maths and science, literature and munitions, naval technology and theology. Kings and Trinity College, in Cambridge, were established with endowed chairs in Maths, Greek, Hebrew and Sciences, the Greenwich Maritime College was established along with the Woolwich Arsenal, the Royal Exchange was established in London as an alternative to Amsterdam as a clearing house for global trade, the gold captured from the Golden Hind formed the foundation of the gold standard and the exchequer. Within a hundred years our ships ruled the waves, the King James Bible established English a literary language, London was the undisputed emporium for currency and the emerging in Atlantic trade, Bonfire night indicated that when it came to gunpowder and munitions we had enough to feed the needy and there was an institutional body politic capable of underpinning state policy and prosperity. England was in a very different position in 1600 to 1500 and institutional endowment was a key part of that. I think we are in a similar position now where long term institutional design and a re-imagining of the body politic are necessary in order to reconstitute our nation as a free and democratic one with distinctive traditions and practices that are a blessing to ourselves and to the world. This is not the place but the reconstitution of the BBC as a local and global corporation should play a central role in this. In other words, the BBC, like so many of our other institutions, have had management but no leadership.

The second specific institutional commitment is to vocational institutions that work within the specific ecology of place. There needs to be a specific concern with maritime technology in the north east. The starting point is the world as it is and the development of tidal energy is appropriate for Northumbria. The resistance to the Chinese ownership of Northumbria water and its mutualisation and ownership by local people is vital to this. Its human complement is community organising and the ownership by the people of their natural environment and football clubs. The vocational renewal is something that will require radical restructuring in the educational system to address a lack of skill among the workforce and the use of mass immigration to fill the gap, and the systematic neglect and under-achievement of working class students. The north west would have an orientation towards food and transport, the east midlands to engineering and the south west to fishing and possibly cheese. The nurturing, preservation and renewal of skills that are understood in terms of inter-generational practice, rather than project specific outcomes, is essential to this.

A third component of this is changes to corporate governance and the representation of the workforce on the boards of companies. This embeds productive businesses in the localities in which they work, it generates a greater engagement with the knowledge and expertise of workers. A balance of interests requires the representation of owners, workers and users in the pursuit of the good of the company.

The embedding of the economy in an institutional system is one way of conceptualising this. It is however, only half the story. There needs to be a renewal of political institutions. I have written before about city parliaments and that needs practical development. Let's take my city, our city, this city, London. Rather, it is not a city but an authority. The City of London, the most ancient continuous democratic city in the world, Milton's mansion house of liberty, with its common council, guilds, livery companies, Alderman and Mayor, with its Remembrancer and Sheriffs is a supremely well-endowed lobbyist for the financial sector. It is an important reality to recognise, that our greatest civic inheritance represents only the interests of money. It has 150 democratically elected representatives while London as a greater authority representing 8 million people has one elected mayor and an ill-defined council of twelve – uncertain of their allies or opponents. London, which more than any other city has had to experience relentless population churn, institutional disruption, de-industrialisation meanwhile has the greatest need of a sense of place, of a common life. We were all aware of that on August 6th with the Tottenham riots. I went down there – it's the sort of thing that interests me – and what was palpable there was a complete lack of leadership for the communities that live there. An example of Blue Labour politics of place would be to extend the City of London corporation to all of London so that come May, Ken Livingstone can live in the Mansion House, that each locality in London can be represented in its Parliament in the Guildhall and the Livery Companies of bakers, plumbers, teachers and carpenters are no longer dining clubs for bankers but actively renew the promotion of a vocational economy. London was established as a commune in 1191, its civic retrieval would be an important step towards blocking the domination of a single interest and renewing citizenship as a powerful practice. That is what Blue Labour means by radical traditionalism and its role in generating greater energy and participation in the way we feed, clothe and house each other, in the ways we look after each other and roots that in the specific inheritance of place.

The price of successful political action is a constructive alternative. This is easier to craft at a time of normal political consensus, but this is not one of those times. The financial crash, debt and deficit have broken the Thatcherite dominion. Blue Labour is an attempt to suggest what a new political consensus would look like, how the inherited resources of a tradition of democracy and liberty can be reconfigured and address the sentiment of isolation, powerlessness and disappointment that has left anti-depressant drugs as a growth industry that is tracking debt in terms of velocity. When we can no longer turn to the market or the state as an exclusive instrument of renewal we have no alternative but to look to each other, to the people we live and work with. There can be no responsibility without power and I wish to pay tribute to Localis for making the link between power, people and place and making that its central concern. It feels like the work has barely begun.