

1. Labour as a radical tradition

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The Liberal-led coalition government, self-consciously progressive in orientation, while appropriating Labour's language of mutual and co-operative practice, asks a fundamental question as to what distinctive gifts Labour could bring to this party. Beyond saying, 'its not fair', what resources does Labour have to explain the financial crash and its electoral failure, particularly in England? Out of what materials can Labour fashion a compelling vision of the type of country it wishes to govern and offer an effective orientation for assured political action?

It will be suggested in this paper that Labour is a paradoxical tradition, far richer than its present form of economic utilitarianism and political liberalism. The Labour tradition is not best understood as the living embodiment of the liberal/communitarian debate, or as a variant of the European Marxist/Social Democratic tension. Labour is robustly national and international, conservative and reforming, christian and secular, republican and monarchical, democratic and elitist, radical and traditional, and it is most transformative and effective when it defies the status quo in the name of ancient as well as modern values.

Labour values are not abstract universal values such as 'freedom' or 'equality'. Distinctive labour values are rooted in relationships, in practices that strengthen an ethical life. Practices like reciprocity, which gives substantive form to freedom and equality in an active relationship of give and take. Mutuality, where we share the benefits and burdens of association. And then if trust is established, solidarity, where we actively share our fate with other people. These are the forms of the labour movement, the mutual societies, the

co-operatives and the unions. It was built on relationships of trust and mutual improvement that were forged between people through common action. They were transformative of the life and conditions of working people. The Labour tradition was rooted in a politics of the Common Good, a democratic movement that sought its rightful place in the life of the nation. The Labour tradition has never been straightforwardly progressive, and that is not a defect which we are on the verge of overcoming, but a tremendous strength that will offer the basis of renewal.

This type of political tradition is to be distinguished from matters of philosophy. Philosophical arguments, like policy proposals, aspire to be universal, abstract and generalisable. Such demands may be useful at the final stages of a policy review when specific recommendations have to be ordered, but remain unsuited to either political action or ethics. Historical continuity, democracy, the necessity of extemporised action and leadership, render politics contingent, comparative and paradoxical in form. Machiavelli remains a surer guide than Kant in these matters. Ideas are not ultimate and singular in politics, but contested and related. The English nation, above all, is deeply synthetic in form, constituted by large waves of immigration that generated an unprecedented form of common law, common language and an inheritance of a commonwealth. Its political parties and movements have been stubbornly synthetic too, a matter of blending folk and academic concerns through a politics of interests. Political movements which are rooted in the lives and experiences of people bring together new constellations of existing political matter, previously disconnected parts of political life. What to philosophers is an incoherence can be a source of vitality and strength to a political tradition which contests with others for democratic power over its vision of the Common Good.

The next part of this paper delineates the traditions and institutions out of which Labour emerged. Some academics call this a genealogy, but it is just another way of telling the family history.

This is so that we can give some meaning to the Labour tradition and its particular tensions and dynamics.

Meet the family

Two ancient political traditions came together in the labour movement; one could almost call them ancestors. The first is Aristotelian and brings with it the notion of the Good Life and the Common Good. In this the importance of politics, of virtue understood as a middle way between extremes (courage, for example being the middle way between recklessness and cowardice), of the integrity of family life and citizenship, were carried into the political life of the nation. The founders of the labour movement understood the logic of capitalism as based upon the maximisation of returns on investment and the threat this posed to their lives, livelihoods and environment; but they did not embrace class war and clung stubbornly to an idea of a common life with their rulers and exploiters. The paradox here is that class conflict is necessary for reciprocity. The Labour idea of the person, in which the plural institutions of public and private life have a vital effect on the flourishing of the individual and are inseparable from it, are explicitly Aristotelian. This is an important root of the conservatism in the Labour tradition, a concern with the preservation of status, limits on the market, an attachment to place, starting with the common sense of people rather than with external values, and a strong commitment to a common life. This is also a direct link to the Tudor-commonwealth statecraft tradition of the sixteenth century, self-consciously Aristotelian, which engaged with the balance of interests within the realm, pioneering endowment to promote the sciences and commerce, developing apprenticeships, and slowing enclosures. The Balliol Commonwealthmen in the early twentieth century, of which GDH Cole and RH Tawney were active participants, are part of that tradition.

The second ancestral tradition within which Labour was

embedded is that which followed the Norman Conquest and actively pursued the idea of the balance of power within the Ancient Constitution and the 'rights of freeborn Englishman'. It was on the basis of the violation of customary practice that villagers and artisans resisted the subsequent enclosures and assertion of Royal Prerogative in the name of Parliament, and the liberties threatened by the domination of one institution or person alone. The English tradition of liberty is far older than liberalism. Within three weeks of the Norman Conquest, more than half the land in England was owned by eleven Norman aristocrats, and it has been pretty much uphill ever since. Labour takes its place within a far longer national tradition of resistance that values a legal and a democratic order, that is both reforming and traditional, in simultaneous motion. Parliamentary Socialism, the National Commonwealth – whichever way Labour chose to describe itself in its first fifty years – each acknowledged its attachment to the language and sensibility of the politics of the Common Good, and a central role for the inherited institutions of governance that represented the interests of what used to be known as 'the commons', the House of Commons not being the least of those.

The early theorists of Labour economics, Therwell and Blatchford, had a commitment to natural law in which there were prescribed limits as to how a person could be treated by political authority, and by economic ones too. In England, in particular, these natural laws were assumed to have existed in this country before the Conquest, so they were not abstract, but embedded in the political history of the nation. Democracy and common law were used as ways to constrain the domination of the monarchy. Parliament was vital in this, as was the Church. This sensibility found Labour form in what Marx called the 'utopian socialism' of Blatchford and Morris and the 'guild socialism' of Cole, Hobson and Penty.

We now move from the ancestors to the grandparents of the labour movement in the eighteenth and nineteenth centuries. The

relationship between the English church and the Labour tradition has been neglected and is worthy of re-examination, if not resurrection. A central aspect of the Labour tradition is to combine what was previously opposed and antagonistic into new forms of common life. Immigrant and native has been one crucial aspect of this. It was the non-established churches, excluded and often persecuted by the Reformation Church Settlement – the Catholic Church, and the non-conformist Protestant churches – that provided two of the grandparents of the Labour Movement.

It is far too rarely acknowledged that, alone in Europe, Labour succeeded in generating a workers' movement that was not divided between catholic and protestant, or between secularists and believers; it was the movement itself that provided the common life within which these potentially antagonistic forces could combine in pursuit of a Common Good. In cities like Glasgow and Liverpool, as well as London and Birmingham, this was an extraordinary achievement, and one that Labour failed to draw upon in its search for 'social cohesion' during the last government. Common action for the Common Good – politics in other words – served the movement, and the country, very well. This is perhaps the most distinctive feature of the Labour tradition, as opposed to social democracy in Europe, which was far more explicitly secularist in form. The non-established churches, for reasons of historical self-interest, were committed to freedom of association and expression. The churches who nurtured the labour movement were associational forms of religious solidarity, severed from state power, and concerned with preserving a status for the person that was not defined by money or power alone. Aristotelianism flowed predominantly through the Catholic Church, the rights of free-born Englishmen through the protestant congregations of the South and the Midlands, and they came together in the labour movement. They also provided a national connection, that has proved durable, with the labour movements in Scotland and Wales.

The London Dock strike of 1889 is a classic expression of the

labour movement in action, built on the assumption that only organised people could resist exploitation. It was based on an alliance between Irish and local workers, brokered by the Catholic and Methodist churches. The local Labour Representation Committees were the new institutions within which the previously unrelated forces met, and within which leaders were elected, strategy discussed and actions planned. It is here that the third grandparent of the labour movement – the ‘labour aristocracy’ of skilled workers who had lost their status and small holders who had lost their land – make their appearance, drawing upon customary practice as a means of defying managerial prerogative. The courage of the strikers was remarkable. To disrupt trade was viewed as unpatriotic and seditious, given that the British Empire was a maritime emporium with London at its hub, and the force of the navy and army as well as the police was threatened against the strikers. The laws of the maritime economy, freely contractual, were held to apply to the port, which was excluded from territorial legislation. To build a successful political coalition on the basis of stable employment and wages was a great founding achievement of Labour politics. Cardinal Manning, accompanied by the Salvation Army Band, leading the striking dockers on their march, made it very difficult for the employers to use force and depict them as an undisciplined rabble.

The sheer ferocity of the market storm within which Labour was born in the nineteenth century – the scale of the dispossession, of property, status and assets, generated by the creation of the first ever free market in labour and land; the simultaneous enclosure of the common lands; the criminalisation of association; the scrapping of apprenticeships; and the eviction and proletarianisation of the peasantry – meant that the only port in the storm was the security that people found in each other. The burial given by the Co-operative Society is another example of the retrieval of status generated by the labour movement, the dignity of death given by solidarity in life. The pauper’s grave was one of the most fearful fates

of dispossession. It was a combination of subs-paying membership, co-operation with chapels and churches, and the practices of mutuality and reciprocity, that provided the resources out of which a human status for the person could be retrieved and retained. The reverence for life, the dignity of death, the honour given to each member through their membership and dues, were not drawn from a secular or modernist ethic; they were a radical solution fashioned from traditional assumptions and practices. Labour as a radical tradition was crafted by both workers' and Christian institutions as they confronted the hostility of an exclusivist state and an avaricious market. They called their ideology socialism and their party Labour.

Over the past decade, the Living Wage campaign within London Citizens has been the way that I have been able to understand radical traditionalism. The campaign began during a retreat by faith group leaders, overwhelmingly Catholic and non-conformist, but including Muslims, Anglicans and a trade unionist, on the theme of family life. What emerged from the conversation was a concern at lack of time with children or parents, of the need to work two jobs to make ends meet, a recognition of the demoralisation that welfare brings; and what also emerged was a concept of a Living Wage, enough for a family of four to live on at a basic level. Committed to work as a value, yet challenging the prevailing market distribution as hostile to the living of a good life, it brought the two together. It is telling that the trade unionist wanted to call it a 'fair wage', tying it to an abstract idea rather than directly addressing the necessities of life in an urban, contemporary environment.

All of the Living Wage successes have been won within firms and institutions which had contracted out their cleaning and catering. This had broken any possibility of solidarity between 'members' of the same firm. The cleaners and cooks were not invited to the Christmas party. The strategy of London Citizens was to bring together, at a public meeting, with shareholders and employees present, the CEO and a leader of the contracted-out staff in order to have a conversation about what it meant to work in the same office.

Due to a refusal to meet, this was usually at the AGM, attended by London Citizens who had bought shares so as to be able to do so. Confronted by a personal and public refusal by the CEO to recognise any common interest or status with the contracted-out cleaner, and the reluctance of the stakeholders in the room to accept that, it didn't take long for a common ground to appear, and this tactic worked time and again. The Living Wage itself could be funded out of a small fraction of management bonuses, a redistribution within existing budgets; and more times than not it has led to cleaning and catering staff being brought back in-house, as has recently been the case with John Lewis. It has been faith communities, overwhelmingly Catholic and non-conformist, not trade unions, that have devised and pushed the Living Wage campaign. With its adoption in the Manifesto, and then by each of the Labour leadership candidates, we can begin to understand the importance of grandparents in the development of their grandchildren.

It is here, however, that we must return to our genealogy and move from the grandparents to the parents of the Labour Party and the specific circumstances of its birth. Labour was the child of a cross-class marriage between a decent working-class Dad and an educated middle-class Mum. The Dad in this schema was the trade unions, the co-operative movement, and the building societies and mutuals which were built by the working class out of the materials available to hand. Their concern was to build the relationships and institutions necessary to confront market power, and their language was exclusive and associational. Brothers, Comrades. The Mum was the Fabian Society, Hyndman's Social Democratic Federation, the Anglican Church (which alone among the churches finds itself on this side of the family), the strong tradition of ruling-class public service, the architects, scientists and writers who were deeply connected to the development of the labour movement and who developed ambitious plans for government. Sidney and Beatrice Webb's LSE was founded as a Labour think tank.

In philosophical terms we have an Aristotelian Dad and a Platonic Mum, a Common Good Dad and a progressive Mum, a traditional Dad and a radical Mum. For the Mum, the overwhelming concern, the categorical imperative, was with the ‘poorest and most vulnerable in our society’ and the use of scientific method and techniques to alleviate their condition. For the Dad, they were a big warning of what would happen if you didn’t have friends, if you didn’t organise, if you didn’t build a movement with others to protect yourself from degradation, drunkenness and irresponsibility – and the people who didn’t pay their subs, didn’t turn up for meetings, crossed picket lines and got pissed on the money they earned. It was not just in Scotland that the temperance movement was a training ground for future Labour leaders. Both Keir Hardie and Ramsay MacDonald come through that tributary. George Lansbury too.

The problem in the marriage was clear from the start. The Mum had all the advantages of class – resources, eloquence, confidence and science – and none of the experience of hardship. There was a lack of reciprocity as the years went by and Labour moved towards government. The Mum was much better suited to the demands of the modern world, capable of understanding the big picture, developing technical complex policies, managing change. The role of trade unions meant that they only had the power to disrupt, as there was no democracy in corporate governance, no capacity to pursue a common good within the firm in which power was shared, and, therefore, no possibility of internal promotion and responsibility without crossing picket lines. While growing in status to be a full partner in the political governance of the nation, in the economy Labour remained excluded and subordinate.

This shift in power in the relationship is clearly seen in Labour’s attitude to the governance of the firm and the economy. Nationalisation, and its direction by state appointed experts, was but one form of the social ownership that was discussed by the labour movement for three decades before 1945. For most of the

time before that, co-operative firms, worker- and passenger-owned railways, mutualised waterways and worker-run mines were party policy. This was all but abandoned by the time Attlee became prime minister. The Dad had no power at work, and no power at home either, as the party became increasingly dominated by middle-class policy technocrats. The marriage, you could say, became increasingly abusive, which is why it is necessary now for the grandparents to step in and play a more active role in nurturing the well-being of the child by rebuilding love and reciprocity between the parents. This will require a commitment to renewing cross-class organisation within the party, to common action for the Common Good, throughout the movement. The Living Wage could be a good place to start.

The source of Labour's continued vitality lies in learning to cherish neglected aspects of its tradition that place reciprocity, association and organisation as fundamental aspects of building a common life between antagonistic or previously disconnected forces. It is a radical tradition that is as committed to the preservation of meaning and status as it is to democratic egalitarian change, and seeks to pursue both. This gives tremendous resources and possibilities to the Labour tradition as it seeks to renew its sense of political relevance in political circumstances that threaten its rationality and purpose. This requires, and has always required, an organised resistance to the logic of finance capitalism, and a strengthening of democratic institutions of self-government.

Revising revisionism

The resources for renewal lie within the tradition itself, but this requires an understanding of participating in a lived tradition, in which we identify with its defeats and victories, successes and failures, as it has engaged with its adversaries through time. This directly relates to the rationality of the tradition itself. Revisionism is a wonderful thing, but it becomes impoverished when it is

understood as a constancy of ends, pursued through a variety of means. Eduard Bernstein, the founder of German revisionism in the early twentieth century, said that the movement was everything and the ends were nothing. Fifty years later, Anthony Crosland, for reasons I have never fully understood, but with enormous consequences for the Labour tradition here, argued that revisionism was the opposite, that the ends were everything and the movement was nothing.

With the domination of this kind of revisionism, equality of rights and outcome became the end, and this was decisive in moving Labour from being a tradition concerned with the Common Good in this country, as part of the country's history, to become a progressive, left of centre, social democratic party. In the same way that Labour's response to globalisation after 1992 was a move from specific vocational skills to general transferrable skills, so, philosophically, it moved to general transferrable concepts, such as justice and fairness, which would apply in any country, society and terrain, rather than developing the specific language from within the political traditions of our own country. It was a move from the Common Good to progressivism, from organisation to mobilisation, from democracy to rights, from self-management to scientific management.

The management of change to pursue our ends thus became our creed for almost the whole second half of the twentieth century. Setting aside that he was still required to sign the checks to keep the mortgage payments going and the business afloat, the Dad might as well have left home. The gamble on state power and perpetual and real Labour government had failed, and the role of the trade unions within the economy remained one of inferiority, hostility and impotence. Mutual self-help was antagonistic to universal welfare, and the labour movement itself had no purpose beyond winning elections. The nature of the estranged relationship between unions and party was a crucial reason why they were not very good at doing that.

We can best make sense of this revisionist moment when we consider that Crosland directly questioned three fundamental assumptions of the Labour tradition.

The first assumption of the Labour tradition concerned capitalism. The tradition was built upon the assumption that capitalism was an exploitative and inefficient system of economic organisation, prone to speculative bubbles and recession. A Labour political economy would be different and superior.

The second assumption followed from this. It held that there was an ethical problem with unreformed capitalism, in that it exerted pressure to turn human beings and their natural environment into commodities. This threatened the very possibility of living a life proper for a human being, and people associated democratically to protect each other from a common threat. That was the meaning and form of the labour movement. One of the axiomatic assumptions underpinning the labour movement was that only organised people could resist the domination of money. For Labour, democratic association was a fundamental commitment.

The third assumption concerned the capacity of scientific knowledge and managerial expertise to exercise a progressive control of capitalism so that its excesses could be tamed and its general direction allied to more progressive human ends. Technical know-how was thus one of the prime means through which the dangers of capitalism could be tamed. State control of vital utilities, planning, effective demand management and a weather eye kept on the dynamics of boom and bust, with the appropriate Whitehall levers ready to pull at the right time, would do the trick.

British Labour revisionism, encapsulated in Crosland's *Future of Socialism*, was founded on the claim that the first two of these assumptions had been 'falsified' by historical experience. Labour's response to the challenges to its sanity posed by this 'falsification' was fateful, and that creates the conditions in which we find ourselves now. The uncritical rejection of the first assumption was decisive. Capitalism was understood as a singular system based

upon price-setting markets in the factors of production. It either worked or it didn't. The historical reality was that it did, providing unprecedented degrees of prosperity to unheard-of numbers of people, transforming the conditions of daily life and the opportunities that they enjoyed. Not only was capitalism more efficient; it was, in fact, more moral than planned economies. It allowed greater freedom and diversity, while promoting a challenge to existing hierarchies and sensibilities. The over-the-counter culture exerted a liberating force.

So the first two assumptions were held to be false by revisionist social democracy as it developed in Britain. That's a pretty big crisis of identity in itself. Any intelligible entity – a person, an institution, a political party – claims a sanity for itself based upon its capacity to explain the past, predict the future and act reasonably in the present. When a fundamental aspect of identity, in this case the Labour political economy, is thrown into question and based upon assumptions that are considered to be wrong, there is something worse than an epistemological crisis; there is a threat to the capacity to act at all. That is fatal for a political party, and its fate at that moment, is, in the worst sense of the word, academic.

The way that Labour reconstructed its identity and retained its sanity was to hang onto half of the third assumption concerning scientific management in pursuit of progressive ends, and transfer it to the state. This is the idea that the state, guided by correct method and modern management, can achieve a more equal and free society, in which all can share in the prosperity of the nation through redistributive taxation, effective public sector administration and a progressive orientation. Justice, in this schema, is the primary end of politics, and fairness is the operative value.

A Good Society

Tradition in such a schema is an impediment to justice, understood in terms of equality of opportunity and treatment. Tradition

becomes irrational, a defiance of necessary change that needs to be overcome, and in some cases broken, by modern management. Flexibility became a workforce virtue. The idea that tradition could be more reasonable than modernism is almost inconceivable on such a view. Tradition is synonymous with conservatism, an inability to adjust to new circumstances and an acceptance of prejudice. If it is the case that inherited associations, institutions and practices are an impediment to efficiency and justice, alongside the assumption that transferrable and not specific skills are the best way to intervene in the market logic of globalisation, then what results is the biggest paradox of all, which is that contemporary socialism has no effective category of the social.

I am alert to these things, but, as far as I know, social democracy, in party, union, or think tank, has no plans for extending democracy in the social life of the nation. Put another way, social democracy has become neither social nor democratic. This is the land that Labour has vacated and is now being filled by the Conservative's 'Big Society'. The Conservative tradition does have a conception of the social, Burke is an important thinker, but it was lost under Thatcherism and has been robustly reclaimed by Cameron. In response Labour needs to develop the idea of a Good Society as its rival, and such a society would be built on relationships built on reciprocity, mutuality and solidarity, all the way up and all the way down, in politics and within the economy.

By 1997, unmediated globalisation in the economy was combined with an identification of Labour with justice, abstractly understood in terms of pluralism, rights, and equality of opportunity. This is the basis of the serious predicament we face today. As John Rawls says, 'rights draw the line but the good makes the point', and we had nothing to say about the good. This directly threatens the expressions of national solidarity that remain. The retreat from state rationality in the economy is now being complemented by a denial of state rationality in promoting and protecting public welfare. Pluralism and diversity, without strong forms of a common life,

undermine the solidarity necessary for generating a welfare state and redistribution. The positive outcomes of welfare spending are questioned and are given as a primary cause of the deficit, and we are confronted by a volatile and destructive form of finance capital on which we depend for our prosperity and growth.

Our predicament is real, it is radical, and it is an enormous comfort that we have our tradition to guide us now. Without it we would have run out of road. We have pushed the market and the state as far as they can go, in isolation and combination, and would be left without a political economy, a democratic vision and a theory of history.

The tragedy for the Labour tradition is that the modernists reached the limits of their rationality, in terms of their unique embrace of both market and the state, while those seen as traditionalists are incapable of criticising the state, extending social democracy or having a plausible critique of finance capital. The financial crash and the deficit that it generated are the political battleground for the next five years. Labour has to reassert its historical understanding as superior to its rivals, and its predictions for the future as more assured, so that it may act reasonably and effectively in the present. Simultaneously, the organisational base of the labour movement has been hollowed out. While all this goes on, the universal welfare state, once the greatest achievement of cross-class solidarity, is being dismantled in the name of progressive ends, targeting the poorest and most vulnerable for favourable treatment. The integrity of family life and the upholding of a Common Good is the strongest way of responding to this, but it does not sit comfortably with progressive arguments.

What is being argued is that the labour movement emerged as part of the national history of Britain, that it is unique in the combinations of existing matter it combined in itself, in the institutional forms that it took, based upon mutuality, co-operation and solidarity, and in the distinctive moral and political traditions that gave it language and understanding. It asserted a resistance to

markets without claiming ultimate powers for a sovereign state. The form it took was federal and corporatist. The big rupture with the dominant Labour narrative, presented here, is that the victory of 1945 was the trigger for its long-term decline. It could be said that in the name of abstract justice the movement was sacrificed. The democratic responsibility and practice that was the labour movement and that had built up over a hundred years was severed from the idea of the Common Good and left without a role. This has intensified over the last fifty years. The trade unions became antagonistic forces within the economy, nationalisation placed managerial prerogative as the fundamental principle of organisation, and universal benefit replaced mutual responsibility as the basic principle of welfare.

What was forgotten politically was that the welfare state was not a right fulfilled, but an achievement won through sustained organisation and political action, and that was the only way it could be sustained. What was forgotten economically was that capitalism is a volatile system, based upon the exploitation of human beings and nature, and left to itself, will eat itself and the world around it. There are ethical reasons for generating democratic association as an alternative source of power that can entangle it within institutions that promote a Common Good. There are also political and practical considerations that make that necessary. Labour is right on this, the tradition is strong. It can tell a story of an economy in which money was too powerful, where the virtual economy displaced a virtue economy, with the consequence that there was neither reality nor any ethics in its practice.

The mistakes made affect both the 'left' and 'right' of the party, modernisers and traditionalists. On the left, the problem was to denigrate the compromises involved with a Common Good politics in favour of an absolute standard of morality, which proved incapable of recognising the vitality, innovation and dynamism which markets bring, and complement that with an equally true story of disruption, exploitation and destruction. So, the left forgot about redistribution of assets and power and were concerned with

collective ownership and money transfers; meanwhile, the modernist right lost any sense of tragedy and tradition and placed their money on scientific management in both the public and private sectors. All of it depended on clever people doing their jobs very well. And that was not even understood as a paradox.

The fundamental insight of both the Aristotelian tradition and that of the Ancient Constitution have been neglected across the party. It is that in any institution, in all aspects of life, there should never be one sovereign dominant power but a balance of interests, so that the King ruled in parliament, so that managerial prerogative could be resisted within the firm, so that a Common Good could be pursued between reciprocal partners. This was too right-wing for the left, involving union participation in economic governance, and too left-wing for the right, involving constraints on managerial prerogative and markets. The most important cause of the financial crash of 2008 was a lack of oversight of a balance of power in the corporate governance of financial firms, which meant that the people Minsky called the 'money managers' were free to deceive, exaggerate and cheat. Oversight keeps things honest. Interest based oversight keeps it real.

The problem with Labour's conception of capitalism, as with its conception of state planning, is that it was an abstract ideal type. There were unacknowledged varieties within capitalism, and a lack of appreciation of the Social Market Economy as the most important of those. Crafted by Social and Christian Democrats after the war in West Germany, under the supervision of Ernest Bevin and the British occupation, it generated economic growth through its practices of subsidiarity, worker representation on works councils and at board level through co-determination, the preservation and strengthening of vocational training, its pension fund governance, local relational banking and strong city government. The democratic institutions established within the economy had force. It turned out that greater vocational regulation led to higher levels of efficiency, worker representation to higher growth, local banking to more secure accumulation. Paradoxes can be friendly too. Any

comparative analysis of economic growth between the German and British economies would indicate that we came down on the wrong side of the argument in the mid 1990s. One of the reasons for that was an uncritical acceptance of abstract economic, philosophical and political analysis over a comparative historical and institutional understanding. PPE has a lot to answer for.

Labour's commitment to the state as the exclusive instrument of economic regulation had to fail. It was too blunt, too big, too small, and generally inappropriate. It could not work within the specialist knowledge of specific sectors, or with technological change, it could not engage locally or globally. The consequences of its failure led, under both Blair and Brown, to an uncritical embrace of the market, in terms of its internal logic and consequences. The social market economy indicates that democratic micro entanglement within corporate governance, combined with a clear floor on wages and a ceiling on interest rates, could combine the Tudor Commonwealth inheritance with a strong vocational role for trade unions in both training and strategy within firms and sectors.

It is not the least of the paradoxes of the present political moment that the Conservatives have given Labour the language of socialism back. It is, however, a matter of political logic that a financial crash should lead Labour to re-connect with the lost wisdom of its political economy. It is not to be found in 1945, 1964, or in 1997. None of them were democratic enough; none of these shared power with the workforce; none of them released capital to local businesses and families, none of them integrated vocational training into its work practices. And, most importantly, each of them led to the greater domination of the City of London, of finance capital, in the economic life of the nation. Labour did not change the balance of power in the economy or disrupt our developmental pathway.

Where does power lie? That was Aneurin Bevan's question, and the answer was to democratise it. This should remain our orientation, not the fantasy of abolishing power, but of democratic self-government within the reformed institutions of the realm. In

order for there to be a redistribution of power it is necessary to confront unjust concentrations of power and wealth. The credibility of Labour as a radical tradition lies in this terrain. The Corporation of London, for example, is an ancient city, founded by the Romans, established as a commune in 1191, a status it retains to this day. It is unique among great European cities in never having grown in size and never being absorbed by the population that grew around it, or by the state. As one of the four pillars of the ancient constitution it remains a partner to Parliament (as well as the monarchy and the Church), but not subordinate to it. As it survived the Norman Conquest unconquered, it has preserved the status of the freeman, democratic hustings, its guildhall, indeed, its guilds. The only problem is that this most ancient of cities represents the interests of capital alone and is immune to the charms of the common good. Skilled workers are not permitted to join their ancient institutions of economic self-regulation. Only in April, the last recognised workforce of the City of London, the Billingsgate Porters, were abolished, leaving capital as the only inheritor of our civic traditions.

One important part of Labour's renewal as a party of the Common Good would be not to abolish the City of London but to extend its ancient liberties, democratic rights and its significant inheritance to all the citizens of London. To build a politics of the Common Good by returning citizenship to all our cities, re-establishing guildhalls, and restoring institutions of vocational self-regulation within them, including regional banks. The countryside too has no effective institutions of self-government, and the democratisation and restoration of the country hundreds could reconnect us to conservation and the needs of country people while working within their language and experience. These are examples in which Labour can inhabit and renew ancient institutions and present a radical challenge to the concentrations of power and general sense of powerlessness. The economic and democratic regeneration of local economies requires a reciprocal partnership between capital, state and society. You could call it socialism in one county.

In summary, and in conclusion, Labour is a radical tradition with claims to superiority to its rivals in terms of its reasonable assumptions, its conception of the person and its theory of history. Its axioms are as follows.

Capitalism is based on the maximisation of returns on investment, which creates great pressure to commodify land and labour markets. Human beings and nature, however, are not created as commodities and should not be treated as such.

Human beings, in contrast, are dependent rational beings capable of trust and responsibility, who need each other to lead a good life. People are meaning-seeking beings who rely on an inheritance to make sense of their world, on liberty to pursue their own truth, and on strong social institutions which promote public goods and virtue.

Democracy, the power of organised people to act together in the Common Good, is the way to resist the power of money. In that sense, Labour holds to a theory of relational power as a counterweight to the power of money.

The building of relational power is called organising and this is a necessary aspect of the tradition.

As a theory of the Common Good, Labour holds to a balance of power within the Constitution, and in all public institutions, including the economy.

While recognising the innovation, energy and prosperity that markets bring, there is also an awareness, absent in liberalism, of the concentrations of power, the disruption and the dispossession that are its accompaniment.

This requires not the abolition of capital nor the elimination of markets, but their democratic entanglement in regional, civic and vocational relationships. This takes plural forms.

The first is a commitment to local, relational or mutual banking, that would entangle the short-term imperatives of investment with the longer term needs of economic growth.

The second is a commitment to skilled labour, to real traditions

of skill and knowledge that can mediate the pressures of homogenisation and preserve the capacity to transform the world in co-operation with others through work. A vocational economy would be one way of trying to grasp this.

The third is a commitment to the balance of power within the firm, so that managers are held accountable, strategy is not based upon the interests of one group alone, and the distribution of burdens is equitable.

The fourth commitment is to forms of mutual and co-operative ownership.

The reason for the instability of capitalism is based upon the movement of capital from the real economy to speculative bubbles that are based upon the reproduction of money through money alone. The incentive is given by higher rates of return. Local, vocational and political constraints on the sovereignty of capital to pursue its rate of return are a defence against both concentrations of money power and speculative collapse, as well as giving purpose and interest to democratic association.

Socialism is a condition of sustainable capitalism, in that universities, schools, libraries, vocational institutions, the rule of law and democracy, all provide public goods that are necessary for its flourishing and growth. Against its own understanding, Labour asserts that capital needs partners too. Some reciprocity in the relationship with capital is required.

The tradition is strong, it offers a framework within which previous mistakes can be rectified, and a claim to rational superiority to rivals can be plausibly asserted. The Labour tradition, alone in our country, resisted the domination of the poor by the rich, asserted the necessity of the liberties of expression, religion and association, and made strong claims for democratic authority to defy the status quo. It did this within a democratic politics of the common good. The argument of this paper is that it might be a good idea to do it again.