

Blue Labour, One-Nation Labour and Postliberalism: A Christian Socialist Reading

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Within the British Labour party, ‘Blue Labour’ has now been reborn as ‘One-Nation Labour’, after its leader Ed Miliband’s consecration of the phrase. As a mark of this new politics, he and his brother David are now proposing to adopt a ‘living wage’, rather than a mere minimum wage as party policy, in the wake of the successful campaign for the same in London waged by London Citizens. With its overtones of ‘a family wage’ as long backed by Papal social teaching, this flagship policy would seem to symbolise a new combination of economic egalitarianism with (an updated) social conservatism.

Such a combination is crucially characteristic of the new ‘postliberal’ politics in the United Kingdom, which seeks to combine greater economic justice with a new role for individual virtue and public honour.

But to understand what this new politics means and does not mean, it is necessary to attend closely to the intended sense of both ‘post’ and ‘liberal’.

‘Post’ is different from ‘pre’ and implies not that liberalism is all bad, but that it has inherent limits and problems.

‘Liberal’ may immediately suggest to many an easygoing and optimistic outlook. Yet ‘postliberals’ are by no means invoking a kind of Daily Mail resentment of pleasures out of provincial reach. To the contrary, at the core of its critique of liberalism lies the accusation that it is a far too gloomy political philosophy.

How can such a case be made? Well, very simply, liberalism assumes that we are basically self-interested, fearful, greedy and egotistic creatures, unable to see beyond our own selfish needs and instincts. This is the founding assumption of the individualistic liberal creed, derived from Grotius, Hobbes and Locke in the 17th C.¹

Such a position sounds, as it is, basically secular and materialistic. However, another important root of modern liberalism, traceable for example in Adam Smith,

¹ See Jean-Claude Michéa, *The Realm of Lesser Evil: An Essay on Liberal Civilisation* (Cambridge: Polity, 2009) trans. David Fernbach. Michéa is important for much that follows. For a similar thesis see also John Milbank, *Theology and Social Theory* (Oxford: Blackwell, 2006), 9-47, 278-442.

derives from an extreme ‘Augustinian’ theology in both Calvinistic and Jansenistic versions. For this theological outlook (which was not that of Augustine himself), original sin is so extreme that human beings must be considered to be by nature ‘totally depraved’. Augustine had spoken of ‘the second best peace’ which is not that of loving harmony achieved under grace, but of a rough-and-ready ‘law and order’ achieved through legal justice and tolerant civility. But now the extremists thought of this second best peace as not involving human virtue at all. Rather, divine providence manipulated our egotistic wills and even our vices behind our backs, in such a way as to make will balance will and vice balance vice to produce a kind of economic and political harmony, even though this had never been intended by self-obsessed individuals.²

In this way we can see how liberalism has been doubly promoted, for oddly coinciding reasons, by both hedonists and puritans. Even today the British Conservative Party, which has long since abandoned toryism for liberalism, remains something of an uneasy alliance between these two different character traits.

However, neither would exactly seem to apply to the *Guardian*-reader type liberal, whom we more usually take today to define liberalism as such. Why does the fit appear so poor?

The answer is that there is another, ‘romantic’ variant of liberalism that was invented in the late 18th C by Jean-Jacques Rousseau. The latter thinker inverted Thomas Hobbes by arguing that the isolated, natural individual is ‘good’, lost in contemplative delight at the world around him, satisfied with simple pleasures and provisions. She is not yet egotistic, because that vice arises from rivalry and comparison. However, Rousseau took the latter to be so endemic a motivation once the individual is placed in a social context, that he transferred pessimism about the individual into a new pessimism about human association.

This led to a scepticism about the role of corporate bodies beneath the level of the state: for it is only the state -- more readily, it must be said for Rousseau, in the case of a small city-state like Geneva – that can lead us to sacrifice all our petty rivalries

² See Serge Latouche, *L’Invention de l’économie* (Paris: Albin Michel, 2005) and Milbank, *Theology and Social Theory*, 26-47.

for the sake of the common purpose or general will which will return to us, at a higher level, our natural isolated innocence.³

The problem with this vision is that the state – especially one uprooted from custom and tradition as Rousseau required – will not really stand above the interests of faction and sectional intrigue. And meanwhile the concentration of all power in the centre will just as effectively undermine the immediate bonds of trust between people as does the operation of impersonal market forces.

The invocation of Rousseau allows us more easily to locate the *Guardian* reader. While the *Financial Times* sort of ‘right wing’ liberal takes a basically gloomy view of the individual, the *Guardian* reader takes a basically gloomy view of society.

This verdict may well seem to be counter-intuitive. Isn’t the political right suspicious of anything public and the political left unwilling to trust individual liberty very far?

But at the deepest level the contrast is the other way round: right-wing liberalism is so cynical about individual motivation that it entrusts social order to the public mechanism of the market and legal protection of property by the state. The liberal left, on the other hand, so distrusts shared tradition and consensus that it endlessly seeks to release individual desire from any sort of generally-shared requirements, which it always tends to view as arbitrary.

Of course, the realisation of this goal often takes paradoxical forms: the state intervenes in order to try to remove perceived unfair advantages of birth that restrict freedom of choice; education is provided in order to increase the bounds of rational choice for each and all; increasingly many freedoms are restricted because they are held to inhibit the freedoms of others.

Even where better health and environments are imposed upon people for their own good, that is seen in terms of eventually improving the scope of freedom and of channelling more money and resources into more positive projects with the same aim. Such a conjunction holds because liberal negative freedom of choice and the idea of happiness as mere material utility are deeply linked. For if there are no higher spiritual values that human beings ‘should’ choose, then the realm in which our various arbitrary choices will be exercised has to be essentially a material one, whether we know this or not. Some will like their meat lean and others fat, but in

³ See Jeremiah Alberg, *A Reinterpretation of Rousseau: a Religious System* (London: Palgrave-Macmillan, 2007).

either case it is a matter of food. And if some strange people still like going to church before Sunday lunch, then no doubt that is really a matter of working up an appetite.

But what matters for liberalism is allowing people to have as much choice over food and other material goods as possible. If some right-wing liberals think people should be left to eat themselves to death if they so choose and other left-wing liberals demur, then the latter only do so because they think that thereby individuals are depriving themselves of the full range of life and a longer time in which such choice might be exercised.

In this instance, as in others, right and left liberals converge far more than they imagine. For in either case what is basically celebrated is individual desire. And in either case human association or relationship is distrusted, since it is held that it is bound to be perversely motivated. The right holds that the remedy for warped relationships is the hidden hand of the marketplace; the left the manifest hand of the state. But in either case 'society' is bypassed and human beings are mediated indirectly, by a third pole standing over against them.

This is why the often misunderstood talk in recent times of 'the big society' and 'the good society' is so momentous: in principle it denotes the return to political validity of fundamental human association.

This return can be symbolised by George Orwell's dissenting but genuinely 'socialist' trust in 'common decency'.⁴ People have always lived through practices of reciprocity, though giving, gratitude and giving again in turn. By way of this process people achieve, in a simple way, mutual *recognition* and relationality. Most people pursue association and the honour and dignity of being recognised in significant ways, however lowly, as their main goals, and are relatively unconcerned with becoming much richer than their fellows or achieving great power over them. Indeed, most people wisely realise that such things will only increase their anxiety and insecurity – they prefer a less spectacular but quieter life. They are basically hobbits.

Nevertheless, the temptation to pursue the goals of pride at the expense of danger is there in all of us; in some more than others and in some to an overwhelming degree that can threaten the social fabric. To say this is to return to a more balanced and genuinely Augustinian account of 'original sin' – refusing Calvinist and Jansenist

⁴ George Orwell, *The Road to Wigan Pier* (London: Penguin, 1989).

excesses, which helped foment liberalism. Deep down people are ‘decent’ and rejoice in relationality, yet in all of us a destructive imp of the perverse always lurks.

Orwell suggested that a good society is one which erects safeguards against such perversity and especially against the overweening, reckless individual, and he pointed out that most tribal structures are built on just this ‘warding off of danger’. Inversely, the positive structures of a social order should seek to build upon our natural and given practices of reciprocity – not destroying, but augmenting our natural capacity for association.

For Orwell this was ‘socialism’, and one could cite here the way in which the National Health Service built upon the pre-existing practices of mutual assistance that had begun in the working-classes, sometimes with philanthropic help. Of course this very genealogy demands that we remain vigilant as to whether or not the politicisation and centralisation of an originally social practice is in danger of destroying the local, participative and co-operative dimension.

But liberalism does just the opposite to what Orwell recommended: it tries to remove intermediate social practices of mutual assistance, while augmenting our tendencies to pursue wealth and prestige instead of human and divine love.

Moreover, it has sought to rewrite history in its own image. For it argues not that the liberal creed is really changing human behaviour, but rather that it is removing delusions as to the characteristics of real human behaviour which have always prevailed. The possibility of much more rapid ‘progress’ is released once we start operating on the basis of the way we really are.

And this means that history is retrospectively understood as ‘horrible’ – as all British children now supposedly know. One cannot possibly underestimate the iniquity of this entirely unfunny ideology directed at children by liberals in order to ensure that they will write-off all possible exemplarity of the past.

For it is quite simply untrue. Despite the endless violence and cruelty abundantly found in the historical record – much of it of religious inspiration – were this the fundamental fact about history there would be no history whatsoever to record. For without myriad gratuitous and charismatic actions of individuals and groups – also often of religious inspiration – there would simply never have existed rituals, customs, myths, words, numbers, laws, governments, markets, banks, hospitals, schools, armies, art and science. That which wars and coercive laws are defending or seeking to expand – even if unjustly – is always in some degree a positive human good that is

a more fundamental fact than violence, because it is the precondition for the exercise of specifically cultural violence.

It follows that a romantic view of history is more realistic than a cynical one. Human life as such depends upon a bedrock of gift-exchange and it develops in time through the astonishing and gratuitous irruption of charisms.⁵

Perhaps the Christian notions of ‘agapeic’ love and of grace express these two realities especially well, and help us to realise that they can become the basis for a genuine form of human universalism. It is for this reason that socialist, cooperativist and labour movements in the 19th C were often born in a Christian atmosphere – even though this was not always of an entirely orthodox kind.⁶

Yet apart from the religious impulses, the working people who shaped these movements were not usually driven by theory. Rather they were inspired by a spontaneous sense that something was missing from liberal modernity.

What was lacking was relationality, creative fulfilment in work, festivity and joy. They did not, like some conservatives of ‘the right’, wish to return to the bastard feudalism of the *ancien regime* (far more enslaving and contractualised than the mis-called ‘feudalism’ of the Middle Ages which was more like a hierarchised mode of gift-exchange) but they also rejected the individualism of the modern liberal ‘left’. Originally, before the early 20th C merging of liberals and socialists in both France and Britain, socialism was not really situated on the right-left spectrum, because it was liberalism that defined the leftwards position.⁷

Now to pursue above all relationality is to risk being *wounded* by the other. The market encourages us to think that we can be insulated from such hurt by the impersonality of economic transactions.⁸ But without embracing the likelihood of some or even much sorrow, there can be no openness to real joy either. This is one reason why Blue Labour describes itself as ‘blue’. Nevertheless, if you lose out in the loneliness of the marketplace then you lose worst of all – materially you can lose everything and then you cannot enjoy any comforting over this parlous plight by others who are your friends.

⁵ See Luigino Bruni, *The Wound and the Blessing: Economics, Relationships and Happiness*, trans. N. Michael Brennan (New York: New City Press, 2007).

⁶ See John Milbank, *Theology and Social Theory*, 197-295; *The Future of Love* (Eugene, OR: Wipf and Stock, 2009), 63-74.

⁷ See Michéa, *The Realm of Lesser Evil*, 1-39.

⁸ Bruni, *The Wound and the Blessing*, *passim*.

However, as already indicated, statism is but another way of avoiding human relationships. In this case we are all indirectly mediated by the transcendent power of government instead of by the transcendent power of money. But in either case interactive, participatory power is being removed from ordinary people.

A second problem with statism is that it is resigned to treating the market as an evil monster that can be partially tamed but never rendered benign and docile. This is one crucial manifestation of the liberal idea of the priority of evil to which I have already alluded. Within the terms of this assumption it is thought that the main instrument of social justice must be government redistribution. But that can only realistically be carried out in a period of guaranteed economic growth -- for otherwise, within the norms of capitalist operation, it will tend to damage profits and so national productivity. Partly because strong, if any, growth is not in prospect in the UK for the foreseeable future, Ed Miliband is rightly abandoning this view for notions of 'predistribution' -- or in other words attempts to produce a just economy in the first place as the major vehicle of material equity.

But only in part, because predistribution makes more radical sense in any case. An inherently just economy would provide more stable financial security for most people, and at the same time it would escape the logic whereby the social goals of the state and the supposedly amoral, wealth-increasing goals of the market are seen to be in inherent tension with each other. A further good consequence would be the removal of many people from welfare dependence (something that neoliberal policies only *create*) and the weakening of the current divide between the south of England that relies largely on a thriving market and the rest of the UK that is over-reliant upon the state sector.

The third problem with statism is that, ever since the 1890's it has often been just as committed to the marginalist ideology of neoclassical economics as have exponents of the 'free market'.⁹ According to this ideology human beings exercise 'rational choice' in terms of their calculation of utilities. Beyond Jeremy Bentham it is allowed that humans' ideas of what makes them happy can be incredibly various, but it is still thought that in order to fulfil our desires we make a cold calculation of gains and losses. Inevitably this means that the typical object of desire is still thought of as a commodity consumable by the individual in isolation.

⁹ See Johanna Bockman, *Markets in the Name of Socialism: the Left-Wing Origins of Neoliberalism* (Stanford CAL: Stanford UP, 2011).

Such objects were deemed by the marginalists to be subject to the ‘law of diminishing returns’ -- over time we get less satisfaction from consumer durables and their rarity value diminishes as other consumers catch up with us. Outside the bounds of the neoclassical perspective one can add here that an excess of choice without educative guidance tends eventually to confuse and bewilder most people.

And the neoclassical economists tended to ignore those goods which are ‘relational’ in character – family, friendship, erotic unions, warm communities. Equally they failed to distinguish the enjoyment we get from high-quality goods like works of art and from things like the exercise of artistic talents from other objects of consumption and other more fleeting modes of human activity. For high quality goods and the exercise of talent through long practice tend to deliver a more solid kind of happiness and also the kind of happiness in others which we most tend to admire and want to emulate. This ‘higher’ happiness Greeks like Plato and Aristotle dubbed *eudaimonia*.

So, as Jon Cruddas has recently argued, perhaps the main question in contemporary British politics, and the main question for Labour, is whether the main aim of government should be to increase people’s freedom of market choice, largely in the sphere of measurable material happiness (our inherited blend of liberalism with utilitarianism) or whether its main aim should be to seek to encourage human *eudaimonia* or flourishing, in terms of some sort of rough agreement about those things in which such flourishing consists.

A couple of footnotes to this diagnosis are in order here. First, if it is correct, then the main issue of contention in modern politics *is no longer* ‘state versus market’. For in many ways we can now see that this was a sham debate. The proponents of marginalist economics were just as often of the left as of the right and the crucial reason for this is that neoclassicism can favour statism just as easily as it can markets freed from all state interference.

This is because the central theory of neoclassicism is that when the individual calculators of utility are acting rationally, then markets will achieve perfect equilibrium, balance or clearance. To the degree that they fail to act rationally, then the state can make adjustments. This much is common to marginalists of both the right and the left – the difference arises in terms of how far it is supposed that the conditions for perfect market operation arise automatically through market processes themselves and how far they have to be engineered by the state.

Thus both the invisible hand of ‘providence’ and the visible hand of the state is deemed by this outlook to be seeking the same goal of perfect rational equilibrium, that coordinates egoistic wishes, without any mutual agreement as to the common good. It is for this reason that even neoliberal theorists who dogmatically rejected the role of the state still often *modelled* the ideally free market in terms of how a socialist state would distribute material goods *if* it enjoyed perfect information. Conversely, the socialist states of the old Eastern block generally conceived their citizens as utilitarian rational actors, rather than in the humanistic terms of the young Marx.¹⁰

Even when ‘market socialisms’ were advocated and practiced, especially in Yugoslavia and Hungary, the model remained highly rationalistic. So much so that part of the argument put forward was that if property remains in some way publicly owned and if individual firms are democratically organised, then the market in goods and labour can operate with a much more genuine ‘freedom’, after the model of Adam Smith.¹¹

So although there is still much to be learnt from these examples, they lacked any sense that excessively ‘prideful’ economic action, leading to monopolistic conglomerations of monetary power, can only be prevented through a reciprocal determination of economic prices, wages and shares linked to a sense of inherent moral value.¹² This element was only really inserted into ‘market socialism’ by the Catholic-inspired *Solidarnosc* in Poland.¹³

The second footnote concerns the relationship between the social and the political. Aristotle declared that ‘man is a political animal’. Augustine, on the other hand, discovered that human community is more fundamentally ‘social’ than it is ‘political’ because it is always united by a ‘certain object of desire’ that is prior to specific laws and coercion.¹⁴ Thomas Aquinas, who was decisively influenced by both thinkers, seemed to synthesise them by translating Aristotle’s ‘political animal’ in Greek (*zoon politikon*) into ‘social animal’ in Latin (*animal sociale*). However, Aquinas still thought that any constituted society will has to possess a ruling and legal authority in some sense or other.

¹⁰ See again Bockman, *Markets in the Name of Socialism*.

¹¹ Bockman, *Markets in the Name of Socialism*, 76-132, 157-214.

¹² Bockman herself does not embrace this point but seems to advocate a neoclassical market socialism.

¹³ See Maurice Glasman, *Unnecessary Suffering: Managing Market Utopia* (London: Verso, 1996).

¹⁴ See Milbank, *Theology and Social Theory*, 382-442.

So in agreement with Aquinas it can be suggested that, while ‘society’ is the primary human reality, that we cannot realistically imagine human associations existing entirely ‘before’ the state (in whatever sense) any more than we can imagine cultural individuals existing prior to the state, as in the misleading ‘social contract’ thought-experiments of Hobbes, Locke and Rousseau.

This reflection has implications for Labour’s perspective upon the ‘big’ or ‘the good’ society. Primarily, it is committed to ‘the public realm’ which is both social and political. For while this realm does indeed first of all exist in civil society and belongs to the people themselves (which Labour has largely forgotten since 1948, as Maurice Glasman has argued) it remains crucial to a specifically Labour or socialist case that the social *is of political relevance*.

By this I mean that the real economic, cultural and ethical conditions of are the proper concern of government, as they most certainly were for Aristotle. But liberals have always tended to deny this – including such highly sophisticated and nuanced liberals as Alexis de Tocqueville. For them, economic, ethical and cultural circumstances have to be left to the private realm.¹⁵

It is here, perhaps, that one can glimpse a further element of the ‘blue’ in ‘blue labour’. For while a new ethos has to spring up mainly from below, as Glasman has insisted, it is also the case, as he would agree, that governments cannot just remain neutral with respect to ethos, but must both encourage the good and discourage the bad in various ways – through education, institutional formation and legal frameworks.

In this way a ‘Tory paternalist’ political element as recommended by Robert and Edward Skidelsky is a paradoxically natural partner of greater democratic co-determination of human society.¹⁶ For the alternative here is really a liberal, supposedly ‘neutral’ state that is in reality on the side of the barren and barbarous elitism of income and technical expertise. There simply is no third possibility. But between genuinely good government and a virtuous people there should be constant ‘feedback’ all the time.

Can, however, this new emphasis on the common good and the promotion of human flourishing be truly relevant to hard economic questions, as I have already

¹⁵ See Domenico Losurdo, *Liberalism: a Counter-History*, trans. Gregory Elliott (London: Verso, 2011), 195-205.

¹⁶ Robert and Edward Skidelsky, *How Much is Enough? The Love of Money and the Case for the Good Life* (London: Allen Lane, 2012).

implied? It can, because liberalism itself, as Adair Turner has hinted, is subject to that very law of diminishing returns which it has itself articulated.¹⁷ We can see this especially with respect to finance.

At first, as the history of the modern world attests, liberalisation of financial markets leads to growth, but in the long run, as we now see, *too much* financial liberty tends to anarchy. The components of this condition are over-abstraction from the real economy, self-interest aligned to market failure rather than market success (in contradiction to neoclassical assumptions) and a multitude of transactions that are only about shifting around the existing monetary symbols of wealth, not about creating new wealth.

Generalising this point about finance to the whole history of liberalism, one can say that while, to begin with in history, the release of individual negative freedom removes many oppressions and allows for new manifestations of creative talent, in the long run it too much tends to stifle the exercise of trust that is crucial to all human association. A lack of trust then engenders high-level criminality, greater inequality and fear-driven rivalry. Such an atmosphere actually starts to inhibit people's inventiveness and entrepreneurship and therefore their capacity for freedom – even for freedom of choice.

And without trust, it turns out, the economy as a whole cannot function. This is especially the case because an economy is comprised not only of markets, but also of *firms* which are inherently cooperative exercises. Recent attempts to run them on internally agonistic lines, setting employees at each others' throats, have not proved a great economic success.

So could it be that a more ethical economy is also a more stable economy, more viable in the long term?

A crucial argument here is that this has in some degree always been the case. Anglo-Saxon and French economic theory has largely followed liberal presuppositions. But Italian economists, standing in a more classically humanist and Christian tradition, unbroken since the Middle Ages and the Renaissance, have often, ever since the 18thC, thought in much more communitarian or associationist terms.¹⁸

¹⁷ Adair Turner, *Economics After the Crisis: Objectives and Means* (Cambridge MASS: MIT Press, 2012).

¹⁸ See Luigino Bruni, *The Genesis and Ethos of the Market* (London: Palgrave-Macmillan, 2012).

Here it is salutary to compare the thought of Adam Smith with that of his near-contemporary, the Neapolitan Antonio Genovesi.¹⁹ Now to be sure, Smith was no post-Bentham rationalistic philistine, nor even self-evidently an advocate of ‘capitalism’, since he desired a market with few monopolies, modest prices, high wages, a vocational not a functional (factory-like) division of labour, and one which tended to return more people to work in the countryside. This almost ‘ecological’ factor in his thinking was driven by his insistence that a healthy economy puts concrete real wealth before abstract, notional wealth, and that the most basic of all wealth is human food.²⁰

Labour should indeed critically embrace such objectives and steal Smith back from right-wing misconstruals. He by no means thought that market equilibrium results automatically, and therefore considered that it has to be shaped and constantly reshaped by state intervention. However, in terms of just this notion of a cooperation of the invisible and the visible hand he did to some extent anticipate neoclassicism and one could even say that he *relied already too much* on state intervention. This is because he did not allow any direct relational and reciprocal social role for the securing of economic stability – he evacuated the social in favour of both the economic and the political.

It is true that Smith still ‘embedded’ the economy in a network of civil society ‘sympathies’, even if these sympathies (arguably more so than with the subtler and more traditionalist, Tory-leaning Hume) were too much confined to a sympathy with the other person’s private needs and feelings, and were not enough to do with the co-shaping of a shared sensibility. However, he did not allow ‘sympathy’ to enter into the economic contract itself. Notoriously, for Smith, it is not from the butcher’s benevolence that I can hope to secure from him a supply of meat.

Now it is just here that Genovesi offers a crucially different model. For the Neapolitan, you and your butcher might well care about each other as neighbours and this could influence even your economic transactions. Moreover, within more strictly economic terms, long-term considerations might temper any short-term selfishness. You and your local butcher would equally like each other to remain in place. Hence both social and economic reasons could influence agreed price: a ‘gift’ element might

¹⁹ Bruni, *The Genesis and Ethos of the Market*, 87-100, 120-135.

²⁰ See Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (London: Verso, 2007), 40-68.

be added to its strictly indicated contractual setting, in terms that are realistic as well as imbued with mutual feeling.²¹

In this way one can see how for the Italian ‘civil economy’ tradition the market itself remained more social and more directly mediated by interpersonal relationships. This meant that the operation of both the invisible and the visible hand was not seen in such mechanical terms, but rather as building on an existing network of relationships. So although Genovesi recognised, like Smith, that intentions can lead to unexpected outcomes, he followed his teacher Giambattista Vico in thinking that there was more continuity between original intention and unexpected end than Smith’s Jansenist and Calvinist-influenced legacy allowed. For if an individual intended action already has a certain ‘onlook’ towards the formation of society (as when you and the Butcher try to keep each other going), then later actions can ‘read’ earlier ones in terms of their general social implications in a way that is impossible if an individual action is ‘blind’ from a social point of view (as when all you care about is feeding yourself as cheaply as possible).

The first Genovesan model envisages economic outcomes to be like the architectural ones of an ancient Italian city: the whole is beautiful, though never planned that way, because later buildings ‘interpret’ earlier ones. But the second, Smithian model envisages economic outcomes (ironically against Smith’s own ruralist intentions) as being like modern Atlanta, Georgia.....

In terms of both the model of contract and the model of ‘heterogenesis of ends’ (the invisible hand) it is arguable that much of the *actual* market economy of the modern world has operated more like the Italian ‘civil economy’ than like the Anglo-Saxon ‘political economy’. This means that perhaps we have never been as ‘capitalist’ as we imagine -- and after all much of the more consistently capitalist practice has arisen only recently. (It should also be said here that while the Italian economy has often shown in exemplary practice some ‘civil’ features, that the Italian economists have often been reacting against the *lack* of social trust shown at many levels of Italian society and politics. It is rather more Italian theory than Italian practice that points us in the right direction.)

But now this extreme capitalism is starting to look as dysfunctional as it is unethical. Maybe then we need drastically to switch theoretical tracks in the Anglo-

²¹ See here further, Martha C. Howell, *Commerce Before Capitalism in Europe, 1300-1600* (Cambridge: CUP, 2010).

Saxon world and start considering the other, civil economy option. (Within that world the economic thinking of Carlyle and Ruskin offers to some degree a parallel, though it was less technically worked out.)

There is an ever more pressing practical need for this consideration. For crisis in capitalism is *not* recent, but rather endemic. It has been going on ever since the ‘thirty glorious years’ after World War Two. As growth slowed after that period (for many reasons), the market found it hard to balance profit and demand – which in the zero-sum game of a specifically capitalist market (where abstract wealth and not genuine human wealth is the main aim) must always increase at each other’s expense.

Equally, the state had to balance the exigency of expanding wealth with popular political demands for social justice and welfare.

That need, taken together with the sheerly economic need to sustain demand in order to realise capital in sufficient quantities, has led in epochal succession to various palliatives: 1. Allowance of inflation plus high wages; 2. Big government debt to fund welfare and supplement low market income; 3. Permitted high levels of private debt in order to achieve the same; 4. Again high levels of state-indebtedness resulting from the bail-out of banks undermined by their permission of unreclaimable private debt, as well as by various self-undermining speculations by inner ‘piracies’.²²

Now we stand within a fifth phase of chronically confused stand-off between governments indebted in part because they have bailed out banks and banks claiming that governments are now far too intolerably indebted as a result.....

But the fifth phase still awaits its palliative. We don’t know what it will prove to be, but it could involve an increasing oligarchic conspiracy between governments and finance, state and market, with banks and corporate power more secured by state political support, despite lowered profitability. Meanwhile, most of the rest of us would be reduced to ever harder working for even tolerable returns, controlled by ever-more quasi-totalitarian mechanisms, both in the work and the civil sphere. The pursuit of growth could give way to the struggle even to keep up.

The Tories under David Cameron seem content with this – and they call it ‘aspiration’. Our main aspiration, it seems, should be to try to keep up with the Chinese. Yet the latter – despite some wishful thinking on the left – show every sign of abandoning their traditional, in Smithian terms, ‘natural economy’ which put the

²² See Wolfgang Streeck, ‘The Crises of Democratic Capitalism’ in *New Left Review* 71, Sept/Oct 2011, 5-29 and ‘Citizens as Customers’ in *New Left Review* 76, July/Aug 2012, 27-47.

rural, agricultural base first, because it was less ‘distorted’, as the western economy was, by maritime venturing.²³ Instead they seem to be pursuing a yet more brutalised version of the western rational market which mixes the visible ‘socialist’ hand of a controlling state with the invisible ‘capitalist’ hand of a merciless competition in the field of prices, shares and wages.

This example tends accordingly to confirm the suggestion that the challenge now is to move away from neoclassicist utility in either its neoliberal or statist versions, in favour of a civil economy based upon reciprocal exchange and the virtuous pursuit of a true economic wealth that contributes to human flourishing. In this pursuit ‘economic growth’ in the current sense ceases to be at a premium – a steady state economy is fine, even if growth as an outcome of a genuinely balanced, because ethical economy is not to be disdained. Genuine balance arises because, where economic contracts are the subject of ethical negotiation, the inherent ‘clash of interests’ between managers, workers and owners ceases to apply.

Of course it has to be admitted that such true economic equilibrium cannot be achieved by one country alone, because international capitalist forces would tend to undercut it. For this reason, the adoption by Labour of a civil economy approach would imply a novel and more creative foreign policy. Such a policy would seek to see London’s geopolitical and geoeconomic situation as a vortex of meeting and competing forces as an advantage rather than a drawback. With the EU and with the Commonwealth and the former French dominions *together* we could try to craft an alternative international network of expanded ‘fair-trade’ whose ability and success could eventually bring even the United States and other countries into its orbit.

Over ambitious? Perhaps, but worth trying, because our only other option is to try to to ‘emulate the Chinese’ (and how extraordinary that a Tory Prime Minister should call for just this). This risks destroying our western, Christian values for the sake of an economic competition that we are likely to lose anyway. At the very least, it would be better to decline nobly and not ignominiously. Yet all my arguments suggest that in the long run nobility is more likely to succeed.

For an ethical economy can allow us to return to our own better western nature, and still give us a greater chance of succeeding economically in global terms.

²³ See again Arrighi, *Adam Smith in Peking*. Arrighi too much ascribes to this optimism about China.

Moves towards such an economy need to include (both in the short and the long term) amongst other things:²⁴ 1. The sharing of risk in all financial transactions – including house mortgages -- between lenders and borrowers, investors and owners, shareholders and managers, employers and employees; 2. The rewriting of company law to demand statement of social purpose and profit-sharing as conditions of trading; 3. A new public institutional ‘trust’ for the pooling of technological knowledge (more shareable than by small businesses by the payment of an affordable fee) to replace the current patenting system; 4. Ethical as well as economic negotiation of wages, prices and share-values amongst owners, workers, shareholders and consumers who would all be given real political and economic stakes in every enterprise. Such practices would be encouraged by legal and taxation arrangements, while disputes over such matters would come more within the purview of the courts of justice; 5. Passing through vocational training and membership of professional vocational associations encouraging an honourable ethos would also be made conditions of entry to business practice.²⁵

To propose such things is, in effect to pose a rather novel mode of ‘civil society socialism’. What do I mean by such a claim?

It can be contended that there have been two major phases of socialist thinking. The first, running up to 1848 and then somewhat beyond, was in quite severe reaction against a basically ‘Smithian’ economism, exacerbated by Malthus and Ricardo. So much was this the case, that ‘socialism’ was often seen as an *alternative* to economics. ‘Social’ solutions were sought, whether of a semi-anarchistic or state-led kind, which sought in various measures to bypass such economic categories as price, income, shares, interest, property and even money itself. Marx’s ‘communism’, to be arrived at beyond the envisaged first state-led ‘socialist’ phase, remained within this paradigm.

However, the second phase of socialism, in part because it was far less Christian and religious in various modes, tended, as already discussed, fully to ascribe to the rationalist utilitarianism of neoclassical economics.

²⁴ I am indebted to the fine journalism of Will Hutton in *The Observer* for much of the following.

²⁵ One might distinguish here between ‘compulsory’ professional associations safeguarding a minimum of good practice and ‘free guilds’ which would be voluntary and exist in order to shelter and encourage more stringent standards which could in the long term give a market advantage, encouraging membership.

This was just as true of Soviet economics as of Fabianism. This phase rightly regarded Marxian economics as not an economic advocacy, but rather as what it had said it was, namely ‘a critique of political economy’, and so as the theoretical aspect of the critique of capitalism, taken to be an ‘economism’. In consequence, Marxism was seen as not very relevant for building a socialist economy, and even (with more revisionism) as not sufficient for knowing how to arrive at the Communist future.

This was instead to be done in rationalist and utilitarian terms that involved the joint operation of state and market in various combinations. As a concomitant of this approach, certain ‘economic’ realities were after all accepted in differing modes and to different degrees. Gorbachev’s mode of market socialism (which was *not* initially covertly capitalist) proposed to restore the entire gamut – private property, wage, shares, interest etc of such operational categories.²⁶

Compared to these two socialisms, ‘civil economy socialism’ could inaugurate a third model which would *for the first time* offer a socialism that was both practicable and humane. For it would combine the realistic acceptance of economic categories of socialism 2, with the focus on immediate human reciprocity and solidarity of socialism 1. But unlike socialism 1 (to an admittedly varying extent), it would realise that the economic can also be the site of the reciprocal. It must be said here that many practices of the Italian cooperative movement in the past and the present would conform to this third model, even though they have often not identified themselves as ‘socialist’, in their refusal of the anti-economism of socialism 1.²⁷

In this way, the Labour Party could start to reinvent the socialist and cooperative tradition itself.

But if we need a mutualist market, we also need a mutualist state, as David Miliband has recently emphasised. To some degree Labour Councils especially are starting to deliver this both by using the Coalition Government’s localism measures and subverting its transferred cuts to work in partnership with social enterprises and voluntary associations. At the state level we need the kind of strategic instead of tactical intervention that I have already mentioned, including a renaissance of vocational education and an integrated transport policy linked to mutual associations of operators, workers and transport users.

²⁶ See Bockman, *Markets in the Name of Socialism*, 189-214.

²⁷ See Bruni, *The Wound and the Blessing*.

And again in keeping with the ‘high tory’ aspect of ‘blue’, we need to restore the notion of an honourable elite. For as that unlikely high tory Tony Benn always insisted, besides the elected delegates of a people, the other valid contributors to government are a professional body who have inherited a dedicated commitment to serve the national well being. Our civil service is in something of a mess, as the recent train operators’ debacle has proved. To improve it, greater democratic answerability is only half the solution, because in a representative democracy those who take the decisions can never be entirely called to popular account.

In addition one requires a renewed sense of honourable public service and pride in position at the top of our bureaucracy. Even a meritocracy requires a sense of *tradition* if it is to function well and virtuously.

Behind all of these ideas lies the view that a true practice of the ethical – as the training of character towards the realisation of the common good which includes the practice of reciprocity – is not an inhibitor of economic and political success. Instead it is a necessary condition for such success.

So if Labour can recover its ethical and religious roots then this will also help it in future to govern well and to remain in power to good purpose.