Spirit of Britain, Purpose of Labour

Building a whole nation politics to re-unite our divided country

Edited by
Stephen Kinnock MP & Joe Jervis
Spirit of Britain, Purpose of Labour

Building a whole nation politics to re-unite our divided country

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Foreword

Stephen Kinnock

Polarisation and Paralysis

Britain is a great country, but we are more divided than we have been at any time since the Second World War. Young versus old, city versus town, graduate versus non-graduate – these are the fault lines upon which our nation precariously stands.

Whilst the EU referendum did not create these divides, it certainly sharpened and deepened them.

But we are not only polarised, we are also paralysed.

Our entire political system has fought itself to a standstill over Brexit – the government is in disarray and parliament is stuck in stalemate. This is because polarisation always leads to paralysis: the more tribal our country, the more fractured our politics, the more frozen our democracy becomes.

This deadlock is a deeply troubling state of affairs, but what is even more concerning is that it’s a short step from limbo to meltdown. As Westminster and Whitehall grind to a halt, there is a real and present danger of this political paralysis spilling over into the private sector and provoking an economic crash that could destroy jobs, livelihoods and communities across the length and breadth of the country.

The stakes could not be higher: if we get this wrong the consequences will be dire, for generations to come.

The aim of this book is therefore to make a contribution to the debate about how Labour can break the impasse, by healing the divides and re-uniting our deeply polarised country. In our introductory chapter Joe Jervis and I outline the deep-seated causes of the crisis, and our authors then lay out a plan for the common good, based around the themes of work, family, community and country.
The central premise of our argument is the Labour Party, along with many of our sister parties in continental Europe, is stuck between the anti-capitalist, statist, protectionist politics of the Hard Left and the open, globalised, defeatist politics of the Liberal Centre. And it is clear to us that neither can restore the Spirit of Britain, and neither can serve the true Purpose of Labour.

Instead, we must forge a new kind of politics, based on a plan for the common good – a plan that ensures new technologies and the fourth industrial revolution serve the many; a plan to build public services that are both smart and compassionate; a plan to empower and unite our communities; a plan to restore our ability to stand tall in the world, with credibility, authority and integrity.

Britain desperately needs a Labour government as soon as possible, but we cannot do this by doubling down on our Cosmopolitan support base, and indeed it would be an abdication of our moral duty if we were to do so, because this would lead only to the further polarisation and fragmentation of our country.

The analyses and proposals contained in this book are certainly not comprehensive or exhaustive, and our authors are all writing in a personal capacity. It’s a collection of ideas, not a collective endorsement of any particular position. However, each and every one of us believes that our country is crying out for a project of national renewal, designed and led by a whole nation Labour Party.

Our movement is packed to the rafters with people who have a diverse range of brilliant ideas about the future of our country, and about the central role that our party must play in building that future. Many of those ideas underpinned our 2017 election manifesto, which energised and mobilised the public in ways that we have not seen since 1997.

My hope is that Jeremy and his team will therefore see and take this book for what it is – a set of constructive proposals that, if they were to be adopted, would help to forge a new settlement between the Communitarians and the Cosmopolitans, and in so doing dramatically increase our chances of forming the next government.

Because it would be a fatal error if we were to rest on our laurels, and to assume that we can fight the next General Election as if it were a re-run of 2017. It is therefore vital that we keep those ideas flowing around our movement, that we challenge each other, and that we see the manifesto as a basis for discussion, rather than as a tablet of stone.

An EEA-based Brexit can build a platform to heal the divides and break the impasse

There is certainly not a consensus across our team of authors about what to do about Brexit. John Mills campaigned for Leave, whilst Anna Turley has called for the exit deal to be put back to the public in a People’s Vote. But what this book shows is that Labour Leavers and Remainers are ready, willing and able to come together, to forge a new politics for modern Britain.

My personal position on Brexit is clear. For the best part of two years now I have been consistently arguing that the safe haven of the European Economic Area is the only viable option, for the following reasons:

- By becoming a non-EU member of the EEA, alongside Norway, Iceland and Lichtenstein, the UK would be leaving the political framework of the EU whilst remaining in the economic one.
- An EEA-based Brexit would enable us to address the concerns about free movement of Labour that drove so many to vote Leave, as articles 112 and 113 of the EEA Agreement enable the unilateral suspension and reform of any one of the four freedoms that underpin the Single Market.
- The EEA is based on a well-established set of political and legal institutions, and the EEA countries also have automatic associate status on almost all of the EU agencies. The UK would therefore have a ready-made seat at the table when EU policies and legislation are being shaped.

An EEA-based Brexit would therefore reflect the aspirations and concerns of both the 52% who voted Leave and the 48% who voted Remain, lay the foundations for a new settlement with the EU, and ultimately shape a consensus around which to re-unite our deeply divided country.

But perhaps the most compelling argument of all, given the utterly shambolic and incompetent manner in which this government is conducting the negotiations, is that the EEA actually exists. It was created in 1993, and it is a model that governments and businesses throughout the EU have come to understand and appreciate. With the risk of a no-deal Brexit now looming larger than ever, and the chances of being able to create some new bespoke model now
vanishingly small, it is time that both the government and our front bench face up to the reality, and to the facts.

By committing wholeheartedly to an EEA-based Brexit the Labour Party would not only be showing the clarity and leadership that our country so desperately needs in these turbulent times, we would also command cross-party support in Parliament that would roundly defeat the Chequers-lite fudge that Theresa May seems likely to ask parliament to approve later this autumn. And, even more importantly, cross-party backing for an EEA-based Brexit would also comprehensively see off the no-deal scenario that the Tory Brexiteers are so keen to provoke.

Others say that a People’s Vote on the deal is the best route out of the political and constitutional cul-de-sac and while I am in full agreement that all options must remain on the table it is hard to imagine a People’s Vote doing anything other than re-opening the wounds of the referendum and polarising our divides even further. Worse still it will afford another opportunity for the extreme Brexiteers to advance their nationalism, and will further erode the public’s trust and confidence in parliament, which are already at a catastrophically low ebb.

It’s not too late for Labour to change tack by starting to advocate an EEA-based Brexit, and I truly hope that we will do so. It’s the only viable way in which we can accept and respect the referendum result without wrecking the jobs, livelihoods and communities of the very people we were elected to represent. And it’s the only option we have, if we are to set about healing the wounds, breaking the impasse, and re-uniting our deeply divided country.

A future of huge potential
I see the Spirit of Britain week in and week out, in my Aberavon constituency.

Every time I visit the Port Talbot steel works I see a workforce that’s been buffeted relentlessly by the winds of globalisation and the onward march of technology. Every time I knock doors, or hold an advice surgery, I meet hard-working families struggling to make ends meet. When I visit a school or college I meet young women and men bracing themselves for a life of precarious jobs and spiralling costs.

There are the coffee mornings where our older generations share their anxieties about the reality of pressure on care. And there’s the daily struggle of our nurses, doctors, teachers, councillors and local authority staff valiantly fighting to keep their heads above water in the face of eight years of Tory austerity.

But I also see a proud people, rooted in their communities, and in their values, 100% committed to doing the very best they can for themselves, and for their families. Tough and resilient, yes, but also warm and generous to a fault.

And with people like that, the sky’s the limit.

But for far too long the people of Aberavon, along with the people of the thousands of communities like Aberavon across the length and breadth of our country, have been competing with one hand tied behind their backs. They’ve been let down and left behind, by successive governments who have greeted the massive changes and disruptions of the last forty years with a giant shrug of the shoulders.

Well, this has to stop. It’s time for Labour to restore the Spirit of Britain by unlocking the huge potential of our people.

I hope that this book will make a small but meaningful contribution to making this happen, and I hope that you will enjoy reading it.
Restoring The Spirit Of Britain

Stephen Kinnock & Joe Jervis
The Road to Brexit: Cosmopolitan Britain – and the Communitarian fightback

Britain is a great country with so much going for it – economically, democratically, and culturally. Picking up a daily newspaper, or indeed scrolling through a social media feed, it is sometimes too easy to forget that our liberal democracy is still the envy of much of the world, boasting the sixth largest economy, low unemployment, the NHS, and plenty of other reasons why to be born British represents a significant win in the so-called lottery of life.

Yet at the same time Britain has never seemed so vulnerable. Our country is facing many of its greatest challenges for a generation; an economy hamstrung by low productivity and stagnant wages, living standards unlikely to rise until 2022, new technology transforming our personal and working lives, and an ageing population putting increasing pressures on our creaking public services. Abroad Donald Trump’s presidency, Russia’s aggression, North Korea’s volatility and China’s giant size and potential all hint towards the emergence of a new world order and an unclear role for Britain – not least because of the British public’s monumental decision in June 2016 to leave the European Union.

Consecutive Tory-led governments have failed miserably to find solutions, failing to invest adequately in our infrastructure and public services and embarrassing us on the world stage by botching Brexit negotiations.

The decision to leave the European Union could well be seen by future generations as one of the most devastating acts of economic self-harm ever committed, yet it is essential that those of us who hold these concerns seek to understand the often entirely rational reasons why 52% of voters chose to reject the status quo, rather than try to delegitimise the result of a democratic vote.

Because the divisions that were exposed by the EU referendum are not only damaging our ability to meet critical challenges, they are also breaking the very spirit of our country.

The challenge for Labour politicians is now two-fold. Firstly, we must help secure a Brexit deal that can unite our deeply divided nation. A deal based on membership of the European Economic Area could help achieve this (as detailed in the foreword of this book).

Secondly, we must see the Brexit vote as a reset moment for Labour – an opportunity to re-think our purpose as a party and an opportunity to form a plan to re-unite our country around the common good. It is this second challenge that will form the primary focus of this book.

75% of Britons surveyed this year said our country was becoming more divided. To reverse this toxic trend we need Labour to rediscover its purpose as a whole nation party. The Labour Party is the greatest force for good that British politics has ever seen and we remain the most powerful vehicle for change that our country has. Only Labour can bridge the social divides, modernise our economy and restore the Spirit of Britain.

A country divided by age, education, place, wealth – and values

It is deeply worrying that, at a time when we most need to pull together, we find ourselves more divided and polarised than at any time since the Second World War. Increasingly our values, politics and worldviews are being driven by four core fault lines; age, education, place, and wealth.

These divides were ruthlessly exposed by the EU referendum, which polarised opinion but did not create the divides. The divides have in fact been bubbling under the surface for a generation, a consequence of the failures by successive governments – and opposition parties – to offer a vision for an economy that works for the many, not just the few.

Age

The priorities of younger people and older people often seem poles apart. For the young, in some ways the odds are stacked against them. They face a housing market working against first time buyers, particularly in London where the average house price is almost £500,000 and rent can eat up more than half the average wage. University fees appear astronomical, particularly since the Tories cut maintenance grants, yet many feel they have little choice when we lack alternatives for post-18 education.
Yet at the same time younger people appear more at ease with the modern world. They have grown up in an era of fast-paced change meaning they are generally willing and able to be flexible in the job market, and feel more at home than previous generations in the face of globalisation, immigration and multiculturalism.

For the old it is much the opposite. While significant numbers own their own homes, every week there is a new story about an underfunded health and social care system. Rapid economic and social change is more disconcerting when you are less accustomed to the pace, or if it is happening at a time in your life when your priorities tend to be security, stability and familiarity.

**Education**
The second divide is between those who go to university and those who don’t. Graduates tend to earn £500,000 more in a lifetime than non-graduates, one study reveals. Their higher skills sets mean they can be relatively confident of succeeding in the job market, even in times of recession or changing job markets, and their university networks offer opportunities to increase social capital. The liberal, left-leaning nature of university culture also helps graduates feel at home in our increasingly multicultural world.

For non-graduates, read the opposite. With no access to university networks, skills less suited to the changing world of work and fewer opportunities in the job market to earn significant money, the so-called ‘forgotten 50%’ are victims of an inexplicable ‘university or bust’ policymaker attitude towards education. Surviving in the constant churn of the modern labour market is much more of a challenge.

**Place**
The divide between metropolitan Britain (particularly the major cities) and more suburban and rural Britain is also stark. Metropolitan centres usually offer more career opportunities, better transport, access to social networks, a diverse cross-section of society, more culture, liberating technologies like ‘gig economy’ mobile apps, and a whole lot of other benefits. An astonishing lack of infrastructure investment from central government beyond London and South East England has only worsened the divides, with £4,155 per head spent in London compared to £844 in Yorkshire and Humber. The GDP gap between London and Wales illustrates that Britain is the most geographically imbalanced EU state.

Young graduates tend to migrate towards urban centres, while non-graduates are more likely to reside in smaller cities, towns and villages. Urban dwellers are therefore increasingly likely to be wealthier, in a financial sense at least, and their experience of immigration enriching (although the data is sometimes unclear about how many urban residents who are less enthusiastic about mass immigration have moved away from those urban areas). Big cities, particularly London, were also more resilient to the 2008 financial crash than smaller cities, bouncing back quickly.

Small towns and rural areas have real benefits, of course. They tend to be less polluted, greener, are generally less hectic, have more tightly knit communities and therefore appeal to many people. Yet they tend to offer significantly fewer opportunities for those who are looking to reach the top of their professions, or to widen their social horizons.

**Wealth**
The stark wealth divides in Britain are clear for all to see. 1% of the British population own 24% of the wealth. The gap between the very richest and the rest is growing. An estimated 590,000 people used foodbanks last year with families forced to choose between ‘heating and eating’. Meanwhile the likes of Phillip Green swan around on £100m yachts while doing all they can to avoid their responsibilities to the millions of workers whose jobs and pensions they’ve just shafted.

Wealth buys parents access to the best schools for their children, private healthcare and the most desirable neighbourhoods. We now have postcode lotteries in education, life expectancy, and pretty much everything else. Wealth provides a buffer from the headwinds of globalisation, and of gentrification. Those who own their own property effectively double their income with their house earning more than they do during a day at the office. Inequality soars further.
Brexit trends, and the most influential divide of all: values
These four divides of age, education, place and wealth were reflected starkly in the EU referendum.

- 70% of under 25s voted to Remain, compared to 36% of over 65s. Of the 30 areas with the most elderly population 27 voted Leave while 29 of the 30 areas with the youngest populations voted Remain.

- 70% of voters whose educational attainment peaked at GCSE (or lower) voted to Leave, while 68% of voters with a university degree voted to Remain. Of the 30 areas with the highest percentage of graduates 29 voted Remain (including most of the big cities) and of the 30 areas with the fewest graduates 28 voted Leave.

- Larger cities generally had higher percentages of Remain voters than small cities, towns and rural areas.

- Wealthier people tended to gravitate towards the status quo of ‘Remain’, whereas their less wealthy counterparts tended to vote Leave.

The Leave vote peaked in England-beyond-London – but these trends were clearly reflected across all four UK nations. Even in Scotland, where 62% backed Remain, the younger, higher educated and more urban-centric the individual, the more likely they were to be part of that 62%.

Further societal divides clearly exist – we see, for instance, everyday sexism and racism limiting opportunities for women and ethnic minorities – but it is these four primary divides of age, education, place and wealth that are driving an even deeper chasm that goes to the very heart of all Britain’s current divisions. It is increasingly the case that two dominant tribes are shaping twenty-first century Britain. In one corner we have the Cosmopolitans, in the other we have the Communitarians. These ‘tribes’ do not split along traditional lines of Left versus Right, but by their values and by how these values relate to the modern, fast-changing world.

Any British political party serious about gaining power must understand the pivotal importance of these competing values and cultures, first to win an election and then to govern effectively. Of course, we’re looking at a political and values spectrum – not everyone fits neatly into the Cosmopolitan or Communitarian box. But it is clear that the party that works out how to forge a new settlement between the Cosmopolitans and the Communitarians will be the party best able to restore the Spirit of Britain.

Cosmopolitans in a world of opportunity
Your archetypal Cosmopolitan tends to be your archetypal Remainer. They feel at home in the fast-changing world, and are therefore champions of globalisation and liberalism. As ‘small l liberals’ they tend to emphasise the importance of personal liberty and human rights and see the role of society as being to empower the individual rather than the role of the individual to empower society.

Cosmopolitans are more likely to be graduates, younger, and living in the big cities. The very decision to go to university is often evidence of a more Cosmopolitan word-view, prioritising the desire to fulfil one’s academic potential and broaden one’s horizons. Then by experiencing university that person will meet people from a range of backgrounds and feel more comfortable socialising in those circles. The decision to move to a big city may be for career or social reasons, and in doing so they are again broadening their horizons and opening up their social networks, increasing their social capital. An upward Cosmopolitan spiral, if you like.

This all leaves many Cosmopolitans in a position where modernity and globalisation means more choice in everything from entertainment to food, to fashion, cheaper foreign holidays, and more interesting and diverse societies. Success increasingly breeds confidence and openness, with many becoming passionately liberal. For those who are politically minded, or are from poorer backgrounds, social mobility is valued and seen as a cornerstone to a flourishing society. The opportunities to achieve their potential have liberated them from becoming ‘stuck’ in their hometown. This is because Cosmopolitans are typically transient, typically finding their sense of identity through their friendship groups, family and professional networks, rather than through one particular place or community or activity group. Their support networks often provide them with the platform of security that they need to embrace change, take risks and push boundaries, and indeed make money.

Cosmopolitans seek to place faith in facts and evidence, ahead of emotion and anecdotes, at least in theory. This is another characteristic encouraged by higher education, and another that will have encouraged the vast majority to vote Remain – a campaign which ended up focusing on one emotionless and somewhat bloodless calculation; that the status quo would leave us more prosperous than Brexit.
Communitarians in a world of upheaval
For people of a more Communitarian disposition things look rather different. Communitarians value familiarity and stability, and tend to place more emphasis on security than liberty. While Cosmopolitans often travel far and wide, Communitarians are often more ‘rooted’ and connected to their local surroundings. They are therefore less likely to have moved away to university or for work. They generally tend to have a less global worldview, as their compassion builds outwards from their own relationships and lived experiences. They are steady pragmatists rather than revolutionary risk takers.

They tend to see individuals and society as interlinked – a two-way street where the responsibility of the individual towards their community is as important as the community serving the individual. The concepts of personal responsibility and common endeavour are as important as individual rights, meaning there is more of an expectation for people to ‘fit in’, contribute, and play by the rules and social contracts that glue society together. This means the prospect of mass immigration and multiculturalism can feel disconcerting when the rules of engagement change, traditions are challenged, and old familiarities are transformed in a short space of time. So too can the replacement of corner shops and local pubs with Tesco Expresses and legal loan sharks.

Communitarians don’t all want to ban all immigration, or want to stop different cultures enjoying different customs, but they want a pace of change that their community (and local authorities) can get on board with and plan for, and they do expect new immigrants to respect local behavioural norms. If you’re a liberal, transient Cosmopolitan all this matters a lot less. If you’re a local Communitarian with pride in your community it goes to the very heart of your identity. Law and order matter an awful lot too. Authorities being ‘tough on crime’ means safer neighbourhoods, which is especially important for people living in more deprived areas.

While many Communitarians appear relatively middle class and financially comfortable, they tend to feel less confident than Cosmopolitans that they will thrive in the face of social and economic change. This is particularly true if they haven’t been to university, meaning it is more difficult to develop significant social capital or acquire prestigious skills and qualifications. In fact, they are likely to resent the emergence of a ‘mass’ higher education system that splits the population in half. As people age – and so are less likely to hold modern skillsets – they tend to feel more Communitarian. The same is true if they live outside of the major cities in areas slower to benefit from new technology. The modern world paints a more blurred and hazy picture for Communitarians, with less obvious reason for optimism.

Communitarians are more likely to be influenced by their own lived experiences than Cosmopolitan and less swayed by experts with their facts and figures. They mistrust big business and ‘big state’ politicians alike, and tend to prefer local and community-based solutions.

When you combine all of these characteristics it should come as no surprise that a Leave campaign based on emotion, identity, anti-establishment politics and the risks of mass immigration swept up the Communitarian vote.

Liberal Britain: Cosmopolitan dominance and the Communitarian uprising
David Goodhart’s book ‘The Road to Somewhere’ depicts two tribes very similar to the Cosmopolitans and Communitarians. Goodhart argues that in the UK, the ‘Somewheres’ tribe outnumber the ‘Anywheres’ two to one, yet it is the (cosmopolitan) Anywheres who dominate the higher echelons of society, culturally and politically.

Indeed, it is hard to reach any other conclusion that the UK politics has become increasingly dominated by a ruling class far more liberal – both socially and economically – than the majority of the people it wishes to serve. In fact, the embrace of liberalism – both economic and social – as the one, dominant political ideology of the past 40 years has handed Cosmopolitans huge advantages. Further still, any Communitarian challenge to the liberal consensus has been dismissed as backward and reactionary. The real picture is far more complicated.

Social liberalism and the marginalised majority
Social liberalism has benefited both tribes and we should be proud of the last Labour government; with the scrapping of Section 28, forming the Equality and Human Rights Commission boosting maternity rights and so many other achievements. Yet somehow the liberation movement has become an entirely Cosmopolitan project.
Communitarian voters on the doorstep are generally very supportive of gay marriage, gender equality and attempts to tackle racism. They are not as anti-liberal as many like to claim. There are clearly elements of casual sexism and racism which should be challenged, but no more so than in a Cosmopolitan university sports club. There have, though, been some fundamental errors made by each of the major political parties that have led to a breakdown of trust with the Communitarians.

The attention paid to smaller disadvantaged groups has meant that the biggest indicator of disadvantage – economic background – has been overlooked, both in Britain and the US. It is often been remarked that Hillary Clinton spent more time talking about transgender bathrooms than about boosting economies of the forgotten areas where Trump won so many votes.

The problem here is two-fold. Firstly, it irks the huge numbers of the population described as the ‘marginalised majority’; not poor enough to receive significant state support, but certainly not rich and suffering from stagnant wages for more than a decade; a mainstream largely ignored by politicians.

Second, the liberal left have too often forgotten to include those from poorer, and largely Communitarian, working class backgrounds in their coalition of disadvantaged groups. It can never be said enough that the biggest indicator of a child’s future success is still their father’s level of education; a child is 7.5 times less likely to succeed if their father comes from the lowest attainment bracket compared to the top attainment bracket.18

Very few people from the poorest backgrounds become doctors (4%), barristers (6-7%) and journalists (11%).19 That is almost unthinkable in 2018, but maybe less surprising when you understand that 80% of Oxbridge entrants come from the top two social classes.20 This contributes to the wider Cosmopolitan trend of higher education becoming the only route to a high income.

New Labour was the only recent government to make any progress on social mobility – but even then its approach was entirely Cosmopolitan. The creation of a two-tiered higher education system has exacerbated the problem – supporting the creation of a ruling Cosmopolitan class that appears exclusive and impenetrable after the age of 21. Instead of investing in areas lacking opportunity it focused on dragging ‘the brightest and the best’ off to university, caring far too little about the people and the communities left behind. David Cameron paid lip service to improving technical education through better apprenticeships but in practice achieved nothing in six years.

The result of all this? Of England’s 65 social mobility ‘cold spots’ identified by the Social Mobility Commission, 60 returned a majority vote for Brexit.21 And things are getting worse under Theresa May’s government with poverty increasing.22 It is no wonder Alan Milburn’s Social Mobility Commission walked out in late 2017 over the lack of progress.

**Cultural liberalism and a fragmenting society**

While Cosmopolitan politicians have been quick to champion diversity, they have often neglected the Communitarian priority of promoting the shared social norms that bind society together. In an era of multiculturalism and social liberalism the focus on issues of social cohesion have naturally intensified. It is clear that individuals and communities have grown more diverse in their values and found less in common with one another – yet it has only recently become acceptable amongst Cosmopolitans to believe that immigrants should be encouraged to learn English or that the world ‘integration’ could have very positive connotations.

For Cosmopolitans the individual’s right to express themselves however they wish is paramount to a liberal, free society. To Communitarians it feels strange and unnerving to live in a society where social contracts and behavioural norms appear to be eroding, where one is less likely to speak the same language as their neighbour, and where communication and relationship-building become more difficult. Whether fears are driven by lived experience, word of mouth, social media or newspaper headlines, these rules of engagement matter; they are the ties that bind us together.

The paradox of liberalism is that you can reach a point when a society becomes so liberal – that is to say so dedicated to the maximisation of personal rights – that it becomes unclear what rules a society is playing by, creating a laissez-faire ‘anything goes’, valueless society. This is also true of political parties and it can sometimes lead to the bizarre paradox of illiberal liberalism, whereby raising legitimate concerns about immigration makes you ‘a racist’ and where identity politics and political correctness rules supreme.

The rise of political correctness has also irked many Communitarians, who wonder how on earth we have allowed cultural sensitivities to impede freedom of speech, often with disastrous consequences. We have also seen what
happens to vulnerable children in Rochdale and Rotherham when professionals feel unable to speak out in fear of causing offence. It’s no coincidence that UKIP’s support grew in those areas in the aftermath. For Communitarian, political correctness should never be put before public safety – and certainly not vulnerable children.

**Liberal markets: a Cosmopolitan response to globalisation**

The response of successive British governments to globalisation has been entirely Cosmopolitan. Researcher Chris Arnade recently asserted that in the US ‘the Front Row’ (essentially the Cosmopolitans) has “really, really won” by “handing the keys to the global business community” with the sole goal of boosting GDP, all at the expense of the communities that give so much ‘meaning’ to ‘the Back Row’ (Communitarians). This feels every bit as true in the UK. “Numbers don’t measure humiliation or hurt pride. They don’t measure loss of community or meaning,” Arnade adds.23

So how did it come to this?

Increased global connectivity and the emergence of developing economies as cheap manufacturing havens has led Britain into an ill-advised ‘race to the bottom’, keeping corporation and income tax low to dissuade companies and individuals from moving operations and capital overseas; a downward spiral with increasingly compressed wages, lower productivity, ridiculously wealthy business owners, and widening inequality. GDP has become the chosen measure of economic success and for a generation it has been (wrongly) assumed that the benefits of a growing economy will be shared across the country.

Margaret Thatcher’s monetarism and deindustrialisation was in part economical – Britain needed to keep up with the rest of the world – but primarily ideological; she was an individualist who believed that the free market gave people exactly what they deserved. The most illustrative human cost of her policies came from her closure of the mines, which delivered a devastating blow to so many towns in Wales, Northern England and the Midlands. The ruthlessness of both her actions and language contradicted (but also strengthened) the Communitarian values common to those towns.

Tony Blair responded by saving Britain from the economic and social abyss – building new schools and hospitals in deprived areas, launching Sure Start, introducing the national minimum wage and lifting around a million children out of poverty. But while Blair’s commitment to redistribution set him aside from Thatcher, the truth is that New Labour failed to fundamentally change the nature of an increasingly imbalanced economy. This left Communitarian-heavy areas such as former mining towns in a similar position in 2010 as they were in 1997 – bereft of pride, increasingly reliant on public sector jobs and falling further behind the major metropolises.

New Labour’s position in the liberal, global mainstream was cemented by Tony Blair’s era-defining 2005 party conference speech in which he embraced globalisation and the free market. Blair said:

“I hear people say we have to stop and debate globalisation… You might as well debate whether autumn should follow summer.” Our “chang-world”… is… “replete with opportunities, but they only go to those swift to adapt” and “slow to complain.”

Communities could not be allowed to “resist the force of globalisation”; the role of progressive politics was merely to enable them “to prepare for it”, he said.

The Cosmopolitanism of New Labour is also what drove the decision to open up the UK to the free movement of people from the accession countries in 2005, which again appeared to be riding roughshod over the objections of Communitarians who were concerned about the effects of economic change.

Yet perhaps the most devastating consequence of ‘neoliberal’ economics has been how it has facilitated the role that global finance, rootless corporations and big tech companies have played in undermining the ability of politicians to protect and promote Communitarian interests. Across the industrialised world nation states now appear to be in an advanced state of decay; the tragedy is that successive UK governments have actively encouraged this trend.

**The financial crash, and the start of the Communitarian fight-back**

The financial crash transformed perceptions of globalisation, economic liberalism and Western capitalism. Those who, like Gordon Brown, were confident that ‘boom and bust’ had ended faced a painful dose of reality. The crash showed the limits and risks of deregulation (on this occasion of the financial services industry) and in the UK the dangers of over-reliance on that single sector. The orthodox Western economic model was under fire for the first time in a generation.
Banks were deemed ‘too big to fail’, and Gordon Brown felt his only option was to bail RBS out. For Communitarians this was a bitter pill to swallow, not least due to their deeply held belief in personal responsibility and reciprocity. Why should the finance industry receive special treatment after bringing down the rest of the economy when ordinary workers were suffering the effects? Where was the bailout for the steel industry? Why was it that the manufacturing industry suffered most? Later they’d ask why it is that the West Midlands, Wales and the North East have taken far longer to recover from the recession than London and the South East – still the only parts of the UK that have returned to pre-crash growth levels. 

Once again the Communitarians felt the sharp end of the stick. But, as the party in power, so did Labour. As the Tories successfully – and mendaciously – argued, Labour failed to ‘fix the roof when the sun was shining’ or ‘put money away for a rainy day’. The fact that the Tories would have deregulated banking further and backed our spending plans seemed to matter little. Gordon Brown’s rapid action to achieve international collaboration to forestall global collapse didn’t earn him much credit, nor did the sound economic management by Brown and Alastair Darling that successfully grew the economy out of recession.

Blaming Labour was one of a three-fold public reaction. The second was to blame the bankers. Pretty much everyone seemed to agree on this. The third was to blame those who seemed to be benefiting from Labour’s increased public spending but without good cause. An inflated welfare state and mass immigration were stood accused of putting unnecessary pressure on the taxpayer. The pie was now smaller, and who got how much suddenly really mattered. This was a typically Communitarian response; the view that the values of contribution, reciprocity, responsibility and community were being forgotten and hardworking people who had paid into Britain’s coffers for decades were paying the price.

David Cameron cynically exploited Communitarian discontent at this time by coining the term ‘something for nothing’ to describe ‘shirking’ benefit claimants whilst soon setting an unachievable net immigration target of under 100,000 per year. The Big Society contrasted him against Thatcher’s individualism and the managerialism of New Labour’s later years – and then in the run up to the 2010 election he and George Osborne ruthlessly persuaded voters that Labour had ‘crashed the economy’.

Tory austerity and the 2015 election

In reality Cameron offered Britain something very different to the Big Society, reversing New Labour’s finer achievements through the political choice of crippling austerity. He reverted to Thatcher’s laissez-faire economics and showed himself to be the Cosmopolitan, economic liberal many suspected him to be.

The areas that suffered most from public sector cuts and under investment were Communitarian areas. So why couldn’t Ed Miliband capitalise, and how were the Tories allowed to win seats from Labour in Derby and Bolton to help secure a majority in May 2015?

The short answer is that ‘something always beats nothing’ when it comes to elections, and few people could identify what Ed Miliband stood for. This meant commentators could project onto him any image they wanted – ‘Tory-lite’ for not taking on Tory austerity, or ‘Red Ed’ for his socialist background and failure to state that “New Labour spent too much money”, or that of a slightly detached North London liberal. Meanwhile the Tories repeated their lines about reducing the deficit and a ‘long term economic plan’ religiously. The longer answer is that Ed Miliband never quite got to grips with the re-emergence of Communitarian values post-crash. He was right to call for reforms to capitalism, but he misunderstood the aftermath of the crisis as a traditional socialist moment. He failed to recognise that Communitarians tend to mistrust the state as much as big business, particularly after the expenses scandal and New Labour’s perceived overspending. They, largely speaking, want local solutions based on contribution and reciprocity. Miliband failed to offer a fairer, ‘something for something’ society, particularly relating to welfare and immigration. Labour’s uninspiring 2015 election bid was illustrative of this and the Brexit campaigners would be the benefactors.

A Communitarian Brexit, and how nationalism trumped patriotism

Where Labour failed to provide Communitarians with an attractive alternative to the status quo the Brexiteers stepped in. There were, of course, a wide range of reasons why people voted Brexit, but the thread that links almost every motive is the sense of a Communitarian backlash against the liberal, globalised world order. It was a call for something different; a new economic, social, and political order that better reflects Communitarian contribution to Britain, and recognises Communitarian concerns that the liberal, global world order has been eroding Britain’s power, damaging our communities, and atomising our society.
We’ve looked at the role of community, familiarity, solidarity, contribution and reciprocity in Communitarian life, how these values have been challenged by globalisation and how they ultimately led to Brexit. But one other crucial value that played an increasingly important role in the referendum campaign was that of patriotism.

Cosmopolitans, particularly on the left, had pretty much abandoned patriotism, seeing it as the antithesis to their internationalism. They could not be more wrong. This mistake has been born out of confusing patriotism and nationalism. Patriots feel shame in their country as well as pride, which drives them to want a build a country for the many and for their country to act with dignity on the world stage. This contrasts sharply with nationalists, who have a blind and unquestioning view that their country is always right, and always has the moral high ground. Communitarian patriotism is civic and inclusive to any who wish to share it and is a driving force for good built on shared endeavour and common purpose. Nationalists promote closed, exclusive clubs, often with an ethnic focus, have an engrained sense of national superiority and are closed to constructive criticism.

David Cameron, as de facto leader of the Remain campaign, failed to understand the importance a sense of national pride would play in deciding the referendum result and thus surrendered the patriotic narrative to the Brexiteers who defined patriotism in their own terms, often using it as a cloak for their nationalist agenda. This spoke to many Communitarians for whom a sense of ‘place’, and therefore national identity, still mean a lot. Communitarians tend to see themselves as citizens of their country, or of their local area, and not ‘citizens of the world’ as Cosmopolitans often do.

The Remain campaign should have demonstrated relentlessly how Britain could both advance its national interest and play a more influential role on the world stage if it were part of something bigger. It should have proclaimed much louder that true patriotism is to understand the need for co-operation and compromise with our partners and allies, as opposed to the Brexiteer nationalists of the Tory Right with their outdated delusions of empire, and in stark contrast to the Hard Left anti-Europeans with their fantasies about socialism in one country. It is Emmanuel Macron who has provided one of the most important definitions of twenty-first century progressive patriotism:

“We have confused sovereignty and nationalism. I say that those who truly believe in sovereignty are pro-Europeans: Europe is our chance to recover full sovereignty... Sovereignty means a population freely exercising its collective choices, on its own territory. And having sovereignty means being able to act effectively. Faced with the current serious challenges it would simply be an illusion, and a mistake, to propose to re-build everything at the national level. Faced with an influx of migrants, the international terrorist threat, climate change, the digital transition, as well as the economic supremacy of the Americans and the Chinese, Europe is the most appropriate level at which to take action.”

National identity was particularly influential in England where 66% of those who described themselves as “English not British” voted Leave. An England Stronger in Europe campaign, to compliment the equivalent Scottish and Welsh campaigns, would surely have helped.

The Cosmopolitan elite’s failure in Britain, and its four constituent nations, to develop a patriotic, positive, progressive national story that appealed to Communitarians was perhaps the nail in the coffin of the Cosmopolitan liberal order, and it was certainly the midwife of Brexit. A similar story can be told of how American liberalism facilitated the rise of Donald Trump.

The need for a fundamental rebalancing

So at a time when Britain most needs a unifying national mission we seem more divided than ever. As David Goodhart recently wrote:

“The absence of a Cold War common enemy, more acute value-driven divides, stagnating economies and a media that fragments society rather than unites it, have all given western politics an uglier tone.”

But the depth and toxicity of the polarisation that we are currently seeing is taking us dangerously close to uncharted territory. A fundamental re-balancing is required, to build a society in which the Communitarians have a voice, and where the Cosmopolitans recognise that a new and different approach is required.

We need an all-encompassing plan for national renewal that is rooted in the practical realities of everyday life, and which can re-discover the united, cohesive, Spirit of Britain. The design and delivery of this plan must become the defining Purpose of Labour.
Purpose of Labour: To become a ‘whole nation’ party once more

The overwhelming majority of Labour members voted to stay in the EU, citing the need to work closely with our international partners and fearing the damage Brexit could do to the UK economy. But the biggest mistake we can now make is to dismiss Leavers as ignorant or as victims of UKIP and the right-wing press. This would be disastrous politically, but also an abdication of our party’s responsibilities, and an affront to our values.

Instead we must first seek to understand the underlying reasons behind the Brexit vote, as outlined in the previous section of this book. We must then have an honest conversation about where the Labour Party has gone wrong; Why is it that 52% of the electorate rejected a worldview that Labour leaders had embodied and backed for a generation? How was it that Labour came to be seen as an establishment party? Why have we not won a general election since 2005?

The answer to all of these questions is that we, as a party, have increasingly failed to convince the more Communitarian parts of the electorate – which provided such a heavy chunk of the Leave vote – that we can not only deliver the type of change we want to see, but that we will also protect and cherish the values they hold dear. We’re now at a point where, for electoral, political and moral reasons, this desperately needs to change. A ‘one more heave’ Cosmopolitan strategy won’t work. Our party’s future depends on our willingness to challenge our long-held assumptions.

In this section we outline:

- how Labour has become utterly Cosmopolitan, and why this is electorally and morally bankrupt.
- the six intellectual shifts we must make to restore the true Purpose of Labour.
- the reasons why we must move beyond the almost exclusively Cosmopolitan politics of the Liberal Centre and the Hard Left.

We start with the 2017 general election result.

When two tribes go to vote: what the 2017 election told us

Theresa May’s decision to call a general election in 2017 was a cynical move to avoid democratic parliamentary scrutiny of her Brexit deal. She thought she could win a storming majority and deliver the hard, destructive, anti-worker Tory Brexit so many in her party wanted. But she failed. The public saw through the Tory games and recognised the lack of substance, vision and detail in the Tory manifesto. Conversely Jeremy Corbyn exceeded expectations in the short election campaign to turn our party’s fortunes around, setting out a distinctly alternative, hopeful and optimistic vision for Britain.

Yet after seven years of crippling Tory austerity we still came second, and, worse still, the election result demonstrated a further polarisation of the divides exposed by the EU referendum.

Labour is increasingly the party of Cosmopolitans...

Jeremy Corbyn’s success in June 2017 was in the most part due to his ability to win over all the groups who tend to include high percentages of Cosmopolitans. Those educated to degree level backed Labour over the Conservatives by 49% to 33%. Collectively every age group under 50 voted Labour, with a remarkable 62% of 20-24 year-olds and 66% of 18-19 year-olds backing the party. We also surged ahead in metropolitan areas, winning brilliantly in Kensington, Canterbury and other wealthier areas with higher percentages of Cosmopolitans.

While the majority of voters in the 2017 election remained loyal to their party regardless of their view on Brexit, significant numbers of former Conservative-voting Remainers moved over to Labour, seizing the opportunity to deny Theresa May a mandate for a hard Tory Brexit.

Anyone who saw Jeremy Corbyn speak so eloquently at Glastonbury 2017, or any of his other rallies, will know that his success amongst this demographic is no coincidence. His politics marry his passion for global human rights with a metropolitan socialist populism, which is very effective in channelling anger against the system. Often this anger is entirely justified, but there’s often very little to connect with those holding Communitarian worldviews and grievances – many of whom may be working in the private sector or living in Labour’s old industrial heartlands. Public sector pay rises, extra support for people on benefits, and international aid may be important in principle, but alone they won’t cut much cloth beyond our party’s current Cosmopolitan support base.
...but decreasingly irrelevant to Communitarians
The real concern is what happened in less prosperous areas, often with high numbers of older, non-graduates with more Communitarian outlooks. Here the Tories surged ahead, winning constituencies in Middlesbrough, Mansfield and Stoke that our party had held since the 1930s. Nationally voters aged 50 and over returned a majority Conservative vote in every age group.30

Many voters in these areas will have voted Leave, so there is clearly a link to the Brexit vote. But this was clearly not all about Brexit. Again, the vast majority of Labour-voting Leave voters stayed loyal to Labour, and some Leave-voting constituencies even returned increased majorities for Remain-voting MPs. It is more the fact that the general election, and specifically Labour’s campaign, mirrored the long-term value divides that were exposed by the referendum. That the modern day Labour Party has aligned itself so heavily with the politics of the Cosmopolitans is a far more accurate explanation of our electoral shortcomings in the likes of Mansfield or Stoke South than Brexit itself. Neither is it enough solely to point to age, education, place or wealth. Firstly, that fails to explain the voters who bucked the trends. Secondly, many Communitarians voted directly against their own economic interests. The 2016 referendum and the 2017 general election have one vitally important thing in common: they were both driven more by values, world view, and instinct than they were by the economy. In this sense they brought us closer than we have ever been to the culture wars that dominate American politics.

Despite Labour making significant gains, three key statistics provide a stark illustration of the challenge our party faces:

- Firstly, in the 2010 election we won 29% of the vote, which delivered 258 seats, while in 2017 we won 40% of the vote, which delivered 262 seats – four million more votes, but just four more seats. So our vote is strengthening in areas we are already winning, but not increasing where we really need it to increase.

- Secondly, there was a swing against Labour in 130 constituencies, the vast majority of which included high numbers of Communitarians who voted Leave.

- Thirdly, while the traditional class voting patterns of AB, C1, C2 and DE have all but eroded (with each major party sharing a similar share of each), it is telling that of people qualified to GCSE level or lower an incredible 55% voted Tory, with a mere 33% Labour.31

These startling statistics tell us that while the 2017 election yielded many positives, it also served to reflect, consolidate and even exacerbate the very divides that our party exists to heal. Labour is losing touch with the very people we were founded to represent.

This fundamentally undermines the Purpose of Labour, and further ruptures the Spirit of Britain.

Why Communitarians should matter to Labour
The Labour Party has historically built its successes on uniting a coalition of socially left middle class voters (typically Cosmopolitan) and economically left working class voters (typically Communitarian). It has suffered miserably when it has failed to do so. In 1945, arguably Labour’s greatest victory, Clement Attlee won around 60% of the working class vote. In 1966 Harold Wilson won 68%. Following a drop to as low as 34% during the 1980s, Tony Blair managed to boost the working class vote back up to 58% in 1997.32

Yet our party has been unable to achieve this with any significant success since the 2001 election. Between 2001 and 2005 Labour’s support amongst AB dropped off by just 2% while in classes C1, C2 and DE it dropped off by a striking 20%.33 Blair’s move away from his early Communitarian language of community and responsibility towards a full embrace of globalisation and individualism undoubtedly contributed. We have failed to breach the 50% mark amongst working class voters since and – perhaps more worryingly – in 2017 the Conservatives won their highest share of working class votes since 1979.34

We should of course celebrate that we are strengthening our support amongst demographics that are largely Cosmopolitan, but if we are also alienating the Communitarians in our heartlands, and deepening the divisions that afflict our society, then is that really a price worth paying?

The next election
Our troubles have continued since the 2017 election. The 2018 local elections may have provided Labour’s best result in Cosmopolitan London since 1971, but nationally it was Labour’s worst showing since 1988 – hindered by losing control of councils such as Derby, Nuneaton and Bedworth, and Redditch. While Labour performed well in cities, it was a different story in small, often
poorer towns; in fact, the more economic decline a town is suffering, the better the Conservatives do. And a recent Fabians report showed a Conservative poll lead over Labour of 54% to 37% in rural England and Wales; the more rural, the greater the Tory lead.

24 of the 64 seats Labour needs to win in order to secure a single party governing majority are predominantly working class, voted Leave and have fewer graduates than average. In short these are predominantly Communitarian constituencies. 22 more are in the ‘Middle Britain’ category – classed as ‘any other’ seats in England and Wales, so not necessarily majority Remain – in fact, a significant number of these also voted Leave. Just 18 are in Scotland. Only two of these 64 seats have a younger than average demographic.

Anyone who thinks Labour can rely on Remainers should think again. The British Election Study’s research shows that more Remainers switched from the Tories to Labour than Leavers switched from Labour to the Tories. Just how many Remainers who voted Labour or Lib Dem in 2017 but previously voted Tory will switch back to the Tories once Brexit is out of the way?

The conclusion? We simply must win Communitarian seats if we are to have any chance of forming a majority government.

It is Labour’s moral duty to be a Communitarian party
This isn’t all about winning elections. The need for a paradigm shift in Labour’s attitude towards Communitarianism is a matter of the deepest moral principle that goes right to the very soul of the party.

If we are to succeed in our desire to build a society for the many, not just for the few, we need to live up to our historic duty as a whole nation party. This means representing Communitarians – many of whom are the most exposed to the winds of change and at the sharp end of the job market, and therefore the very people Labour was founded to represent.

What so many people in Labour are currently failing to see is that so many Communitarian values are traditionally Labour values, and they are just as important to a progressive, modern society as Cosmopolitan values.

Take reciprocity. We must always be a party that reminds people that giving back to their community is as important as personal achievement. This is the antidote to Thatcherism. Yet we’ve been allowed ourselves to be cast as an ultra-liberal party that is centred on individual identity rather community, social contracts and the common good.

Or security. Instilling a sense of economic, social and national security is intrinsic to what it means to be Labour, yet in this new, more mobile, global, fast-changing world we seem bereft of ideas about how to respond. This is in part because we have too often forgotten one of the Communitarian principles that was at the heart of the party that Keir Hardie formed – the idea that strong communities, rather than top-down state action, are the key to providing a sense of security and belonging. And when it comes to national security, we should always recall the vital role played by the Attlee government in the foundation of NATO, and the mainstream of the Labour Party’s unerring support for our intelligence, security and armed forces.

There are plenty more examples, but what is important to recognise is that there is no reason why Labour’s socially liberal values and Communitarian values cannot go hand-in-hand. It is a common misconception that they clash. The vast majority of Communitarians support gay marriage and gender equality. It’s just that they want their own priorities to be heard too. For the ‘marginalised majority’ – those who don’t fit naturally into any of the Left’s ‘boxes’ of disadvantaged groups but have seen no real terms wage increase in a decade – listening to Ed Miliband, Jeremy Corbyn and Hilary Clinton focusing on the building of minority group coalitions has at times been difficult to stomach.

For Labour to make progress – and to show the party understands and respects Communitarianism – the leadership (and, perhaps even more crucially, members) must be willing to question where and how Labour went wrong. To truly be a whole nation party we’ll need to make six seismic intellectual shifts in our approach to politics, economics and society, in order to help restore the balance between Cosmopolitanism and Communitarianism.
Six seismic shifts for Labour

The six seismic shifts Labour must make are as follows:

1. Common bonds are as important as diversity

Labour has had a proud history of celebrating diversity. We are a party that recognises that Britain has always been multi-ethnic; that we have always welcomed new citizens who want to contribute to British society, and that this is something we should celebrate and treasure. We also recognise that each individual has the right to be comfortable in their own skin, as the person as they are or want to be. This means we do all we can to stamp out prejudice and discrimination. That’s why in government and opposition we have a proud record of tackling homophobia, racism and sexism. As a party we have championed modern social values, not just for individuals, but for entire communities, celebrating the rights of those who want to diversify our culture.

Yet in celebrating diversity and multiculturalism we have ignored the all-important ‘ying’ to diversity’s ‘yang’; the idea that if you want to have a truly liberal and harmonious society then you need to be able to bring people together, otherwise you risk allowing individuals and communities to drift apart, bereft of points of reference and common ground. The Labour Party has in recent years been so obsessed with celebrating difference we’ve failed miserably to remember to celebrate what we have in common. Our approach has been entirely Cosmopolitan, focusing so heavily on the value of individuality that we have neglected the Communitarian value of commonality; the logic that recognises that getting to know each other and laying some shared grounds rules might just be the best way for us to all get along. Because in practice the understanding of each other’s differences tends to come once the common bonds – a job, a sense of humour, a local or cultural interest – have already been established.

Labour must be strident in showing that the party can apply its traditional values of solidarity and community to a diverse Britain. We must do more to actively promote integration so that individuals and communities feel less isolated. We must promote social cohesion and build relationships through local programmes, as illustrated in the chapter contributed by Rowenna Davis later in this book.

For those on the Left with any sense of Communitarian instinct it was a tragedy that David Cameron was the one politician talking about ‘the Big Society’ and introducing the National Citizen’s Service. This should have been Labour’s ground.

In his book ‘The Once and Future Liberal’, Mark Lilla tells the story of the journey that the US Democrats have been on, from Roosevelt’s relentless focus on the common good to the rise and dominance of what he calls the ‘identity liberals’ who have, in his view, turned the Democratic Party into a vehicle for special interest groups as opposed to a unifying force for shared citizenship. To illustrate his point he makes this telling comment: ‘an image for Roosevelt liberalism and the unions that it supported was that of two hands shaking. A recurring image of identity liberalism is that of a prism refracting a single beam of light into its constituent colours, producing a rainbow. This says it all.’ Bringing people together has to be the name of the game for Labour, not the ‘rainbow coalition’ politics that did for Ed Miliband and Hilary Clinton. The problem with rainbows is that they evaporate as soon as the weather changes.

It’s no wonder that our dear friend and colleague, the late Jo Cox MP, chose ‘More in Common’ as the theme of her maiden Parliamentary speech. She recognised the need for Labour to bring individuals and communities together, rather than to leave them to stand alone in isolation. We are, after all, the party of solidarity.

2. Social responsibilities are at least as important as individual rights

On a similar note, Labour’s commitment to individual rights has come at the expense of recognising individual responsibilities. The Cosmopolitan belief that society is there to serve the individual has in many ways left us in an age of self-entitlement – and one that rarely reminds us what we should be giving back.

Labour has spent a lot of time releasing the shackles of those who are held back by social prejudices affecting gender, class, ethnicity, and disability. But we have focused too little on emphasising the contribution that individuals should be making back to society.

This particularly irks large numbers of Communitarians, whatever class and whatever income bracket they are in. Above them they see millionaires hiding wealth off-shore and businesses failing to pay their taxes. Below them they see people on benefits who haven’t worked in decades earning money for nothing. All around them they see a creaking NHS and overcrowded classrooms, and
wonder what they have done wrong when they fail to see a pay rise in ten years due to a financial crisis not of their making.

Our party should put social responsibility at the core of our offer – with serious plans to curb irresponsible behaviour both at the top and bottom. We must reform tax so that the rich pay their fair share and the system is geared towards taxing wealth and assets rather than income, as outlined in the ‘plan for the Common Good’ section of this book. We must recognise that maintaining support for our welfare system means it is still serving its founding purpose – helping people when they are in need but also reskilling and incentivising people back into work. Low paid work must always pay more than benefits. Instilling a sense of public service into our young people from an early age is also essential.

3. Social mobility is important but not sufficient when entire communities are left behind

We’ve already shown how social mobility has gone backwards under the Tories, and how the underrepresented working classes have largely been ignored. But we’ve also noted how Labour must realise that repeating the last Labour government’s successes in raising aspirations and increasing the number of university goers will no longer suffice. New Labour did brilliantly to encourage more children to go to university, but it was also complicit in creating a polarised two-tier education system where non-graduates were cut off from too many positions of power.

The first question we must ask ourselves is whether our 2017 manifesto pledge to look at cancelling tuition fees is the right thing to do, if our top priority is indeed to support the so-called ‘forgotten 50%’ who don’t go to university. The estimated cost to the Exchequer of the tuition fees pledge is £11.2bn, and it was by far the highest spending commitment in our manifesto. But we should instead be looking at a more mixed model, whereby we deliver a substantial reduction in tuition fees, in tandem with the investment that is required to build a technical education system that will ultimately achieve parity of esteem with academic education. It’s essential that we have a system that prepares those who don’t go to university with the tools for the world of work. These should include the human attributes of flexibility, creativity and emotional intelligence that are far harder to automate. Because of the pace of automation, this system must also re-train older workers. Liam Byrne’s recent Red Shift report found that five million working class jobs in England could be lost to automation. This is an almost apocalyptic vision, but the ray of light is that 70% of the public believe it is the government’s responsibility to help people retrain. Labour needs to take on this challenge. For this to be a success there clearly needs to be good, skilled, rewarding and well-paid jobs for those who don’t have graduate degrees to do in the first place. This ‘demand’ side is a bigger challenge than the ‘supply’ side. Labour needs to recognise the need for a hugely ambitious plan to rebalance the economy – to spread jobs and opportunity not just beyond London but beyond all the big cities. Anna Turley and Charlotte Holloway provide a comprehensive plan for how to make this happen in the ‘Work’ pages of this book, while Dan Jarvis sets out what a modern day education and skills system should look like.

4. An active state must work with business to drive new kind of growth

The Brexit debate, together with Jeremy Corbyn’s leadership of the Labour Party, have combined to provide alternatives to the ‘neoliberal’ consensus of the past 40 years. A decade after the financial crash we are finally seeing some firm evidence that the public are ready for more government intervention in markets and an increase public investment. This is unequivocally a good thing, and well overdue.

This is not to say that New Labour got everything wrong. Firstly, in opposition they won the trust of the public – including the more risk adverse Communitarians – with their pledge to be prudent with the nations coffers; secondly, they recognised the role business had in creating the wealth that paid for public services; and thirdly they realised that facing the future is critically important – that we need 21st century solutions to 21st century problems.

But where Blair’s government failed emphatically was on a fourth measure; they failed to realise that how we grow the economy matters – that the most steadfast, and only, route to delivering inclusive and balanced growth that benefits people across the country and economy, not just in certain areas or sectors. This required a significant industrial strategy, not solely the introduction of a minimum wage.

It is on the measure of inclusive growth that our party is showing promise. Our 2017 manifesto’s £250bn infrastructure bank and the £250m fund for small businesses and social enterprises should boost local economies, while John McDonnell has conducted some important research into new forms of public ownership.
Yet the manifesto raises concerns in other areas.

First, do the sums add up? Winning the political argument for both long-term infrastructure projects and public service investment is certainly easier now we have experienced eight years of Tory underinvestment and austerity. But it’s unclear whether our party has yet done enough to convince the public we can afford our policies.

Secondly, do the policies we have proposed actually achieve our socialist aims in the modern world? What was most telling about Labour’s 2017 manifesto is how the policies would have improved the richest 50% of the population more than the very poorest.44

Thirdly, and linked directly to the first two concerns, do we truly recognise the important role of our primary wealth and job creators – private sector businesses – in our new economic strategy, and are we doing enough to engage with business leaders?

Seeing business as a partner for a new kind of growth will be crucial to addressing those first three concerns, and securing a sustainable model of growth.35 If the left is to find new, modern solutions to the challenges we face, rather than hark back to the failed policies of the 1960s and 70s, then we must realise that the bureaucratic, centralised state is no better or worse at running things than the profit-motivated private sector; that traditional state socialism worked no better than neoliberalism. Neither ‘hand back control’ to the people using or affected by services, as noted in Steve Reed’s chapter about how we can empower communities. Anyone who has ever entered a job centre will tell you that the state can dehumanise and intimidate people just as badly as any big businesses.

So Labour must work with the private sector to encourage a new kind of growth which gives workers and consumers more input into how our businesses are run. We must shape a new corporate culture that sees government, business and workers as equal partners in a new kind of growth, and that spreads wealth and opportunity across the country in order to build a more resilient economy that is fit for the 21st century. This must be a core Purpose of Labour, and it is this sentiment that forms the basis of the three ‘Work’ chapters in this book – written by Anna Turley and Charlotte Holloway, John Mills and Trevor Phillips.

5. Immigration is a market dynamic that must be managed; free movement of labour is not intrinsically beneficial or morally right

There’s no doubt that all but a tiny fraction of us want to live in an open and tolerant country. We all appreciate that we need people to come here, be it to nurse our elderly, pick our strawberries, generate capital in the city, teach and lead research in our universities, or to entertain us in the Premier League each weekend. Immigration has given tremendous economic, social and cultural benefits to our country, of that there can be no doubt.

For many Cosmopolitans immigration is seen as a universal good, economically and as a real-life expression of British openness. But for many Communitarians it is the clearest illustration of changes that many feel have relegated them to the outside of their communities. The former are portrayed as politically correct elitists, running the country in their own interests, and the latter are denounced as racist xenophobes.

This is exactly why we must address immigration head on and be honest about it, because we have seen where ignoring it leads us: exit from Europe, fractured communities and the emergence, particularly in the immediate aftermath of the referendum, of a publicly-confident racism.

But let us be clear about some important elements of the debate.

First, there is a huge difference between condemning individual immigrants and condemning immigration as a dynamic. To attack immigrants is to attack our fellow men and women, and to question them is to undermine their status and value. Labour should condemn such behaviour wherever we see it. But to question immigration is to question a social and economic dynamic, just as we question the market, the state and so on.

Second, the free movement of labour and immigration are not the same thing. What proved so worrying for many communities, and helps explain why “take back control” had such resonance, is that free movement, as a concept, is potentially limitless. This is in part why Paul Mason recently wrote an article titled, ‘freedom of movement has never been a socialist priority’.46 It is also why Senator Bernie Sanders rubbish the ideas of open borders in America. He said in 2015:

“Open borders? That’s a Koch brothers proposal; what right-wing people in this country would love is an open border policy. Bring in all kinds of
people to work for two or three dollars an hour; that would be great for them. I don’t believe in that. I think we have to raise wages in this country. I believe we have to work with the industrialised world to address the problems with international poverty...that is a moral responsibility...but you don’t do that by lowering the standards for American workers that have already gone down very significantly.”

Another, vitally important reason why there is nothing intrinsically good or right from a mainstream Labour point of view about free movement of labour is that it has inflicted a damaging ‘brain drain’ on the countries of central and Eastern Europe. The IMF estimates that 20 million people have left Eastern Europe in the last 20 years, with 80% heading for Western Europe. Romania is estimated to have lost nearly one third of its doctors to other EU countries between 2011 and 2013.

The starting point for a Labour immigration policy should be determined by the economic and social impact on our country, just like every other domestic policy area. As social democrats we know the purpose of government is to regulate markets, so it is puzzling why so many in Labour seem to think that the one portion of the market we cannot touch is the supply of labour, and specifically the supply from within the European Union, particularly given we already control the supply of labour from outside the EU.

A 2016 Bank of England study which showed that “a 10 percentage point rise in the proportion of immigrants working in semi/unskilled services leads to a 1.88% reduction in pay.” Unlimited access to low-wage, low-skilled labour depresses wages at the low and semi-skilled end of the workforce. What is Labour about that?

The huge surplus of labour also has plenty of other effects, causing under-investment in training and narrow opportunities for the local workforce. Caroline Flint illustrated the problem in her recent Fabian Review article:

“[Freedom of movement undermines] long term investment in training and upskilling. Short term labour strategies are rewarded. Why would any employer take on the cost of training workers, if they can simply import workers to do the jobs? In 2013, the Construction Industry Training Board forecast that an additional 224,000 construction workers were required up to 2020. That same year, only 9,500 construction apprenticeships were completed. Is the solution to import even more workers (there are currently 60,000 migrant construction workers in London alone) or pursue an ambitious training policy?”

Third, it has been proven time and time again that public perceptions about immigration will not shift by politicians producing reams of data showing the net benefit to Britain. Even though the majority of the public believe that immigration has been a net benefit to the economy, 61% of 2,000 people polled this summer prioritise controlling EU migration to ease the strain on the NHS and other services, versus just 30% who prioritise the need to encourage immigrants to fill vacant jobs. Those stats read 54% and 33% even for Labour voters.

As a result 73% of the public want immigration from Europe reduced after Brexit to the tens of thousands, including 62% of Remainers and 65% of Labour voters. The public also want to see non-EU citizens and EU citizens treated equally.

But perhaps the most interesting point of note is that the public show a clear preference towards allowing skilled migration. In this book Sunder Katwala and Jill Rutter suggest that Britain should aim for an agreement where only people paid the National Living Wage (available to people aged 25+) can be recruited from the EU. An EEA-based Brexit would offer the scope to do this under articles 112 and 113 of the EEA Agreement, article 112 being the so-called ‘emergency brake’, and article 113 being the legal base for negotiating a long-term arrangement. We could even go further under the aegis of 112 and 113, and seek to implement fully-fledged industry or regional quotas, set through tripartite dialogue between unions, employers and government. These quota proposals could be presented to parliament by the Home Secretary for an annual debate and vote, just as the Chancellor presents the budget, and with the scope to make alterations as and when the government and parliament deem necessary. The quotas would be set in such a way as to ensure that employers do not face a cliff-edge, but equally so that they are incentivised to invest in the local workforce, and to pay decent wages. Such a system would replace the utterly discredited net migration targets with a new-found radical transparency, thus providing a platform for re-building public trust and confidence in policies and systems that deliver managed migration.

Whether or not Britain’s immigration views are driven by right-wing newspapers, it is very dangerous in a democracy to deny the public its voice. So whether we view the immigration debate through the prism of Labour values,
through economics, or through what is possible politically, the conclusion must be that Labour shifts away from its ultra-Cosmopolitan position of recent years and towards building the progressive case for immigration reform. If we wish to build an open society, one free of racism and bigotry, we must be able to balance our desire to encourage immigration, with our ability to manage it and its impact.

6. Patriotism serves both internationalism and social democracy – it is *not* a dirty word

In the previous section we looked at how a failure to make the patriotic case for Labour cost the Remain campaign dear, with the nationalist right filling the void with its warped sense of national identity and sovereignty. Labour has also suffered the same fate.

As a party we must rethink what patriotism actually means to us. Patriotism is essentially the Labour value of solidarity played out at a national level. It is both a Communitarian value and a Labour value; Labour has always been a party of patriots. All of our party’s successes have all put national renewal and whole nation politics at the heart of our movement, and have all recognised that the nation state is still the critical political vehicle in building a society for the many.

All of our party’s successes – not least 1945 and 1997 – have been wrapped in the flag, putting national renewal and whole nation politics at the heart of our movement. Our leaders have recognised that the nation state is still the critical political vehicle in building a society for the many, and that shared national identity can play a critical role in uniting people around the common good – a theme John Denham will pick up on in the penultimate chapter.

Our patriotism is best demonstrated by our party’s relentless application of our values to tackle injustices and spread opportunity at home and abroad; this is the truest meaning of progressive politics and the truest sense of patriotism. It is in this spirit that Will Straw puts forward the case for a proud Britain leading the way on the world stage.

Labour’s economic strategy also needs to include a healthy dose of economic patriotism. We should care about who owns and controls British companies, and a future Labour government should back our primary industries. This isn’t to say we should try to reject all foreign ownership, but it is to say that we should do more to ensure that takeover deals are in the national interest, and serve the common good of the local people, not just the pockets of shareholders.

We shouldn’t be afraid to block hostile takeover bids that are not in the national interest such as Kraft’s takeover of Cadbury, or the GNK saga. The same principle applies to procurement. The government should build in criteria that favour British companies.

These six shifts can help us win over more Communitarians and fulfil our promise as a whole nation party. And most importantly, they all fall in line with Labour’s traditional values. There is no ‘selling out’ here, no ‘pandering to UKIP’, just a principled, unifying and common sense based approach to politics which reflects our long proud history.

Where Communitarian and Labour values might continue to clash

There are of course some areas where Labour values do clash with the values of a section of Communitarians. Here we must find ways of promoting our values without preaching or sounding detached from everyday life, recognising just how liberal the Labour membership is compared to the general population and therefore not immediately dismiss views on the doorstep (or on Twitter) when they offend us.

Firstly, we must not concede ground on our commitment to global causes. Whilst many Communitarians understand the need for the UK to contribute to international development, there are others who wish to see foreign aid money spent at home. We should reject these calls and instead make a strong argument based on both our moral duty and the national interest for continuing this investment.

Secondly, we must be honest with Communitarian communities about the extent to which we can protect people from globalisation. The truth is that everybody will have to learn new skills – including through adult life – to prepare for automation. High streets will look different due to the increase in online shopping. We will continue to see a more diverse, multicultural society as new migrants enter Britain – possibly as part of new post-Brexit trade deals – and this will enrich our society.
Thirdly, a segment of Communitarians still do have rather old fashioned attitudes towards gender roles at work and in the home. But we in the Labour Party have a moral duty to ensure all children grow up free of a specific set of gender-based expectations, and have the liberty to succeed in any area of work. We also face the economic reality that many roles filled traditionally by working class men no longer exist and the fourth industrial revolution may well heed a rise in ‘pink collar’ care sector jobs. Therefore we must challenge traditional ideas about masculinity to ensure teenage boys are prepared mentally to take on the jobs of the future.

Our ability to reunite Britain will rest in no small part on winning these arguments in a convincing yet sensitive way.

Why the Hard Left and Liberal Centre each struggle to be ‘whole nation’

Through our six Seismic Shifts we have set out the fundamental changes in approach that Labour must make to become a whole nation party once more. But are we in a position to take these steps?

In its recent history the Labour Party has been dominated by two strands of thought: the Liberal Centre and the Hard Left, and the problem we face is that neither strand has managed to develop a unifying project of national renewal that is fit for the 21st century. Both strands are divisive, in that they appeal to Cosmopolitans whilst alienating Communitarians, and in this section we identify the fundamental weakness at the heart of both, namely their failure to understand, defend and promote the centrality of the nation state.

The Liberal Centre’s globalist shortcomings

In our ‘Liberal Britain’ section we noted how Tony Blair’s era-defining speech to the Labour Party conference in 2005 depicted and embraced globalisation as an unmanageable force of nature; “people say we have to stop and debate globalisation… you might as well debate whether autumn should follow summer”, he said. Blair was effectively surrendering the national to the global, and the state to the corporate, and it is worth recalling that he made this speech a year after his government had chosen to forego transitional controls on free movement of labour from the eight eastern European accession countries.

There can be no doubt that the globalism of the Liberal Centre went down like a lead balloon with Communitarians at the time, and that the simmering resentment was catalysed into a full-blown backlash by the 2008 crash. For what is the point of electing a government if that government runs up the white flag in the face of the forces of global capital? And surely the whole point of the Labour Party is to represent and defend the interests and livelihoods of the people who benefit least from the destructive impact of unbridled capitalism?

The Liberal Centre, once dominant, now seems bankrupt of ideas. The Liberal Democrats are struggling to reach 10% in the polls, while even senior New Labour figures like former cabinet minister Alan Milburn admit that centrists are too often “clinging” to the past and that “what worked then may not be as relevant now”.52

Laissez-faire economics has no place in the Labour movement. Free-market capitalism is bad for the poor and bad for social cohesion; wealth doesn’t trickle down, it bubbles up, and trusting an invisible hand to spread wealth is like trusting bankers to share their bonuses with their neighbours.53 Communitarians are hard-wired to understand these essential realities, and it is this understanding that plays a pivotal part in shaping their love of country, and their deep-seated belief in the enduring power and importance of the nation state. It must never be forgotten that the Communitarians worldview centres on and revolves around the nation state: it is the primary source of democracy, legitimacy and identity.

We’ve already seen how a perceived lack of patriotism or concern for national identity has alienated Communitarians – but what we’ve seen in the West over the past 40 years has surpassed this, in that we have seen an erosion of the powers and influence of the nation state itself.

And we’ve also demonstrated how Labour must be a party of patriots and internationalists – the two going hand-in-hand – but we must emphatically never be globalists. Yes, we must work closely with other nation states – and occasionally pool our sovereignty for influence and mutual benefit – but we must never accept the globalist tendency that surrenders the nation state to supranational institutions and rootless corporations.

Globalisation is not a force of nature, it’s a man-made phenomenon that can and must be harnessed for the common good.
The Hard Left’s problem with the nation state

Like the Liberal Centre, The Hard Left also takes a very defeatist view of the nation state’s ability to shape the world’s economic system for socialist ends. But rather than opening the doors to globalisation so that the market can simply take anything it wants, the Hard Left advocates pulling up the drawbridge and locking the world out, thus taking a staggering economic risk that would likely see trade and investment evaporate, prices rise and living standards fall. The Hard Left’s nationalisation agenda may at first seem like an endorsement of the nation state’s power, but in practice the desire to end markets altogether shows a complete lack of confidence in the nation state’s ability to shape markets for the common good.

New Labour may have allowed the Spirit of Britain to be buffeted by the winds of globalisation and smashed on the rocks of transnational forces, but protectionism and socialism-in-one-country is not the way to restore it. The vast majority of Labour members agree, recognising the damage that crashing out of the European Union with no deal, or a bad deal, would do, and they know that the 2107 manifesto would rapidly become a pipe dream if a bad Brexit leads to a severe economic contraction. What the Hard Left doesn’t see is that it is only through international co-operation and inter-governmental regulation of the market economy that we can truly reach the type of democratic socialist world in which the vast majority of us on the left want to live.

What we need, of course, is a Labour Party that believes in the nation state – one that recognises its power as a force for good and that is willing to co-operate with other countries so we have the might to take on the Googles, the Amazons, the Facebooks and the Apples when they try to take nation states and their taxpayers for a ride. We need international co-operation if we are to regulate global markets, and we need to support our businesses to thrive in the global, market economy if we want to develop our manufacturing base, save our high streets and raise our living standards.

The Hard Left and the post-1960s New Left have a problem with the nation state because they see it exclusively as a source of oppression, imperialism and colonialism. This stands in sharp contrast to the Patriotic Left of the 1940s and 1950s, who saw no contradiction at all between combining a strong sense of civic pride at home with an active commitment to collective endeavour abroad. The Hard Left’s view of the nation-state is underpinned by post-colonial guilt. National identity is seen as a divisive social construct, even racist due their view that national borders on a map are purely artificial lines, and working class patriotism is false consciousness. The post-colonial guilt of the Hard Left leads it to lobby for a more liberal immigration policy, whilst its socialism-in-one-country ideology drives it to push for more protectionist policies in terms of our trade in goods and services. Opening the door to immigration and closing it to trade is what some have called the ‘zero per cent strategy’ when it comes to winning Communitarian support.

As we’ve discussed already in depth in this book, freedom of movement is not a socialist value, and patriotism and nationalism are poles apart. Moreover, Communitarians rightly ask why it is that their values and interests should be cast aside so that some can assuage their sense of guilt for the historic actions of the British elites? Is this not yet another example of the infantry paying dearly for the rapaciousness and hubris of the officer class?

Communitarians do not subscribe to the so-called John Lennon worldview of “imagine there’s no countries”. They believe in the nation state, in local solutions, and would rather see capitalism reformed than disruptively overthrown. But this is also true for most Cosmopolitans. The ‘post-nationalism’ of the Hard Left, as some call it, has never been a majority view, at least not outside the modern day Labour Party.

If we are to re-connect with our Communitarianism roots and our whole nation purpose, then we must recognise and celebrate the nation state as the beating heart of our democracy, identity and shared citizenship.

The Hard Left’s troubling worldview

Like most Communitarians, the majority of Labour members recognise that the driving purpose of Labour is not revolution, it is reform. They acknowledge the basic truth that capitalism, despite all of its flaws and damaging excesses, has done infinitely more than communism to improve the quality of life for billions worldwide, but also that there is a desperate and urgent need to re-balance and fix the market model following decades of excessive de-regulation, privatisation and austerity.

But too often the Hard Left’s anti-capitalist agenda leads to the temptation to nationalise, centralise or tax anything and everything. Further still, many on the Hard Left seem believe that the global system is run by a shady cabal of financiers and imperialists colluding in the interests of Washington, Tel Aviv and Brussels, and that NATO is a warmongering junta. They subscribe to the ‘my enemy’s enemy is my friend’ worldview which leads them to support any
‘underdog’ that challenges Western, capitalist democracies (for example, the Kremlin or the hard-liners in Tehran), regardless of that underdog’s values, motives and actions.

Communitarians may not be too fond of the perceived bureaucratic and undemocratic nature of the EU, but they are not conspiracy theorists, and they’re not ideologues either. They want their politicians to offer realistic, tangible solutions rather than endless analysis and theory. They have not spent their lives reading Marx, Trotsky or Gramsci, and neither do they move in circles that do, and they would rather sing the national anthem than the Internationale.

It is vital that we make it clear that the Labour Party believes that Britain is a great country and that the British state can be a powerful force for good in the world. Yes, some awful mistakes have been made, from shameful elements of empire to the deeply misguided invasion of Iraq, but our country and its values have historically made a profoundly positive contribution to the world – from the NHS to the welfare state, from civil rights to arts and culture. We should be open about and proud of our achievements.

We must also show Communitarians that we are just as concerned about their local communities as we are about events internationally. The Hard Left’s endless conspiracy theories, combined with the Liberal Centre Left’s globalism, make this rather difficult.

The need to persuade, not only to protest
One of the most important choices that we have to make in politics, and indeed in life, is between protest and persuasion. The life of a protestor is certainly the more straightforward of the two. You just stand on the sidelines, waving your flag or your placard and shouting at everyone you disagree with. The persuader, on the other hand, has a far more onerous task. He or she has to listen, to engage and to find common ground. The persuader must identify long-term solutions to deep and seemingly intractable challenges, and then build consensus for change.

The protestor is a populist, the persuader is a radical, in the true sense of the term. The Latin word for ‘root’ is ‘radix’ so the purpose of a radical is to go to the root cause of the problem. The protestor feeds on grievance, the persuader harnesses hope. The protestor seeks the sugar rush of the easy soundbite, whilst the persuader understands that the world is a complex place. The protestor divides, the persuader unites.

Protest has always played a vital role in our history, but Labour is not a protest movement. We simply have to be a party of persuaders. Yet too often in our history we have looked like a party that knows more about what it is against than what it is for.

We are currently in one of those moments. We have never truly defined what Labour stands for post-2010. The Hard Left’s worldview can never win public support – and Jeremy Corbyn would be wrong to fully endorse it. The Liberal Centre rightly rejects the nasty nationalism of Trump and the ‘Brextremists’, yet has no credible solution to address and heal the damage that globalisation has done to formerly strong, confident communities.

The response must be to bring both the Hard Left and the Liberal Centre together around a compelling vision for Britain in the 21st century. This challenge is certainly not easy – it’s one that nearly all countries across Europe are grappling with – but it is challenge to which we must rise with confidence and conviction.

Two sides of the same Cosmopolitan coin
The fact is that the Liberal Centre and the Hard Left are effectively two sides of the same Cosmopolitan coin. In the past two decades both sides have successfully harvested the Cosmopolitan vote, but have failed to win over many Communitarians, and neither have developed a positive and coherent plan for how the next Labour government can use the power of the British state to fulfil our moral duty and political purpose as a whole nation party.

We believe that making the six seismic shifts we’ve outlined in this book will help Labour do exactly that, and that this in turn will enable us to build a plan for the common good that can restore the Spirit of Britain.
Work, Family, Community, and Country: Our plan for the Common Good

If we can rediscover Labour’s purpose as a whole nation party then we will be in a strong position to win the next election and restore the Spirit of Britain. To do this we must bring Labour’s policies into the 21st century. This means finding ways to grow the economy inclusively, not just redistribute wealth and put ownership and power in the hands of people, not just big business or the centralised state. We need to shape globalisation, not simply choose between accepting global markets or rejecting them altogether.

But more than anything we need a plan for Britain that can help bridge the divides in age, education, place, and wealth, and in turn bring Cosmopolitans and Communitarians closer together. In other words, we need a plan for the Common Good.

These tribes may never entirely see eye to eye, but Labour – as a democratic socialist party of the many – is better placed than any other political force to find the common ground and show that the divides may not be as stark as we make out. As Chuka Umunna recently wrote:

“Labour’s leave voters share much in common with their friends and neighbours who voted remain. They want change to bring more security and stability. They want an economy that works for them and their family: good jobs, fair wages and a decent place to live in. They want to give their children a better future. Both groups want to recover some control over their lives, to feel pride in who they are, in where they live, and in their country.”

To create a platform of ideas we’ve divided this book into the areas of life that voters consistently tell us they care most about; work, family, community, and country.

Balancing the books
Many of these chapters recognise the renewed public appetite for investment in infrastructure and public services, and rightly argue we should be bold in backing long-term invest-to-save projects. Yet it is also important that we recognise that in some quarters – particularly amongst Communitarians who tend to instinctively value prudence and economic stability – there is still a high level of scepticism about Labour’s abilities to balance the books.

The ‘grey book’ that accompanied our 2017 manifesto was a real asset but unfortunately the shadow of Brexit is already having a chilling effect on the economy, which in turn makes many of its growth assumptions look highly optimistic. We must therefore consider the following six radical, innovative policies that will generate additional revenue for the exchequer:

1. Shift the tax burden away from income to wealth

It is unacceptable that inheriting a house from your parents is a far more lucrative proposition than starting your own business. Our tax system incentivises the accumulation of passive assets over hard work and productive enterprise. Labour should cap income tax at its current levels, and instead introducing a package of new wealth taxes, starting with a revision of council tax, which is still based on 1991 house prices in England and 2003 in Wales.

We must also design a land tax. Public works all over the UK lead to huge increases in land value, and that increase in value should be taxed. British land is valued at £5 trillion, so a 1% windfall tax would generate £50bn for the exchequer. The other great advantage of wealth taxes is, of course, that physical assets are impossible to spirit away to other jurisdictions. Taxing wealth is therefore far more straightforward and efficient than taxing income.

2. Close loopholes that are currently being exploited by the corporates

Many companies exploit a range of loopholes in order to reduce their corporation tax liability. Labour should commit to removing or reducing interest deductibility for acquisition debt (not for capital expenditure), and we should extend withholding tax to loan servicing for foreign investment. The reality is that investors are using loan deductibility to take earnings offshore to low tax jurisdictions.

3. Establish a Citizens’ Wealth Fund

We should create a Citizens Wealth Fund by transferring existing assets and leveraging them, based on non-oil and gas-based funds such as the Singaporean model. We could start with the likes of the Severn Bridge, the Dartford Cross-
ing, Aberdeen Road, and the Calmac Ferry to create an asset backed fund that then raises capital, which would not sit on the government’s balance sheet, for major regeneration initiatives. A recent IPPR report argues that, if set up for 2020/01, by 2030 the fund could raise about £186bn.58

4. Tame the tech giants

The tech giants have become an oligopoly; our virtual worlds are now ruled by Google, Apple, Amazon and Facebook. These companies are clearly not paying their fair share in terms of corporate taxation, and a lack of competition will be bad for consumers in the long-term. We must work with our international neighbours to form an unbreakable legal link between the jurisdiction in which commercial activity takes place and the tax that is levied on that activity. Labour should launch a wide-ranging review into the social and financial responsibilities of tech companies.

5. Share the benefits of the fourth industrial revolution

The rise of the robots will deliver immense productivity improvements, but there is a real and present risk that the owners of capital will be the only beneficiaries of these improvements. Labour should commit to creating a levy on these productivity gains that will be channelled into a multi-billion pound skills and re-training fund, to ensure that we build a workforce that is fit for the future.

6. Incentivise good behaviour: supporting the ‘b-corps’

The ‘b-corps’ is an international network of companies that sign up to stringent environmental, social and transparency standards.59 Their good behaviour should be rewarded, not least because it drives up productivity and sustainable profitability, which in turn strengthen and broaden returns to the exchequer. Labour should commit to offering a reduced rate of corporate taxation to b-corps companies.

These six radical changes can help win Labour support and underpin policies that restore the Spirit of Britain.

Work

Work plays a huge part in our lives. 40+ hours a week is far too much time to be doing something that we don’t enjoy. It is an even bigger drag if we don’t feel our work is worthwhile and if we feel we’re not contributing to society. Good jobs are not just crucial to our morale and wellbeing – they help us develop our professional skills, personal skills and our character. They are an opportunity not a burden.

Unfortunately too many of us are stuck in work that we don’t enjoy. It’s unproductive and we know it. The average British worker produces 30% less per week than those in France, Germany or the United States.60

Low productivity means low growth, which means few pay rises whether you work in the private or public sector. Real wages have fallen 10% since the 2008 crash. Over the last 10 years the UK has become the world leader in creating low-paid, low-skill, casualised work. The rise of the ‘gig’ economy is making the world of work more precarious by the minute, and the threat of automation looms large. In any three-year period such is the churn in the labour market that a third of the workforce find themselves in poverty.61

The three chapters in our ‘Work’ section aim to get us out of this downward spiral, and move Labour towards an economic strategy focused on affordable investment, inclusive growth and 21st century solutions.

Rebalancing and growing the economy outside London

Anna Turley and Charlotte Holloway’s chapter looks at how Labour can rebalance the UK economy geographically. Of Britain’s cities only London appears in the top 128 in the Global Cities Outlook 2016-17 in contrast with Germany’s four cities and China’s dominance with 19.62 The gap between the UK’s large cities and its small towns and villages is even starker.

Anna and Charlotte take a look at the role that the next Labour government could play in boosting areas of the country which have been too often ignored, starting with their own constituencies of Redcar and Plymouth. They recognise that a pro-active, industrial strategy can never do everything for everyone, but it certainly should do something for everyone.

In their chapter they look at the principles that should underpin Labour’s thinking, and then advocate ways Labour can build on its 2017 manifesto. These include:
• **Boosting productivity everywhere:** We need to back the industries we excel in and support new industries like tech and green energy, but we must remember that we have a productivity problem in every industry.

• **Improving access to finance:** Scale up community banking to challenge the ‘big 5’.

• **Boosting research and development:** Invest 3% of GDP by 2025 (showing more ambition that the current target of 2.4% by 2024).

• **Regeneration through devolution.** The programme put in place after the Redcar steelworks closures is a clear example of how education and reskilling can be best brought about through devolving decision-making and resources.

• **Boost local high streets:** A route and branch reform of business rates can help stave off competition from supermarkets and the internet.

• **Use procurement more effectively:** Inserting community benefit obligations into government contracts would ensure local companies can benefit, while procurement rules in general should have a stronger social purpose, supporting the likes of training programmes and apprenticeships.

**Tackling our economy’s sectoral imbalances**

Then there is the need to tackle the sectoral imbalances in our economy. Any economy that lacks balance lacks resilience, and leaves us less able to tackle the tides of globalisation.

One of the challenges we face is that our imports far outweigh our exports. John Mills’s chapter looks at how we can boost manufacturing back up to at least 15% of GDP, after its collapse from 33% to below 10%. This, he says, is the only way avoid running up more government debt and stop us selling off vital parts of our economy. This would also boost opportunities in Communitarian areas.

21st century manufacturing is not metal-bashing. Aberavon’s beating heart – the Port Talbot steelworks – produces a majority of steel that did not even exist 15 years ago. Far from being a ‘sunset industry’, the vast majority of UK manufacturing is at the leading edge of technological change.

John argues that there are five major deficiencies in the economy that we need to put right, and highlights some of the supply side remedies which a well-devised industrial strategy would include, such as:

• **Meeting skills shortages** through education and training

• **Reforming our banking system**

• **Tackling high energy prices**

• **Investing in infrastructure** such as road and broadband

But ultimately John argues that you cannot reverse the decline of manufacturing without tackling the demand side of the equation. The centrepiece of his chapter comprises a pitch to “devalue the pound to somewhere near the dollar” in order to entice investment back to the UK and to trigger export-led growth. This idea challenges what John calls the conventional ‘neoliberal’ wisdom, which he deems to have run its course.

**A new partnership with business**

Labour, business and workers should be natural partners in driving a new kind of growth, argues Trevor Phillips. We desperately need to shape a new business culture that is geared towards long-termism, rather than the bottom line driven short-termism which caused the financial crash and drove public mistrust.

In his chapter Trevor looks at how this partnership will work and what Labour’s priorities should be. His ideas include:

• **Shifting Labour’s private sector ‘mood music’,** by finding alternative models to nationalisation and by championing the role of wealth creators in the economy.

• **Putting artificial intelligence at the heart of a strategy for growth** – helping Labour to show it understands the opportunities and challenges of the modern world.

• **Boosting employee ownership,** by pushing forward the ‘right to own’ policy laid out in Labour’s 2017 manifesto, incentivising start-ups to adopt co-operative models, and encouraging some public sector bodies to become mutuals – far preferable to mass nationalisation.
• **Legislating for workers on company boards** – taking a lead where the Conservatives have failed to deliver.

• **Improving accountability.** At John Lewis, twice a year the partnership’s executive chairman has to appear before his shareholders to explain his decisions and face questions, before facing a vote of confidence.

• **Reforming the Companies Act.** Ending quarterly reporting altogether would give help with long term and sustainable business planning.

**Family**

To a lot of people, family means everything. The modern day family comes in all different manner of shapes and sizes, but few and far between are those who don’t, at some level, place value on a close, functioning family unit.

For parents, ensuring your children can survive and thrive in the modern world is a major concern. This runs from birth all the way into adult life; from education, to jobs, to housing. Then there are our worries about our old age. Will we, and our parents, be able to grow old with dignity? Will the health and social care system give us the support we need? In our ‘Family’ section we aim to provide solutions.

**Lifelong education**

The state should be there to support every step of the way, making life easier for parents who want their children to succeed. Labour’s 2017 manifesto called for a cradle-to-grave National Education Service, one that prepares our children for the fast-changing world and helps adults update their skill sets in the face of new technologies.

Dan Jarvis’s chapter endorses many of Labour’s 2017 education promises, while also coming up with some additional radical and exciting proposals. These include:

• **Childcare and parental support** in the form of a ‘baby box’, similar to those used in Finland, to give children the best start in life.

• **Depoliticising the curriculum** by handing control over to an independent body for experts.

• **Reviewing the curriculum and qualifications framework** – the first job for this new independent body, to ensure children are tested for qualities that are most relevant to future success.

• **Devolution:** new regional educational authorities should be in charge of local delivery of services, and link different services together.

• **Encourage learning beyond the classroom,** by giving schools the technical and financial support they need to run meaningful extra-curricular activities.

• **The establishment of Adult Education Funds,** “to rebalance the disproportionate benefit that the middle class get from a universal tertiary education entitlement.”

• **A commitment to life-long learning,** including four government-funded ‘right to learn days’ each year.

• **Introduce priority scholarships,** targeting skills gaps in the economy.

Dan also calls for Labour to win the argument for investment, with every pound spent in education putting £20 back into the economy.

**Fixing our broken housing market**

Perhaps our society’s biggest failure, though, is our broken housing market, which facilitates an astonishing mass transfer of wealth from asset-poor younger people to asset-rich older generations. Housing consistently tops the ‘worry list’ of twenty-somethings and their parents.

Emma Reynolds proposes solutions in her chapter, recommending that Labour should:

• **Stop any schemes like Help to Buy which stoke demand,** resulting in higher house prices, but do nothing to improve supply.

• **Impose a moratorium on Right to Buy** until the homes sold since the early 1980s have been replaced.

• **Give councils ‘use it or lose it’ powers** to stop landowners, developers and house builders sitting on land and lift the cap on the Housing Revenue Account to allow Councils to build more homes for social rent.
• **Give private sector tenants more security** by introducing longer tenancies, better rights and enforcing higher standards.

• **End the scourge of homelessness and rough sleeping** by giving local authorities the support they need to invest in prevention.

**Investing in health and social care**

Our health and social care system is creaking under an ageing population and eight years of Conservative underinvestment. One in seven of us will be older than 75 by 2040 and typically Communitarian areas that are older and less affluent will bear the brunt.

Justin Madders grapples with the policy solutions in his chapter. He argues that with public support for investing in the NHS at its highest in years now is the time for us to push the case for a bold investment plan. He recommends the next Labour government should:

• **Bust the nanny-state myth**: Recent research shows that the public actually back health policies that encourage people to live healthily, so there is no need to shy away.

• **Invest in prevention**: Stopping the need for hospital care in the first place is clearly the best way to reduce pressures on the NHS.

• **Invest in social care**: Although the NHS has had historically low funding under the Tories it hasn’t been butchered like social care, which deserves a long-term solution.

• **Invest in technology**: We are on the cusp of innovations in Artificial Intelligence and geometrics that could radically alter our approach to health treatment – we should embrace these developments.

**Community**

Communities in Britain are incredible diverse. Travel to a small village in the countryside, then to an old industrial town, then to one of our big cities and you could feel like you’re visiting three different worlds.

But ultimately most people, whether Cosmopolitan or Communitarian, want similar things from their local area. They want to live in a cohesive community, where people get along. They want to feel safe on their streets. They want to know what the rules of engagement are. They also want to feel that they have a stake; this is why ‘take back control’ was such a powerful slogan in the EU referendum.

Globalisation has had both an economic and cultural effect, on many places throughout the UK. The winds of change have left people feeling powerless and often isolated. If Labour is to restore the Spirit of Britain it must play a more active role in handing back control to local people, whilst bringing individuals and communities together. Our ‘Community’ section looks at how we can achieve this.

**An immigration system that works for communities**

In their chapter, Sunder Katwala and Jill Rutter aim is to devise a post-Brexit system of managed migration which reflects Labour’s values, supports the UK economy and can gain support across Britain. Sunder and Jill highlight that there is actually more consensus between Remain voters and Leave voters about what this system might look like than much of the public discourse indicates.

Sunder and Jill suggest reforms that may be possible under an EEA-based Brexit, and set out four pillars should support any post-Brexit system of managed migration:

• **An effective, fair and humane system**: Control of immigration should be combined with compassion and competence.

• **Greater public voice and political accountability**: The government must present its plans for immigration in the same way that the Chancellor presents the budget, so that a quota-based system, for instance, can be debated on a national immigration day. Labour MPs should debate these plans with constituents.

• **Make the local matter**: If local pressures on services – such as the housing and the NHS – aren’t managed, no national level arguments will cut through.

• **Promote citizenship and integration**: By removing barriers to citizenship Labour could reduce the temporary migration that often causes the most tension.
They also write about their previously unpublished research into a much under-studied group in British politics – Labour’s Leave voters.

**Showing that communities have ‘more in common’**

We’ve written repeatedly in this book that Labour must be the party that brings people together, having been inspired in part by the words of Jo Cox – “we have more in common than that which divides us” – and the launch of the Great Get Together.

Rowenna Davis’s chapter provides the steps Labour can take in making this happen. Rowenna draws on two stories which define her time in Croydon – one positive and one negative – through which she illustrates how to best build a positive sense of community cohesion and spirit. She identifies three pillars:

- **Shared institutions**: We should introduce a ‘thirds model’ by which local services are led by users, workers and owners working in a co-operative board structure. We should also boost citizenship programmes in schools.

- **Shared stories**: Politicians and local leaders should place patriotism and community at the heart of their language and agendas, driving a culture that encourages people to come together.

- **Shared opportunity**: Not just at school, but by making sure all adults have the chance to skill up and succeed. We must develop the new industries that will replace the coalfields and mines of the previous generation.

**Handing back control to communities**

Steve Reed’s chapter make important arguments as to why individuals and communities should have more influence over their local services. Steve makes a strong case that trust in politicians has broken down, and that “trust can only be re-built by honesty”. This starts with admitting that politicians do not, in fact, have all the answers. Trust is a two-way street so if we want the British people to trust us, then we must start by trusting them, and it is our communities who are best placed to re-wire the entire way in which our public services are delivered. That’s the Spirit of Britain that has to be re-discovered and harnessed.

In his chapter Steve recommends:

- **A new right to control** that allows workers in exploitative companies or users of failing public services to take them over or force them to be more accountable.

- **A constitutional convention** with the explicit objective of opening up power to people – through devolution from central government to cities, regions and councils; empowering people over the public services they use and the communities they live in; localising more tax and investment decisions.

- **Preventing social problems through investment** in early intervention and early years support rather than managing problems once they’ve happened.

- **Democratise the economy by giving workers more power** over the companies that employ them so they can ensure ownership and profits are shared more fairly.

- **Using technology to widen participation** in public decision-making and personalise public services.

**Country**

Britain is at a crossroads. Where do we fit into the newly emerging world order? What reputation do we want on the world stage? What is the future of the union and its four constituent nations in an era of devolution?

The large majority of people feel a strong sense of pride and shame in how their country conducts itself, whether naturally more Cosmopolitan or Communitarian. Our ‘Country’ section looks at Britain’s role on the world stage, and the state of the union at home.

**Britain’s four nations**

John Denham recognises that the case for Britain is now less obvious, given that the era of empire is over and powers have been devolved to Scotland, Wales and Northern Ireland. As a result the national identities of each of Britain’s four nations now appear significantly stronger than British identity itself, particularly amongst Communitarians.

In his chapter John looks at the role of ‘Future Britain’, and how this relates to the four nations of the union, particularly England which has been left without
a political voice of its own and which provided the loudest cry of all to ‘take back control’ during the EU referendum.

Here are John’s recommendations for Labour:

• **We should recognise that Britain has four unique nations**, each deserving self-governance. This includes England which deserves its own distinct political voice and devolution settlement.

• ‘**Future Britain’ should be built on the coming together of its four self-governing nations to enhance our global influence** – this should form the basis of a new social democratic patriotism.

• **The four nations of Britain should work together in three primary areas; external relations, internal co-operation (for instance, mutually beneficial trade), and finances.**

• **Labour should say “England” when it means England**, to show it recognises that England exists and that English identity matters to people.

• **Labour should help to promote a positive, civic sense of English national identity** in order to show that the St George’s flag belongs to all who feel English, not just the far right.

**Britain’s role in the changing world**

As a country we should take a proud, patriotic, internationalist approach to politics by continuing to shape global affairs before and after Brexit. Will Straw lays out in detail how we tackle some of the crucial foreign affairs questions of the modern day.

In his chapter Will lays out Labour historic priorities – security at home, peace and justice abroad - and points to our two priorities when we next enter government; reducing the terrorist threat, and containing Russia.

Will then lays out a blueprint for how we develop Britain’s role in the face of the new global world order that has emerged:

• **Shoring up our defence**: Including a continued commitment to NATO, investing more resources for UN peacekeeping, and prioritising our forces’ equipment rather than white elephant projects.

• **A new approach to the Middle East**: Work as a critical friend of Saudi Arabia and develop our relationship with Iran, but if necessary work with France and sensible US politicians on a multilateral arms embargo, and call out violations of international norms (including Israel).

• **Rebuilding Britain’s diplomatic capacity**: Merge the government’s Exiting the European Union and Trade departments into the Foreign and Commonwealth Office to restore the reputation of our diplomats, which has been eroded by Tory cuts and mismanagement.

• **Winning the argument for development**: A five point plan would include telling positive stories about how foreign aid has benefited Britain, but also an acknowledgement that we should consider winding down aid spending over time provided we meet the 2030 Sustainable Development Goals.

These chapters are far from exhaustive and we could have commissioned many more. But these are the areas that we think hold the most potential for our party to shift its focus and restore the Spirit of Britain.
Work
Investment beyond London: a Labour plan for inclusive growth and good jobs

Anna Turley & Charlotte Holloway

Many towns across the United Kingdom have been left behind by a failure of the old economic models. The expression ‘a rising tide lifts all boats’ to describe economic growth being felt by all has never been less relevant. Inequality is rising; chief executive salaries are spiralling; having a job is no longer a guarantee of being able to make ends meet; and it can increasingly feel on doorsteps of places like Plymouth and Redcar that London and the South East are getting further and further away.

The sluggish growth experienced by the UK since the crash has not been distributed to nearly enough people – the same old winners seem to win, whilst more and more are left behind. Old industries have never been replaced and yet the pace of change is accelerating – the forces of globalisation and technology show little sign of slowing with automation and artificial intelligence threatening to sweep away jobs. The challenge for the left is how we reinvent our traditions to shape and lead the way when it comes to harnessing the positive impacts of new technologies and mitigating the impacts in a way that works for the many. The challenge is steep; it is unprecedented. But it is one we have to be ready to face.

From Managed Decline to C21 Inclusive Renewal

The authors of this essay may hail from opposite ends of England (Redcar and Plymouth), but we have similar experiences and have heard similar stories from people in our respective constituencies. There is an overwhelming feeling from people that our areas are being left behind in a world that is changing at a seemingly ever-greater pace.

Whilst both places and their people hold remarkable potential, there is amongst our communities a palpable sense of waning prospects, of shrinking industries that were once the beating heart of communities, and the perception of managed decline. In Redcar the steelworks closed in 2015 with a loss of 3,000 jobs at the works and in the supply chain, and many more in the local community as a consequence. In Plymouth, the city’s traditions in defence and the dockyard are facing increasing threats under this Conservative Government – just in the last year there have been proposed cuts to Plymouth-based HMS Bulwark and Albion and hundreds of job losses at major local employer Babcock in the dockyard. In both these places, most people will know someone affected by these changes in the local economy and will often have a story to tell on the doorstep. The sense of anger and betrayal of being left behind and getting a raw deal was a decisive factor in both Plymouth Moor View and Redcar voting heavily in favour of leaving the European Union.

It would be easy to embrace a politics of pessimism for the years ahead, to exploit a growing sense of being left behind in a changing world, and to stoke up threats and fears whilst failing to offer solutions. Promising a return to bygone times might gain votes in the short term, but would do little to address the complex social and economic challenges facing places like Plymouth and Redcar – and would do little to help these places prepare for future changes too.

Placing Inclusive Growth at the heart of policy-making

Over the last few years the concept of “inclusive growth” has been on the rise. The RSA’s Inclusive Growth Commission defined inclusive growth as “broad-based growth that enables the widest range of people and places to contribute to economic success, and to benefit from it too. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes”63. A recent report from the APPG on Inclusive Growth produced Place Ratings showing where inclusive job growth is most needed across the UK. The report highlighted that many areas of Britain face dismal low growth-inclusion job futures with huge political and economic risk. Redcar and Plymouth are amongst those places.64
Austerity has made the challenge of how to achieve more inclusive growth far harder, hurting communities and negatively affecting life chances in the process. Council budgets in England were cut by 40% by central government in real terms over the last parliament; cities like Plymouth are losing £2m per week and a small town like Redcar will have lost £90m by 2020. Of the 13.5 million people in poverty in the UK 7.4 million (55%) are in working families. A 2016 Joseph Rowntree Foundation study showed that the public service costs of poverty amount to a total cost of around £78bn. It also showed that a large proportion of what we spend publicly (about £1 in every £5 spent on public services) is spent on compensating for elements of how poverty damages people’s lives.

It is time to place inclusive growth at the heart of our understanding and policy-making for economic success, both locally and nationally. It is no longer enough to focus on headline growth or employment figures when the effects are so disparately experienced. Labour can and must be the natural party of inclusive growth. That must mean more that reversing austerity and addressing the injustices of our taxation system, as essential and needed as these are. Labour’s national manifesto at the 2017 General Election pushed new ground on inclusive social policy-making, and now is the time to bring economic and social policy much closer together.

To boldly grow means starting locally
Fostering inclusive growth must be at the heart of any plan for Labour in power, both locally and nationally. And, of course, Brexit looms large in much of this. A Singapore style economic model of low tax, low public spending and low regulation has been proposed by a number of leading Conservatives as a vision for a global Britain. But what is said to work for a city state of five million people will not work for a country of 65 million. The hard Brexiteers in government are chasing fantasies of a Britain with fewer regulations, fewer workers rights, and lower wages in a race to the bottom. We have to aspire to better for our country and we cannot afford to allow hard won progress to be swept away.

What has been missing from Brexit debates to date are substantial discussions on how Britain’s regions can meaningfully ‘take back control’ through devolved powers and investment. The answer is not Tory ideologically driven-devolution, where under-funded local authorities are left with the burden of near a decade of brutal cuts to their funding, but devolution which truly equips local authorities with the tools and resources they need to mould inclusive growth programmes tailored to the needs of their local area. In Plymouth, for example, Labour regained control of the Council from what had been Conservative-UKIP Coalition in the 2018 local elections on a manifesto which pledged to “go the extra mile to help meet the city’s needs and working for inclusive growth… exploring ways in which we can help businesses and social enterprises that go further”.

New economic opportunities are on the horizon globally – from the growth in green and low carbon opportunities, to the positive effects of automation and advancing digital technologies, and much more. We have to ensure that our regions are equipped to take advantage of these new industries and benefit from the new jobs that will be created in them. Industries on the banks of Tees already have aspirations, through the Tees Collective, to establish Europe’s first carbon capture and storage zone, decarbonising local industry and creating at least 6,000 new green jobs. The South Tees Mayoral Development Corporation, the first of its kind outside of London, has a masterplan to regenerate
the 4,500 acre site around the former steelworks, bringing new industries and creating 20,000 new jobs. The area is also becoming a hotbed for digital innovation, attracting new digital and creative businesses. But national policy must do much more to help the regions and local areas with the tools to develop their own tailored inclusive growth strategies that can take advantage of these.

Headlines about the impact of technology can fail to take account of Labour’s potential to shape change in our economy and society, and that must include a proactive state at the local level. Domestic policy plays a vital role in determining the ability of societies to adapt to technological innovations. The next Labour Government must seize the opportunity to invent the UK’s future, be positive about the technological advances on the horizon, and shape the UK’s economy so it works for everyone. This will need to be accompanied by a wider set of policies that enable the UK to win the race between education and technology. It is only Labour policies that can mend the broken link between productivity, high growth and raising living standards.

The common quest for economic security

At the heart of every conversation we have had with people on the doorstep is a yearning for economic security – the comfort of having a decent standard of living and being able to provide for family. People tell us of the days when they left school and went straight into work in industry, a career that would see them through to retirement. It is the loss of this certainty of decent jobs with decent pay which is fuelling much of the anxiety in former industrial towns. The majority of the jobs that have replaced them are less secure and lower paid, in sectors like retail, hospitality, and customer service, or self-employment that brings no rights or security.

During the referendum campaign the Labour Party told people that the EU was good for jobs but, for many areas where the economy has changed immensely and unemployment is high, this meant nothing. Moreover, our argument that the EU protects workers’ rights meant very little if you are working on a zero hours’ contract or struggling in bogus self-employment. For many, the European Union seemed to fail to protect them from the global economic forces that have trampled over communities and taken jobs overseas. We have failed to heed these concerns.

When in government Labour invested heavily in improving the lives of ordinary people – from the minimum wage and tax credits, to Sure Start, record levels of investment in education and health, and job schemes like the New Deal that was funded by a windfall levy on privatised utilities. We reinvested the tax revenues from a growing economy, driven by financial services, into revamping the public realm. However, we should also accept that at times we turned a blind eye to the disruptive effects of globalisation and allowed our economy to become heavily dependent on the financial sector as our manufacturing declined. Moreover, reliance on a growing housing market that led to the crash meant an economic emphasis on capital rather than labour, which was ultimately very costly.

The left should launch an all-out assault on the scourge of low pay, working constructively with businesses and trade unions to raise wages but also legislating if necessary for a higher minimum wage and greater protection for working people. The Tories’ ‘National Living Wage’ has muddied the waters by creating the false impression the welcome rise is enough to cover the cost of living. It is not a living wage and we cannot allow progress on pay to fall short of the pay boost our low paid workers actually need. The growth of self-employment and the gig economy has brought with it opportunities and challenges for workers who value flexibility and working for themselves but who too often find themselves deprived of rights and security. Significant court victories, led by the trade union movement, have secured worker status for drivers at companies like Uber and Hermes securing more protection. Community Union’s partnership with Indycube is also a good example of how employment support can be updated for the 21st century economy.

A pro-active state: building on Labour’s 2017 manifesto

Labour’s 2017 manifesto included commitments to a National Infrastructure Bank and a National Transformation Fund to ‘deliver the investment that every part of Britain needs to meet its potential, overcoming years of neglect’. The Conservative Government may have followed Labour’s lead in talking about an industrial strategy but have done little to prove their rhetoric means anything in practise. British industry and manufacturing need the right environment to innovate and grow, creating the decent jobs people need.

The German experience demonstrates how a proactive and innovative state can support the advancement of industry within a global market economy. Globalisation has not stood in the way of Germany’s relentless drive to deliver products at the cutting edge of modern engineering. From support for vocational education and constructive trade union relationships to investment in research and development and corporate finance, there is no laissez faire ideology in sight.
On the continent, governments have also been much more hands-on in taking robust action on things like energy costs and uncompetitive business rates which are holding our industries back. The Conservative government can no longer hide behind the excuse of state aid rules, as it did when it refused to step in and save Redcar steelworks, because this is demonstrably not a barrier for other countries. Germany for instance spent 1.31% of its GDP in 2016 on state aid, compared to just 0.36% for the UK.72 There can be no excuse for further delay. This is not a call for a retreat into protectionism, which will only result in new costs elsewhere, but a recognition that we must at least ensure a level playing field and that our industries have the right support to remain competitive.

It is important we also look beyond the state to encourage growth and job creation, to the entrepreneurial talent and co-operative enterprise of SMEs and start-ups. The machinery of government is rarely a hotbed of innovation and we must realise as a party that it is also about creating the right environment for new ideas and new technologies to develop. This can be achieved by investing in infrastructure like ultrafast broadband and 5G mobile networks so businesses have the connections they need. Technological change has so much potential to bring new work to our towns and cities and the state must ensure we are equipped to take advantage.

**Supporting education and re-skilling through devolution**

A big part of the challenge of preparing our regional economies for the economic changes already taking shape is making sure people have the skills needed to fill the new jobs. To this end, education is one of the strongest tools progressives have for creating opportunity, not just for young people but the whole working age population. Lifelong learning is especially important for the latter, as some skills and industries become redundant.

The experience in Redcar after the closure of the steelworks, when central government funding was devolved to be spent locally on reskilling those who had been made redundant, shows what can be achieved through devolution. In total £11.5m was invested in 23,700 short and long term courses at local colleges, universities and training providers. Devolving skills budgets to local decision makers who understand the needs of local economies proved more effective than central dictation from Whitehall. It involved strong partnership working through the SSI Taskforce, which included various decision makers including the local authority, business, education providers, and politicians. One of the most important factors in responding to the crisis was funding flexibility. It removed the usual limits on the courses unemployed workers can access. That flexibility was coupled with the relaxation of certain rules, such as the Jobcentre Plus 16-hour limit for training or education. Such barriers would have got in the way of accessing opportunities. The DWP and BEIS should look at that at a national level in order to widen access and opportunity to all.

The existence of a skills gap is a growing problem. The European Commission has estimated that by 2020 there will be one million jobs unfilled because we do not have the workers equipped to do them. In Redcar and Cleveland, a focus on reskilling is at the heart of the Labour council’s local response to the challenge of regenerating the local economy. The Taskforce set up to respond to the closure of the steelworks has collaborated with local colleges to retrain former steelworkers. Training providers like NETA and TTE are also educating a new wave of young electricians, engineers and technicians. Retraining opportunities like this need to be available to people of all ages so that they can make the transition into the jobs that are available. Vocational education is an area which Labour in government didn’t fully appreciate the importance of, instead putting more emphasis on university. We need a renewed focus on this area of education if we are to expand our manufacturing base.

Digital skills are increasingly important too, especially for both Redcar and Plymouth which have successful and growing digital and creative sectors. The language of computer programming must become mainstream in our schools – we must train a new generation of coders to develop revolutionary apps, new digital technology and artificial intelligence. Entrepreneurial skills will give our young people the confidence to take a leap and become the next Steve Jobs or James Dyson.

**Seizing new opportunities vs. boosting productivity across the board**

There are ongoing debates on whether the next Labour government plan should support certain sectors or clusters outside London, particularly emerging industries like green energy and tech, or focus on the traditional manufacturing that is still successful. The answer lies in a combination of the two – updating the traditions of a place for the new opportunities in the economy. For example, Plymouth can combine its rich history of naval defence, maritime and manufacturing with its burgeoning digital industries, setting a clear ambition to be a leading Ocean Tech City – the signs are already there with
campaigns to create a National Marine Park in the area and local businesses working with social enterprises to start Robotic Sailing Championships in the city.

Yet we must also recognise that the UK’s productivity is lagging in a swathe of ordinary sectors where there is the capacity or drive to innovate. Areas like social care, hospitality, and retail are areas employing a significant number of people in typically lower paid work. More attention must be paid to improving employment and wages in these sectors and also enhance competitiveness, especially in retail where online shopping and retail parks have decimated local high streets. Redcar High Street, like many across the country, has struggled with the loss of major retailers but independents are starting to fill some of the gaps. They need more support, especially on a business rates where the national system is geared towards the days when high streets where the main retail centre and online shopping was uncommon.

**Improving access to finance for SMEs**

Small and medium sized businesses are central to many local economies and are the key to driving local job creation. 5.4 million SMEs represent 99.9% of all private sector businesses and employ over 60% of all private sector workers – that is 15.6 million people.73 The tendency for SMEs to be centred on a particular locality also ensures the wealth they generate stays in the local economy and is not channelled away to London or a multinational headquarters chasing the lowest tax rates. Access to finance is a key factor in determining whether many SMEs have the capacity to grow and increase their productivity. The credit crunch which following the financial crash has now significantly eased, challenges remain. According to research by the Close Brothers Group in 2017, only 41% of SMEs have been able to access capital through their chosen funding, and of those who did 34% felt it wasn’t enough for their investment plans.74 Redcar & Cleveland’s example of supporting over 300 former steelworkers and contractors to set up their own business with grants of up to £10,000 demonstrates how localised support and funding is crucial.

Over the past twenty years, banks and building societies in the UK have been consolidating to the extent that the ‘big five’ now represent 90% of the market.75 The present of local banks in towns has also decline, with the Which? consumer group finding that between 2015 and the end of 2018, almost 3000 banks will have closed down.76 The growth of online banking has played a role in this but research has demonstrated bank closures dampen SME lending growth by 63% on average in the areas affected.77 The number of closures is also greater in poorer areas where they are needed most.78 Challenger banks, like Monzo and Atom Bank, as well as peer-to-peer lending, are offering new ways for companies to access finance. The Community Savings Bank Association’s ‘bank in the box’ model offers another example of how regional, community focused banks can be established. The South West Mutual – supported by the CSBA and the Labour administration in Plymouth City Council – is already delivering this kind of finance. It is these localised, co-operative solutions which can support local business lending and drive local growth, and Labour can already be supporting this through our local councils across the country.

**Boosting R&D**

Another area where small and medium sized businesses in our regions need support is on research and development, which can too often be the preserve of large firms with significant budgets for developing new products, technologies and services. In 2016 the UK spent 1.67% of GDP on R&D, which is around £33.1bn.79 By international standards we are investing less than the OECD average of 2.36% and significantly behind our competitors like France and Germany. The Government has committed to reaching a target of 2.4% by 2027, with a view to reaching 3% in the longer term. Our view is that we must be more ambitious if we are to make up ground, improve our lagging productivity, and put UK business at the forefront of developing new goods and services. We should be aiming for 3% of GDP spent on R&D by 2025.

Alongside increasing public investment in innovation, which is currently at an abysmal 0.33% of GDP and must be a national priority, we need to rethink the way in which we encourage private enterprise to invest in R&D. A recent IPPR study showed that 80% of government tax breaks for R&D were given to the large firms which would have invested in that area anyway, at an annual cost to the taxpayer of £1.8–1.9bn.80 IPPR have recommended the phasing out of the tax credit approach, initially restricting it to firms under five years old before channelling the funding into direct support for firms. We agree that support for research and development needs to be targeted at those with most to gain from it.

**Rethinking procurement**

Procurement is an area where national and local government can use the levers at their disposal to help drive more inclusive growth. The Social Value Act
2012 was designed to ensure social, economic and environmental factors take a greater role in procurement decisions by the public sector. However, in practice too many public sector contracts are still being hoovered up by the giants of the market, like Serco or G4S. Not only does this take wealth away from the communities where the services are being delivered, but the collapse of Carillion is a clear example of the limits of this approach. We must also push for community benefit obligations in government contracts to ensure local companies can benefit. Procurement rules in general should have a stronger social purpose, supporting things like training and apprenticeships too.

This is already an area where Labour in local government is also in a position to start marking a difference. Preston City Council have taken inspiration from the workers co-operatives in Spain and from Cleveland in the United States. Working with a think tank, the Centre for Local Economic Strategies, they identified ‘anchor organisations’ in the city – based in the city and with large budgets – such as the university, the hospital, and Lancashire County Council. They have then worked with these organisations to encourage them to shift their procurement where possible to local businesses. As a result, spending in Preston by six of the Anchor institutions increased from 5% to 19% between 2012/13 and 2016/17. Spending in the wider Lancashire county over the same period increased from 39% to 81%. CLES have been working with Manchester City Council and Birmingham City Council to achieve similar results. The formation of Combined Authorities and Local Enterprise Partnerships provide a basis for this kind of collaborative work and Labour should be encouraging more of this kind of co-operative working.

**Conclusion**

Strategic decision making from national government has its place but it is local, place-based strategies which will ultimately deliver the inclusive growth we need so that every town and city of our country can share in the proceeds of economic success. For communities outside the big cities, London and the South East, the UK must urgently move from a “Redistribute Later” model of economics, to one where inclusive growth and tackling social and economic inequalities go hand in hand. But this must all begin with local roots. A plan for locally-driven inclusive growth in the 21st century needs practical and entrepreneurial leaders which can be found across local government and throughout civil society and a proactive, supportive central government approach. It is through this route that – despite the huge challenges faced – this can be a period full of imagination and optimism, improving life chances and outcomes for the many.

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Make or break: driving a manufacturing renaissance

John Mills

Between 2010 and 2017, the UK economy grew by an average of rather less than 2% per annum. Despite this meagre achievement, real wages, after taking account of inflation, are still lower now for most of the population than they were in 2007. Income per head has not kept up with what little growth we have had, partly because our population has been increasing at not much short of 1% per annum; partly because there is an increasing adverse gap between our Gross Domestic Product (GDP) and our Gross National Income (GNI) as more and more of what we produce is paid abroad every year to finance our balance of payments deficit; partly because the share of wages and salaries in GDP is going down all the time because wealth is rising more rapidly than incomes; and partly because what little extra there is tends to be appropriated by the already well-off.

This dire situation looks likely to continue under the current Conservative administration, but is any of this going to change if we have a Labour government? Not unless we can get the overall growth rate up to 3% or 4% per annum. The bald fact is that, if we carry on with the economy growing at no more than its recent average rate, there will be virtually no increase in real wages for most people for the foreseeable future – and quite possible even a decline. There may be austerity-busting nominal wage rises but they will rapidly get swallowed up by rising inflation. The only way to get real wages to increase is to get the growth rate up – and this won’t happen unless productivity increases.

Labour has a huge reform programme which includes renationalising the railways and utilities, a £10 per hour real living wage, building hundreds of thousands of new council houses, much more finance for the NHS, freezing the state pension age, free school meals for all primary school children and banning zero hour contracts. However worthwhile all these changes may be, nearly all of them are both expensive and unlikely – at least directly – to increase the growth rate. Furthermore, none of them is going to do much either to deal with the three major axes of inequality in the UK – regionally between London and the rest of the country, inter-generationally between those who are older compared to those who are younger – and between those with high incomes, wealth and good life chances and those who are not so lucky.

The UK’s five major deficiencies

So what is to be done? There are solutions to these problems, but reaching them requires a big shift in thinking. The first step is to realise just how unbalanced the UK economy now is. Getting it back into more sustainable shape is the first key step. There are at least five major deficiencies that we have to put right.

First, the proportion of our national income which we spend on investment is dismally low – about a third below the world average at rather less than 16%, including intellectual property as well as physical investment, compared to an international mean of about 26%. But worse than this is that far too small a proportion of what we do spend goes on the types of investment which actually push up economic growth – almost exclusively mechanisation, technology and power, and very little else. We spend less than 3% of our GDP per annum – a quarter less than we did a decade ago - on these types of investment and with depreciation on existing plant running at about the same rate, effectively nothing is left. This is by far the most important reason why productivity is almost static.

Second, we have deindustrialised to far too great an extent. Even as late as 1980, about 30% of our GDP came from manufacturing. Now it is barely 10%. This is disastrous in three ways. It leaves the regions outside London bereft of good jobs because manufacturing pays about 20% more on average than service sector employment. We forego the increases in productivity which manufacturing is much better at providing than services – because investment in mechanisation, technology and power is heavily concentrated in light industry, and because, even now, most of our exports are goods rather than services – so without an adequate industrial base we cannot produce and sell enough to the rest of the world to pay our way.

Third, while we have a huge trade deficit in manufactured goods - too large to be offset by our much better export record on services - our overall balance of payments deficit is made much worse by our large and growing negative income from abroad and substantial net transfers overseas every year. The result is that we have a total adverse foreign balance which has been running at around £100bn per annum year after year. The only way to finance these
deficits has been to borrow from abroad and to sell UK assets, allowing us to pay for a standard of living which we have not been earning, losing control of swathes of our economy in the process.

Fourth, because we are not paying our way, we are running up debt all the time to plug the gap. Payment deficits suck demand out of the economy, which has to be replaced by borrowing – and this is what we do through our government, as individuals and as a country. The reason why we have a government deficit is not because the UK state is spendthrift and therefore needs austerity programmes to keep it in check. On the contrary, the UK government has no alternative but to spend more than its income as long as we have a big balance of payments deficit, because otherwise the economy would tank.

Fifth, what little growth we do have is the result of consumer demand, driven by ultra-low interest rates, asset realisation and household borrowing, all of which, taken together, are unsustainable. The only way to achieve continuous growth at a reasonable rate is to have increased demand driven by exports and investment, and this is a mile away from where we are at the moment. And because our growth rate is so anemic, there are few resources available for public sector investment – in schools, hospitals, roads, infrastructure - and housing – which may not contribute much directly to economic growth but are nevertheless vital for social reasons, There is also little that we can do to close the regional gap between London and the rest of the country; or to improve the lot of younger people; and, because we depend too much on borrowing from rich people to finance our economy, we are not in a good position stand up to them and to increase taxes and public expenditure to make society more equal.

Why boosting manufacturing is the answer – and how to do it

So what can we do? Plenty, if we are prepared to try.

The reason why investment is so low – particularly in the key high return sectors typical of light industry – is that it is uneconomical to invest in most of this sort of expenditure at the moment, because the cost base in the UK is too high. The cost base is everything charged out in sterling to international markets. For the average manufacturing operation about one third of costs are raw materials, components and machinery, for which there are world prices. All the other two thirds is paid out in the local currency – sterling, of course, in our case – including wages, salaries, all other overhead costs, not forgetting interest charges, tax payments and profits. The UK’s biggest problem is that the neo-liberal consensus, which underpins most economic policy thinking in the UK, obsessed as it was with inflation, never bothered about what policies to fight it might do to our international competitiveness, and always encouraged the pound to be far too strong. We need to reverse this approach, to make it worth siting new highly productive investment in the UK rather than in China or Germany.

But here’s the key point: to do this we have to have a low enough exchange rate – probably about parity with the US dollar – to make this possible.

Once most manufacturing – not just high tech but low- and medium-tech as well – becomes profitable in the UK, there is no reason to believe that entrepreneurs won’t use the opportunities created to make a profit out of making so many of the products which we currently import – and to sell UK output overseas as well. This will both revitalise the regions of the country which, at the moment, are badly short of good jobs, push up productivity and provide us with a much more stable trading position vis-à-vis the rest of the world. Because we have such a strong service export sector, we don’t necessarily need to have the 20% of so of GDP coming from manufacturing which is typical of countries such as Germany, Switzerland and Singapore, but it is really hard to see how the UK economy can be rebalanced without getting manufacturing back up to something like 15% of our national income.

A stronger manufacturing base in the UK will enable us to avoid the big balance of payments deficits which have dogged us for so long. We then won’t need to borrow or to sell assets to keep up our living standards because we will be genuinely earning them again. This is the only way to avoid running up debt, to get government borrowing back under control and to stop selling off vital parts of our economy into foreign control. Then we will be able to afford to spend money on roads, schools, hospitals and housing, the latter, especially, being one of the key targets which has to be achieved if we are going to tackle the inter-generational divide which we so urgently need to address.

So is getting the exchange rate right a magic bullet which on its own is going to cure all our problems? Of course it isn’t.

Re-establishing competitiveness is an absolutely crucial requirement for running a successful economic policy – getting the UK economy to grow by 3% or 4% per annum on a sustainable basis – but it is a necessary and not on its own a sufficient condition for success. In addition, we also need all the supply side remedies which a well-devised industrial strategy brings in train. We need better education and training with the main emphasis on immediate
skill shortages. We badly need to reform our banking system, to make money ready available for industrial investment and for supporting new entrepreneurial job creating companies companies. We need to make sure that adequate power is available – and at reasonable prices. We need to ensure that the planning system is sufficiently flexible to allow reindustrialisation to take place. We must make sure that economic expansion is not held back by inadequate infrastructure, particularly road, rail and high-speed internet. We need to make the best of our R & D expenditure and to ensure, as far as we can, that its output is used in the UK and not abroad. The fatal illusion, however, is to think that critically important supply side policies such as these will work on their own. They won’t unless the demand side of the equation is put in place at the same time. This is the winning formula.

Defeating the conventional wisdom
Is this all possible? The conventional wisdom thinks not, but look at their arguments against a truly competitive currency and see how weak they really are. Will there be massive price increases if the pound goes down? Very unlikely. There may be a small increase in inflation – although there wasn’t when we came out of the Exchange Rate Mechanism (ERM) in 1992 despite all that the pundits forecast at the time - but even if there were, this would be far outweighed by the much stronger growth engendered. Would there be retaliation? Again, almost certainly not. There wasn’t any when the pound came down from a stratospheric $2.00 to the pound in 2007 to $1.50 in 2009, and because we start with a huge deficit - and we should have no intention of running a surplus - there would be no good grounds for it.

Would a lower pound make us all poorer? Of course it would if measured in dollars, but British people don’t shop in dollars, they use pounds and if the economy grows faster with a lower pound it is logically impossible for GDP per head to go down. Of course, we would have to move more resources into exports and investment, but it should be possible to do this if we get our economic policies right, without this depressing living standards. Indeed, a prime objective would be to make everyone better off right the way through the transition to faster growth.

Would it be possible to get the pound down to parity with the dollar and to keep it there? There is no reason to believe that a determined government could not do this – as the Japanese have recently shown. They got the yen down by about a third in two years by doing exactly the sort of things we need to do here. And would a competitive pound really trigger off investment and export-led growth? It has done so in many other countries, and there is no reason why it should not do so in the UK in future, provided that investment in reindustrialisation is profitable. This needs a low enough exchange rate to make investors site new plants in the UK rather than elsewhere – not just a reduction from a grossly overvalued exchange rate to one still much too high, as happened in 2007 to 2009. The problem in the past is that when there have been crises, we have tended never to devalue by enough - or soon enough – although coming out of the ERM in 1992 provided us with 15 years of uninterrupted growth, and the five years in the middle late1930s running up to World War II, after the heavy devaluation in 1931, saw the fastest growth the UK economy has ever achieved. Again, these episodes reinforce the view that the British people – who after all invented the Industrial Revolution – would certainly respond positively to new export and industrial opportunities if only the profitability needed to drive them was there.

Are we therefore likely to see changes along the lines suggested here? Perhaps not, in which case we very probably face the dismal prospect – despite all of Labour’s current aspirations - of stagnant incomes for most of the population as far ahead as we can see, accompanied by widening gaps between London and the rest of the country, between those who are old and those who are young and between those who are well off and those who are poorer. An alternative prospect, however, is that we may be at the same sort of tipping point as we were after the disastrous world slump around 1930 and again when there seemed to be no conventional answer to the stagflation which beset the whole of the western world in the 1970s. What happened then were major changes of approach – towards Keynesianism after the 1930s and towards monetarism and neo-liberalism in the 1970s.

Neo-liberalism – at least in the way it is working in the UK at the moment – seems to have run its course. Globalisation and deregulation have undoubtedly brought huge benefits to many people in the world, but not to large numbers of people in mature western economies. We need another sea-change in perceptions about how economies like ours should be run. The key to doing so is to realise that competitiveness, especially in manufacturing, is much more important than most people think it is, and that the key to getting all the benefits that a market economy can bring is to avoid trying to run an open international economy with the wrong exchange rate. Because manufacturing is so key to productivity increases and to achieving a reasonable trade balance – let alone to job prospects – providing the conditions where it can flourish is much more important than is often realised.
Perhaps this is especially so in the UK. We are so successful in services – where we have many natural advantages in our language, our geography, our legal system, our universities and our pools of talent - that to too great an extent we run our economy only in the interests of London and the service sector. This is what has to change. We need to keep the huge advantages we have in services while realising that there is more than half the country left which needs complementary policies to enable the non-service sector of the economy to flourish. Whether we will have the wisdom to realise this will determine, more than anything else, whether the next Labour government is a success or a failure.

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Driving a Better Capitalism: how Labour and Business can shape a new kind of growth

Trevor Phillips

The clue’s in the name. The Labour Party is all about work, workers and workplaces. That’s why Labour should have a natural majority in our society. After all it is still the case that when we meet someone new, one of our first questions will be “what do you do?” There’s a reason we speak of the dignity of labour: work is, for most of us, the defining expression of our contribution to wider society.

But Labour should stand for more than the basic nostrum that the worker – by hand or by brain – should receive a fair day’s wage for a fair day’s work. We have a richer set of beliefs: that work should be valued by society, that those who carry it out should be respected and honoured; and that what we do collectively should in some way make the world a better place.

British socialists have never assumed that the interests of capital and labour need to be diametrically opposed. Indeed, our co-operative movement was the first in the world to show that capital might be employed to serve labour rather the other way around. But today, it’s easy to point to the opposite of Labour values in action. We see it in the casino banking that crashed finance capitalism a decade ago, throwing thousands on to the streets and devastating borrowers, investors and small businesses. We taste it in the fear of the foreign worker, too frightened of the immigration officer’s knock on the door to refuse a boss’s demand of more hours for less pay. And we hear it in the hideous clatter of modern hellholes where customer relations workers or salespeople are doomed to repeat the same robotic script hour after hour – until the day that they are, in fact, replaced by machines.

It’s little wonder that some Labour supporters are beginning to lose faith in the idea that businesses are a necessary part of our world. Yet the truth is that four in five of us are employed in the private sector, and 84% want politicians to do more to support business. Most people still recognise that, in its better incarnations, the market economy is efficient, promotes innovation and rewards ambition and talent. We want our businesses to compete and to do well in the globalised economy.

So, however resonant our critique of markets may be, Labour people will demand that any credible centre left leadership offers more than vacuous anti-capitalist sloganeering. Going back to the future won’t cut it with today’s voters. State capitalism isn’t much of an answer to an iPhone generation raised in an era when choice between global suppliers is available at the touch of a button. Old school nationalisation now evokes deep scepticism from Labour voters who remember the creaking, underfunded railways of the past, or the endless wait for the provision of a state-provided telephone line.

And the much vaunted expansion of municipal housing won’t automatically sound persuasive to all voters; I was born in Islington, whose council at one point owned 60% of all homes in the North London borough. Yet tenancy rules meant that whilst every front door had to be painted black, most of the families behind them were white; it was almost impossible for families like mine to get into a council flat. In those days, it was Labour that made the estates a hostile environment, and gave slum landlords like the infamous Peter Rachman the opportunity to fleece and to terrorise immigrant families.

The Labour leadership doesn’t seem to have got the message that simply calling for more state ownership does not by itself answer the public’s demand for coherence in the provision of infrastructure or basic services. Yes, they recently promised a ‘mixed ownership’ economy and in the 2017 manifesto repeatedly called for support for more co-operative ownership. Yet any nuance was drowned out by the leadership’s apparent desire to nationalise anything that moves, not to mention some things that often don’t – railways for example. Even if Labour’s individual policies are popular, the ‘mood music’ around its approach to business means the public still trust the Conservatives more on the economy. And while just 43% of the public say they trust businesses, 54% trust them more than politicians with just 9% saying the opposite. Things have come to a pretty pass when voters consider bankers and accountants more trustworthy than either Theresa May or Jeremy Corbyn.

So the party needs some fresh answers to the question: “what will the future for businesses look like under the next Labour government?”

Four steps to restoring public trust in labour
The Labour Party first needs to rid itself of the lingering shadow of an ideolog-
ichal mistrust of private enterprise. A commitment to support businesses which compete fairly and which prioritise sustainability over short-termism would win Labour valuable allies in every sector, and reassure millions of potential voters that our party does not intend to embark on a spree of value destruction.

We need to hear as much from Labour leaders about how we create wealth as how we distribute it. Wanting businesses to make more money than they spend is not the same as saying that we are intensely relaxed about some individuals becoming filthy rich. Every worker knows that successful businesses need to make profits; without surpluses there won’t be investment to improve the quality and security of jobs – whether that means better machinery, new computer systems or improved learning opportunities – or indeed cash to hire more workers.

Second, Labour has to recognise that it no longer has a monopoly on openly disparaging the way that capitalism works. Many business leaders are just as trenchant in their critique as we are; for example, the trend for company bosses to take more out of businesses than they put in is just as volubly despised by today’s institutional investors as by our Shadow Chancellor. So our leaders need to explain what would make Labour’s approach to wealth creation different.

Labour might start with the need for business to be honest about what it does. Transparency legislation and new media such as Glass Door make it easier than ever to see when companies live up to their promises. All too often they do not. The high-minded mission statements on a company’s website are consistently undermined by its treatment of its own workers and customers.

For example, Uber promised women they would be safer in their cars. Statistically that may be true, but the revelation that the company’s founder encouraged aggressive, misogynistic behaviour amongst employees undermined the claim. The horsemeat scandal made nonsense of the boasts by some of our largest grocery chains that they provided meat with a clearly established supply chain. The minimal amounts of tax paid by multibillion dollar firms which straddle the globe undermine their desire to “do not be evil. Turbo-charging transparency by “right-to-know” legislation would go with the modern flow, as well as compelling better behaviour inside companies: if you have to tell your story you want it to be a good one.

Third, Labour has to demonstrate that it truly understands that a real revolution is taking place in the economy. Today, trillion-dollar companies are being built on innovation, AI and machine learning rather than on more workers with higher skills. And whilst profitability has risen substantially during the past two decades, the rewards have been distributed unevenly between owners and workers – investors have benefitted hugely, whilst real wages have stagnated. Capital has benefitted from technological innovation, whilst labour is being forced into a new era of precariousness.

Traditionally, Labour’s answer is more union activity. Unfortunately, the trade union movement has not yet found its feet in this new landscape. Many younger workers are both unfamiliar with and suspicious of unions. It is an uphill struggle to persuade an ethnic minority 18-year-old that the union is going to add to her security or prosperity when all she sees are politically motivated middle aged white men fighting for dwindling shares of the public sector workforce. Until the movement reforms itself to become a credible vehicle to meet the challenge of the modern private sector workplace it will play a marginal role.

Fourth, Labour has to offer a vision that makes the 9-to-5 (or any other shift) a time that we look forward to. The rewards of being in work shouldn’t just be about earning wages to spend enjoying the days we’re not working. The most successful workplaces contribute to wider society by not just being better places to work – but by becoming places where we work better; more productively, more profitably and more sustainably.

For more than three decades Britain’s productivity has toiled in the wake of the most go-ahead of the G7 rich nations, lagging the USA, Germany and France by up to a third. And in what is increasingly the backbone of our economy – the services sector – our workforce is so disengaged that we are throwing away the benefits of our most brilliant creative talents. The Hay Group, a respected and widely used management consultancy, estimated that the crisis of worker motivation was costing the service sector £340bn annually.

What does all this add up to? It means that Labour needs a plan to harness the huge power of the digital universe, and a creative new approach to regulating the Big Tech companies which effectively own the internet, and with it a vast chunk of the world’s commercial network. Perhaps a little more diversity on our parliamentary benches might help – we have far too few scientists and engineers in our leadership. We might also think harder about enhancing the power of the Competition and Markets Authority to bear down on the titans of new technologies, some of whom wield their power just like old-style monopolists.
But it also means that the party should be thinking harder about the structural opportunities for labour. The skills and knowledge of workers are emerging as critical sources of competitive advantage, particularly in the services and the knowledge economy. A machine can always read your medical or consumer history faster than any human being – but it can’t yet read a person’s face with the sophistication of a flesh-and-blood nurse or doctor. In many companies, the growing value of labour is recognised with profit sharing arrangements, places on the board, even employee ownership schemes.

In fact, the possibility is emerging of something that Labour’s founders dreamt of, but never saw a way to realise: that workers could become the masters of their own destiny. Rather than capital employing labour, the world could operate the other way round. Here in the UK, we already know how this can be made reality. An experiment that has been nearly one hundred years in the making has turned out to be one of the most successful ideas in the history of working people: employee ownership, most vividly illustrated by one of the UK’s best-loved firms, The John Lewis Partnership.

**The promise of the employee ownership agenda**

As President of the John Lewis Partnership I’ve had the privilege of serving a business that gives capitalism a good name; a business renowned for its service to customers, popular products and trustworthiness. With a workforce of over 85,000 it is also one of our most successful enterprises and one that is far from hampered by the fact that it is owned by its workers, or “partners” as we call them. In fact, quite the reverse.

The company has to make profits, of course. But they aren’t siphoned off to private equity houses or to billionaire investors. Some profits are returned to the owners in the form of an annual bonus – everyone, from the part-timer on the fish counter or the selling assistant in linens gets the same percentage, whatever it is. The board, a third of which is elected by the partners’ own council, decides on the figure – but in recent years, as trading conditions have made it tougher to keep up the rate of return, the partnership as a whole has focused on reducing its debts and increasing its investment in modern technology. In the end, an employee-owned business puts being around in the next decade ahead of finding more people to sack in order to deliver next year’s dividend.

The Partnership’s founder, John Spedan Lewis was clear in his outlook. He told the BBC in the 1950s that he had passed the family company over to the staff because:

> “The present state of affairs is really a perversion of the proper working of capitalism. It is all wrong to have millionaires before you have ceased to have slums. Capitalism has done enormous good, and suits human nature far too well to be given up as long as human nature remains the same.”

Lewis also said that while there must be differences of reward to induce people to do their best, the present inequalities are far too great. I imagine he would recognize today’s Britain, in which wages have stagnated whilst over the past twenty years the returns to capital have escalated.

Today, however, it is unlikely that we will see major business owners with the vision that Spedan Lewis showed nearly a century ago. Most employee-owned business are, relatively speaking, small concerns, often either family businesses or tech start-ups. I cannot imagine Sir Philip Green handing over any of his retail empire to his workers – though he might have done better with the failing high street department chain Debenhams had he chosen that route.

So how could Labour smooth the path to more employee ownership?

One route, as identified in Labour’s 2017 manifesto, could be giving employees the “right to own,” where new legislation would make employees the buyer of first refusal when the company they work for is up for sale.

A second route is to incentivise start-ups to choose employee ownership – a route that is increasingly favoured by innovative, talent-hungry tech companies. Labour’s manifesto committed to bringing forward legislation “to create a proper legal definition for co-operative ownership.” The National Investment Bank and regional development banks should be charged with helping to support the employee owned sector with the aim being to double the size of the sector in the UK.

Labour could also look to the public sector. Increasingly, as the government divests itself of economic assets, there should be a case made for handing ownership and control directly to those who make them successful.

In my own sector, media, I have argued that if the government were determined to privatise Channel Four, it should do so under a constitution that would hand the business to its employees and the independent programme makers who make its product. One day, as the licence fee becomes less and less sustainable in a modern broadcasting ecology, the case could be made for the BBC to be
handed to its talented workforce. And if and when the failed bank, RBS returns to the market – why not as an employee owned enterprise?

**A sustainable business culture**

Another important achievement of ‘Spedan’, as he is known to John Lewis partners, was the creation of a constitution that placed the happiness of the partners as the first objective of the partnership, to be achieved through “worthwhile and satisfying work” in a successful business.

Most people know that John Lewis partners, from the highest paid to the lowest receive the same percentage bonus each year. Many will be aware that the highest paid employee may not earn more than 75 times the average non-management partners’ basic wage. But alongside these progressive nods in the direction of reward equity Spedan focused on making sure that partners also shared in knowledge of the company’s affairs, and power over its direction.

In the John Lewis Partnership, managers are accountable to the workforce at every level; questions to managers published in the weekly Gazette must be answered unless they are truly commercially sensitive. Twice a year the partnership’s executive Chairman has to appear before his shareholders – the partners’ elected council - to explain his actions (it has always been a “he” so far) and to be quizzed by councillors. At the end of these “holding to account” sessions he faces a vote of confidence. Though the company’s shares are not traded, these votes are seen by those who lend funds to the Partnership as a meaningful indicator of the morale and the health of the business; a poor result carries real costs – so there is every incentive for management to pay attention to the vote of Council.

At the heart of the power equation lies the unique ownership structure of the company. Spedan placed the company’s shares in a trust which means they cannot be traded. The Partnership can sell property, dispose of bonds, even buy other businesses – but it can never give away its own stock. In short, any incentive to drive up the value of shares so that they could be sold vanished when the partners took over – and with it went the urge to generate short term profits to feed the insatiable appetite of speculators and corporate gamblers. The ultimate value of the company rests where it should – in its ability to compete in a fair market.

The John Lewis model may not work for every business, but its underlying principles of participation, accountability and long-term sustainability can be applied everywhere. For example, the removal of pressure to provide quarterly profits could make a major change in the business environment. Reforming the Companies Act would permit companies to drop quarterly business reporting, and move to an annual model. Unilever has already done this, because chief executive Paul Polman insisted that he’d only take the job on that basis. Polman set a target of doubling Unilever’s market capitalisation and halving its carbon footprint, and he’s on target to achieve both aims. The shift from QBR to ABR was instrumental in making this happen.

Labour has also committed to increasing worker representation on boards. Disappointingly the current Conservative government first promised to move in this direction and modernise industrial democracy, then backed off. This creates an opportunity for Labour to take up the mantle and campaign for greater industrial democracy. Surely, if and when the voters are ready to listen to the centre left again, we need to be ready with ideas that meet the moment. Not all of them have to be new; and if, as in the case of employee owned businesses they are tried and tested, and can be shown to have worked here in Britain, then so much the better.

We have many decades of experience available to us that show that a kind of capitalism that gives a stake in the business to the worker, as well as renewing the commitment of business to society could be just the tonic our economy needs.

*Trevor Phillips was the President of the John Lewis Partnership, 2015–2018*

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Family
Education, education, automation: preparing people for the fast-changing world

Dan Jarvis

In the introduction to this book, Stephen and Joe suggest that as a society “we find ourselves more divided and polarised than at any time since the Second World War [and that] increasingly our values, politics and worldviews are becoming shaped by the four core fault lines; age, education, geography, and wealth.” Whether or not you agree with their analysis or subscribe to a different view, the very notion that, in the 21st Century, our education and training system could be a cause of divisions, rather than a means of mending them, should be a concern to anyone who wants to see a fairer and more united society.

To address this ‘fault line’, I drew up a list of a dozen areas of reforms I would like to see prioritised by the next Labour government. Limitations of space meant that I had to cut four from the final version - the status of grammar schools and private schools; increased accessibility for all sections of our society; the provision of services for people with special educational needs; and the revaluing of teaching as a profession. Though all four of these areas are also in need of urgent review and reform, I feel that the eight I have included fit together most naturally as a means of addressing the three strategic challenges that our education and training system must equip the UK to overcome.

The challenges we face

As the 21st century takes shape around us, it will be the education system that holds the key to overcoming three of the largest challenges that the UK is facing: increasing automation; falling productivity; and the cognitive challenges of the information age.

• The automation that will come with the ‘fourth industrial revolution’ is forecast to reduce the demand for routine cognitive and manual skills (such as book keeping and manufacturing), increase the demand for high-end cognitive and social skills, and maintain the demand for unskilled work. Such developments are already hollowing out the labour market and risk further harming rural and coastal areas already damaged by previous periods of industrial change. Preparing both our future and current workforce for such change, and enabling them to continuously learn and adapt is essential if we are to prevent the further entrenchment of regional inequalities and the ever increasing tendency to reward capital rather than labour.

• An ageing population and a projected fall in ‘GDP per hour worked’ is forecast to cause economic growth to fall by nearly 50% over the next 30 years. This fall in productivity is a result of: a lack of R&D investment; low interest rates sustaining zombie companies; and workforce skill shortages. One of the proven means by which we can increase our national productivity is to continually and consistently improve the skill set and productivity of our workforce, and give them the learning infrastructure to adapt to technological changes when they emerge.

• The information revolution has brought with it huge benefits, but as a society we need to be better equipped to see through the data smog that surrounds us. A study from the University of California found that every day people are confronted with around 105,000 words, or the equivalent of about 34GB of information; this is enough to overload a laptop within a week. Studies have also shown that social media users do not tend to distinguish between those articles containing misinformation and those containing reliable information, and that 60% of the content in British newspapers and broadcasting is sponsored by companies. Together these facts mean that an ability to critically assess the information we are presented with is vital. Without such an ability, we risk undermining both our effective decision-making, and the way in which our democracy functions.

Meeting these three challenges requires an education and skills system that keeps pace with the changing world around us, adapts to the complexity it will bring, and ‘future-proofs’ the way we learn. If we don’t develop that system, and meet those challenges head on, we risk letting down multiple generations of people who, with the right access to high-quality education and training, have the potential to thrive in the 21st century. But before we can expect the education system to help us overcome these challenges, we must address its current failings.

The problems the current education system is facing include: the magnitude of graduate debts; poverty causing kids to fail; the falling number of adult
learners; a low uptake in apprenticeships; five million adults lacking basic numeracy and literacy skills; rural and coastal areas achieving poorer academic results than cities; inconsistent access to both good schools and non-classroom based activities; people with special educational needs having their services disproportionately cut; and the persistence of the three-tier system of private, grammar and comprehensive schools that nearly always benefit children with wealthy parents. The list is diverse and seemingly endless, though what all these issues have in common is that they can all be fixed, but only if there is a political will to do so.

Yet, instead of solving such problems, poor political decision-making has either caused these issues or exacerbated them. Years of politically motivated reform has created uncertainty and distrust. Successive Secretaries of State have made sweeping changes to the education system on the basis of political ideology, rather than in the interests of children and adults in education and training. The next Labour government must tackle these problems; invest in the UK’s education system and give everyone the confidence that they will be provided with the life skills they need.

Labour’s current response to these challenges
The Labour Party has recognised the gravity of these challenges and, in our 2017 Manifesto, committed to “making lifelong learning a reality by giving everyone the opportunity to access education throughout their lives...[by providing] a unified National Education Service ... to move towards cradle-to-grave learning that is free at the point of use.” Building on that manifesto commitment, last November Labour proposed a 10 point charter focussed on: participation; inclusivity; public good; quality; collaboration; universality; parity of esteem; integration; accountability; respect; professionalism; community; and a service that was free at the point of use throughout an individual’s life.

The vision behind this offer was captured in a recent Fabian Society Pamphlet where the Shadow Secretary of State for Education, Angela Rayner, wrote that the mission of Labour’s National Education Service was “Not just to underpin our economic prosperity, but to transform the lives of individuals and society, and bring meaningful opportunities to all those areas that, for too long, have been left behind.” It is time to turn this vision and these principles into a reality.

Further reforms that should be considered
We must now build upon this blueprint and develop a clear idea of an education service fit for the 21st century. Though there are many views and areas of provision to be considered, I believe there are certain reforms that should be prioritised.

1. Depoliticising the curriculum
Political motivation should not be allowed to dictate something as important as our curriculum. The next Labour government must seek to end the ideological governance of the curriculum by putting it in the hands of experts rather than politicians. We should introduce a new, genuinely independent, body; the National Institute of Educational and Training Excellence (NIETE) to review and adapt the national curriculum at primary, secondary and tertiary levels. The board of NIETE would be filled by head teachers, teachers, governors, employers, industry representatives, educationalists, trade union representatives and labour market experts, and it would be the educational and training equivalent to the National Institute of Health and Care Excellence (NICE), the body which provides guidance to the NHS.

The NIETE would be more powerful than any previous curriculum advisory board, with full curriculum setting powers delegated to it by the Secretary of State. NIETE’s structures, including the terms of board members and planning processes, would be established with a clear long-term view in mind. The body would look to plan ahead and seek to future-proof our National Education and Training System. It would adapt the curriculum to the challenges of the future and would also be responsible for ensuring the supply of teachers required to teach the subjects and skills we need.

To compliment the national body, NIETE would have regional sub-boards to tackle regional variations in both the supply and demands of skills. This would ensure that all decisions are mindful of our communities and the different demands each of them faces.

2. Devolution
These regional boards would also directly feed in to democratically accountable Regional Education Authorities (REAs). I have written and spoken elsewhere about the need for devolution and how it should be linked to reform of the upper house. But, in short, I believe that if we are to make Britain healthy again and heal its divisions, we need a new economic and political settlement that involves genuine devolution of political and economic power. This is the only way to spread prosperity and opportunity to the towns and counties of
all our regions, and should include responsibility for the delivery of education and training.

In such a model, Westminster would retain responsibility for determining the budget and what services are provided; OFSTED would remain responsible for their inspection and regulation; NIETE would be responsible for the curriculum; and the REAs would be responsible for the execution and administration of those services to the people in the community of which they are members. This type of regional delivery model would not only localise and align authority, responsibility and accountability for a key public service, it would enable and encourage greater linkages between all types of learning institutions. Universities, night schools, children centres and secondary schools would all become part of mutually supporting learning eco-systems responsible for through life provision.

3. Adult Education Funds

Though the marketisation of our education service has been the cause of many of the problems it now faces, the monetarising of an individual’s entitlement, and therefore service provision, remains necessary. Without it, you cannot empower individuals to make flexible and informed choices that are mindful of the cost of provision; you cannot ensure the rapid innovation of provision; and you cannot rebalance the disproportionate benefit that the middle class get from a universal tertiary education entitlement.

The establishment of Adult Education Funds could do all of this. In such a system an annual funding entitlement would be credited to each account at the beginning of each financial year – starting as an individual enters their final term of secondary education. For the first couple of years the entitlement would be a large one, sufficient to cover the cost of a university degree or five-year apprenticeship. Beyond that the entitlement would be smaller, sufficient to cover or contribute to 3-5 days’ worth of education/training, an evening course, a distance learning course or similar. If not used the entitlement could be saved to contribute to a more expensive, longer full-time course.

If, as is likely, a large proportion of the population do not use their entitlement then that entitlement, or at least a proportion of it, could at State Pension Age be transferred to their ‘Combined Defined Contribution Pension’ (a policy proposal I have written about elsewhere). Such a move would be equitable, progressive, and go much of the way to redressing the fact that a universal education entitlement often disproportionately benefits those who are already better off.

4. Life-long learning

In a fast-changing world, the education and training system must prioritise re-learning alongside learning. This is a priority that has not been met by this government, with a 39% drop in mature students since 2011. The next Labour government must ensure that people working in declining industries and occupations are able to access new employment in growing areas of the job market, and establish a new right to continue training while in work. Such a right would be the key tenet of the new National and Regional Adult Education Strategies, written and delivered by the REAs.

One of the cornerstones of these strategies would be everybody’s eligibility to spend up to four days a year undertaking NIETE-approved training courses; helping people to maintain a relevant skill set as both society and the workplace change. These four days of training would be in addition to statutory annual leave, and would be enshrined in the rights of all workers.

People would be able to choose the courses that best suit their needs, with advisers on hand to help everybody make the most from their annual allocation. Some will want to take productivity-enhancing courses to improve their ability in their current role, others may wish to incrementally pick up new skill sets that could help them move into new industries or occupations. Everyone would be eligible for this scheme, which would ensure learning does not finish at school, university or further education, but is established as an ongoing feature of everyone’s life.

For those who do not wish to take time off work, are self-employed or want to educate and train themselves beyond their four days a year, Labour would provide other options. It would invest in both the development of new vocationally focused online courses, (by both the Open University and other providers) and also in the reinvigoration of the UK’s night schools. Despite the great contribution these institutions have made to the UK’s tradition of autodidacts, under the current government they are in terminal decline. The next Labour government must support them both in principle and in practice.

In the case of those beyond the state pension age, or those who do not work, education and training may play a lesser role in people’s lives, but the state provision of NIETE-approved training courses should not end. Many people may opt to work, at least in a part time capacity, beyond state pension age, whilst many more will choose to fill important voluntary roles across wider
civic society. We should ensure that older people are given access to the skills necessary to make these choices and perform these important roles.

5. Priority Scholarships

Through NIETE, a Labour government should adopt a more active approach to targeting skills gaps in the economy. Not only will better coordination between further education courses and the labour market provide firms with access to the people they need, it will also give assurances to adults who want to invest their time in further or higher education.

The next Labour government should commit to fully funding thousands of further and higher education ‘priority scholarships’ each year. The NIETE would be ideally placed to identify courses, ranging across all academic and technical disciplines, which would give students the skills they need to meet the demands of both wider society and the labour market. Under this system, anybody could apply for a priority scholarship at any point during their life, and if successful, the government could, in addition to their universal entitlement, contribute to their living costs.

6. Childcare and parental support

Labour’s commitment to give every child the best possible start in life should begin before birth. The evidence shows that the first weeks, months and years of a child’s life are crucial determinants of their future educational attainment, quality of employment and health. To give every child a head start in life, Labour should make a promise to provide every expectant parent with a ‘baby box’ containing basic supplies to keep the baby healthy and comfortable.

A baby box would include clothes, books, toys, hygiene products and blankets in a specially made box a baby can sleep safely in. The scheme was first introduced in Finland 75 years ago, and to this day the country has one of the lowest infant mortality rates in the world. The scheme is already in place in Scotland, and extending this entitlement to the rest of the UK could help improve the life chances of millions, whilst helping to reduce some of the 2,500 infant deaths that occur each year in England and Wales. 

Additionally, Labour must look to extend its commitment to a universal childcare and parental support entitlement. Childcare support should begin at the end of statutory leave, and aim to offer 40 hours of high quality childcare for every child over the age of 9 months, with parents allowed to use up to 12 hours in a single day. This would make childcare provision coterminous with statutory maternity leave, which is 12 months, with 11 weeks allowed to be taken before birth. Though in the future, parents should be given an opportunity to choose how to divide their combined entitlement, of 54 weeks of statutory parental leave, between themselves.

Not only will this extended childcare entitlement provide children with high-quality early years education, but the OECD’s evidence presented to the House of Commons Women and Equalities Committee shows improved childcare support schemes tend to decrease the gender pay gap. An extended entitlement to childcare will support mothers who want to return to work and avoid the negative pay consequences that can accompany time out of the labour market. Thus, together with a more flexible parental leave system, the extended childcare entitlement will also reduce the bias against women in the labour market.

7. Access to non-classroom based learning

Extra-curricular activities in the UK are a vibrant feature of our communities and contribute to the formative experiences of many childhoods. They offer opportunities to learn skills, gain confidence, and make friendship networks based on shared interests rather than shared backgrounds. To make the most of these opportunities we need to invest in our young people’s social and cultural capital, and the best way to achieve this is through supporting and developing the strong base that already exists within our civil society.

At a national level there are numerous bodies devoted to providing extra-curricular experiences. While celebrating these successes we must work to ensure that there is national coverage and universal access. Such a move would complement the service provided by local organisations that form a large part of our civil society. And by so doing, maximise the benefits that non-classroom activities offer to the individual and wider society.

These benefits often come in the form of so-called ‘soft skills’. They are things like communication, critical thinking, and emotional intelligence. Along with confidence and aspiration, these transferable skills are key to climbing life’s ladders and overcoming society’s obstacles. It is too often the case that some working-class kids are left behind in this respect, in part because their comfort zones are too narrow.
If we are to give all our children the best chance to be active and productive members of society, the next Labour government must make closing the access gap, both in and out of the classroom, a priority. More technical and financial support must be given to schools, councils and community organisations so that all children, regardless of background, have equal access to extra-curricular activities.

8. Curriculum and the qualifications framework

In the 20th century many people believed that the only educational choice that was to be made was between the academic and the technical. This kind of false choice, and the assumptions it is based upon, must end. Any future education service must be built upon a triumvirate of basic skills, top class academic attainment, and a high quality technical education for all; with a parity of esteem between the latter two built upon a strong foundation of literacy and numeracy.

We must also revise our view of what constitute core vocational skills, as illustrated below in the table extracted from the Future of Jobs Survey by the World Economic Forum. In accordance with these changes, one of NIETE’s first tasks should be to review the national curriculum, how we assess people’s ability and how we award qualifications. They should have the confidence to be radical and consider the kind of ideas proposed by both Howard Gardener and Mike Tomlinson.

![Skills demand, 2020](image)

**Change in demand for core work-related skills, 2015–2020, all industries**

<table>
<thead>
<tr>
<th>Skills family</th>
<th>Demand, 2020</th>
<th>Change, 2015–2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive Abilities</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Systems Skills</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Complex Problem Solving</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>Content Skills</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Process Skills</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Social Skills</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Resource Management Skills</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Technical Skills</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Physical Abilities</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

We may have more people going to university than ever before, but the financial value of many of those degrees is declining, just as the cost of them is increasing. Coupled with this is the fact that in 2016 just 1,800 18 year-old school leavers started any form of higher apprenticeships. These two facts suggest there is something fundamentally wrong about how we approach full time tertiary education - we need to correct this, and tackle the cultural snobbery that values the theoretical above work and work-place skills, and provide everyone with access to the education and training they need. Just as the best secondary education will be a combination of the academic and the technical, the best tertiary education will be a combination of the theoretical and the vocational. Our aspiration should be for every provider to offer every student such a placement, and so begin to blur the lines between degrees and apprenticeships.

**Conclusion**

Finally, a future Labour government cannot and should not hide from the fact that this extended educational entitlement will cost money and that we as a nation need to reconsider how much, as a share of GDP, we want general government spending – including central, regional and local governments – to be. However, in the case of education and training, such spending is a necessary investment in our future. Study after study has shown government expenditure on education is more than made back in economic growth, with research showing every pound spent on education can add up to £20 back to our economy. Other nations are recognising the urgent need to invest in their citizens’ skills, and we must ensure that neither the UK nor its workers are left behind. Investment in training and skills will both help people and increase productivity and, over time, decrease our National Debt. In short, money invested in education and training is money well spent.

Dan Jarvis is Mayor of the Sheffield City Region and Labour MP for Barnsley Central

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Homes not houses: fixing the market for future generations

Emma Reynolds

Housing has been rising up the political agenda in recent years but the housing crisis is decades in the making. For too long the housing market has not delivered the new homes that we need. This market failure has created a major fault line in British politics between home-owners and renters, between young and old and between first-time buyers and buy-to-let landlords. We are not building enough homes and this undersupply has driven house prices out of reach for many young people and families who want to upsize. This scar on our national conscience has increasingly polarised society and the next Labour government must make it a priority to heal this divide.

Home ownership is at a 30-year low. One in four young people, aged 20 to 34, are still living with their parents. In two thirds of local authorities in England, insufficient homes were built to meet local demand last year alone. House prices have risen by over 75% since 1995, far outstripping inflation and wage increases. The average house price is now almost eight times the average annual salary.

In May 2010, IPSOS Mori recorded that housing was seventeenth on the list of priorities for the British public, with just 5% of people saying it was an important issue. By August 2016, 22% of people said housing was a concern – the highest response recorded since 1974. Generation rent was out in force at the June 2017 General Election. The Tories lost seats they never imagined were at risk, such as Canterbury and Kensington. The support of young people and private renters were essential to Labour’s success in these areas.

As a result of the chronic undersupply of homes, the dream of home ownership is slipping out of reach. No matter how hard aspiring first time buyers work, it’s becoming increasingly difficult for them to save for a home of their own. However, the problem is not just about home ownership levels. Our social and council housing stock is too small and at risk of getting even smaller. People are stuck on housing waiting lists for years. According to the English Housing Survey, one third of private rented homes in England fail to meet the Decent Homes Standard: many are damp and cold, some have dangerous boilers, exposed wiring or vermin. Tenancies are too short and protections for tenants are too weak. The terrible tragedy of Grenfell tower has exposed serious problems with our building standards and regulations.

The housing crisis has fuelled inequality. Over a third of first-time buyers rely on the bank of Mum and Dad to buy their first home. But those without well-off parents struggle to save for a deposit. This can limit people’s ambition in fulfilling their potential and prevent them from moving to big cities where some of the best opportunities are found, thus acting as a brake on social mobility. At the sharp end, homelessness, which fell for seven years in a row under Labour, has risen for seven years in a row under the Tories. During this time, the number of people sleeping rough has more than doubled.

The lack of good housing has also brought significant social and economic costs. Poor housing standards affect people’s health. Overcrowding and insecurity of tenure in the private rented sector jeopardises children’s education. Poor energy efficiency costs more in bills and is bad for the environment. Unless the government gets its housing policy right, it will struggle to succeed in these other policy areas.

Over the past eight years the Tories have made many speeches and announcements about tackling the housing crisis, but there has been little action. Their focus has been on populist policies, such as Help to Buy, which stoke demand, rather than addressing the problem of supply. This has made the crisis worse and pushed prices further out of reach. The Office for Budget Responsibility concluded that the housing proposals announced in the 2017 budget will not boost the supply of new homes and estimated that the stamp duty changes would lead to higher house prices for first-time buyers.

The last Labour government delivered a number of significant improvements in housing. The Decent Homes programme made huge improvement to council houses and transformed the lives of tenants. Between 1997 and 2010 we built two million homes, 500,000 of which were affordable. But we did not build enough homes, and in particular we did not build enough council houses.

In opposition, we brought together a panel of experts from across the industry, the Lyons Housing Commission, which developed a detailed blueprint for tackling the housing crisis. Some of their proposals were criticized by the Tories...
at the time but many have now been adopted by the government. Some of the proposals detailed below are inspired by the Lyons Commission.

Labour must show that it has a radical agenda to get Britain building, reform the private rented sector and tackle the scourge of homelessness. We must resist policies which simply stoke demand which only exacerbates the real problem of undersupply. Only 184,000 newly built homes were completed in England in 2016/17, a long way short of the estimated 250,000 new homes required to keep pace with household formation.94

This radical agenda must bring change in the following areas.

Reform the land market
There needs to be a fundamental overhaul of the land market. In the past twenty years the value of land has generated over £4 trillion in profits for landowners, fueling the increase in house prices. The housing crisis stems from this land speculation. These high land prices make it much harder to build the homes we need. The think-tank Civitas has demonstrated how legal changes in the 1950s and 1960s have distorted the land market by allowing landowners to sell land based on speculative assessments of its future value.96

Labour needs to change this. Landowners want to maximize their returns but the current model has created a dysfunctional land market at odds with the need to deliver more homes. Simply releasing more land for development in areas of high demand will not be enough. The Land Compensation Act of 1961, should be amended so that councils are given the right to purchase land compulsorily at a value based on its current use rather than on a prediction of what it would be worth as a development site. This would mean landowners no longer make such big profits but they would still receive a fair price determined by the market.

We also need to tackle land banking whereby landowners and developers sit on land and build out sites slowly. Across England, planning permission has been granted for thousands of potential homes that have yet to be built. Local authorities should be given the power to speed up building, and as a last resort this should also include ‘use it or lose it’ powers where development is being held up without good cause.

Challenge the big developers and assist SME builders
The majority of new building needs to be carried out by the private sector which is crying out for reform. We are too reliant on a handful of big housebuilders who have little incentive to boost housebuilding. The lack of extensive competition allows the big housebuilders to make inflated profits and contributes towards the high cost of housing. The next Labour government needs to encourage a more diverse private sector.

In the 1980s, SME builders built over half of new homes, whereas today that has slumped to 12%. The recessions of the 1980s and 1990s and the 2008 financial crash has led to a huge reduction in the number of small builders.97 They are essential to boosting supply because they have more incentives than big housebuilders in building out sites quickly and providing more variety in the market.

According to the Institute for Public Policy Research, SME builders face “a toxic triangle” of problems. First there is the significant up-front cost of submitting a planning application. Second, councils prioritise the development of big sites which are unsuitable for small builders. Third, small builders struggle to access the finance they need from bankers to build more homes.

The next Labour government should implement a Help to Build scheme by giving SME house builders the right to access lower cost bank lending. Lenders would have confidence in the scheme because it would be underwritten by an Exchequer guarantee. Labour should also simplify the planning application process that applies to small sites of fewer than ten homes. This would make it easier for small builders to get planning permissions. An increase in the development of small sites would help SME builders as such sites are often too small to attract interest from volume house builders.

Build more council homes
The number of homes built for social rent has hit a record low. We have lost over half of our council homes in the last 35 years, mainly as a result of Right to Buy.98 The next Labour government should introduce a moratorium on Right to Buy until the stock of social housing is replenished. It is simply not sustainable to sell off the family silver with substantial discounts, thus denying councils the revenue base they need to build homes to replace those lost.

Support for home ownership cannot come at the expense of depriving other people of a decent affordable place to live. Building more council and housing
association homes is not just a good social policy. It is a sound use of public money too. Social housing is a good investment because it yields a return, in the form of rent from tenants. It also saves the government money by lowering spending on housing benefit. In short more social housing is as Labour’s shadow housing secretary John Healey has said: “better for tenants, and better for taxpayers.” If the government invested money in building new homes rather than extending Right to Buy and made sure developers contribute more affordable homes, many more families would have a decent home to live in.

The last year that over 300,000 homes were built in England was in the 1970s when councils routinely built over 40% of all homes. We can’t build the homes that our country needs without building substantially more social housing. We need to allow councils to get building again by lifting the cap on local councils’ housing revenue accounts. This has the support of the cross party House of Commons Treasury Select Committee and the Local Government Association, including the Conservative chairman. The government should also enable more local government investment in housing to act as an important counter-cyclical force to make up for big falls in the number of private sector housing starts during a recession.

The Grenfell tragedy exposed poor safety standards in tower blocks. The government needs to urgently provide funding to retrofit sprinklers and remove any hazardous cladding.

**Build new towns and garden cities**

Labour should commit to building a new generation of towns and garden cities. The 1945 Labour government’s new towns programme and legislation in the 1940s was the centrepiece of post-war housebuilding. In total 32 new towns were built which today are home to over 2.5 million people.

The next Labour government should take forward proposals from the Town and Country Planning Association, Shelter and others to establish a Royal Commission to identify locations for these new Garden Cities with a remit to report within two years. The Commission should invite local authorities, landowners and others to put forward potential sites for consideration, but should also take steps to propose alternative locations. Garden City principles can be applied to villages and new suburbs as well as new towns and cities so the Commission should also look at identifying extensions to existing, towns, cities and villages where new settlements can be built.

Once locations have been identified, development corporations should be established to drive forward this new generation of Garden Cities. We should also attract new entrants into house-building, through the encouragement of community co-housing, community land trusts and self and custom-build housing.

The TCPA has estimated that this new generation of garden cities, villages and suburbs could provide more than 500,000 homes which would be 20% of the extra housing that the country needs.

**Devolve power to local councils**

The housing crisis can only be solved if there is greater devolution of powers to local mayors and councils. Labour should call for a new devolution settlement which would apply equally across the country. Rather than centralised decision-making we should empower locally accountable councilors and mayors to make the key decisions over planning and housebuilding. In particular, powers should be devolved to the new combined authorities that represent core cities and their hinterlands. Housing targets should be determined at the local level and the government should only step in if a local council can be shown to be deliberately restricting planning approvals.

The next Labour government should take up the IPPR’s proposal for local councils to retain stamp duty receipts on all new-build properties and use it to boost house building. Labour should also give them flexibility to borrow money to build more homes.

**Restrictions on foreign ownership**

The increase in non-domiciled foreigners buying and investing in housing, particularly in London, is also distorting the market. Some developers focus on maximising their returns by building large numbers of luxury flats and homes to market to these overseas buyers. In 2014, foreign investors bought three quarters of new-build properties in central London, according to the estate agent Knight Frank.

The next Labour government should impose restrictions on properties being advertised abroad and give councils the power to impose caps on foreign ownership of second homes in areas of exceptionally high demand. A Labour-led government in New Zealand has gone further and has banned foreign ownership for non-doms. Labour in the UK should closely study this policy to see what impact it has.
Too many foreign-owned houses are empty and it is not enough just to double the council tax that their owners pay. Sadiq Khan, Labour’s Mayor of London is leading the way. He has commissioned a review into foreign ownership in the capital.

**Action on homelessness**

The causes of homelessness are complex, but its increase since 2010 has been driven by steep welfare cuts, insecure tenancies in the private rented sector and poor provision for those suffering from addiction and mental health problems. The number of people sleeping rough on our streets has more than doubled, the number of homeless households has risen by almost half to nearly 60,000, and this year well over 120,000 children are without a home. This is a scandal in the sixth largest economy in the world.

The last Labour government successfully reduced rough sleeping by 75% and achieved an unprecedented seven-year decline in statutory homelessness. The next Labour government must go further and end rough sleeping for good. Many other countries such as Finland and the United States have shown what can be achieved with a ‘housing first.’ So far the Conservative government has committed to trialing this policy. This is welcome but a future Labour government should go further and make specialist homes available in rough sleeping blackspots across the country so that vulnerable people can get the help they need to begin to turn their lives around.

But the priority must be to prevent rough sleeping in the first place. There is a real need for more joined-up policy making. Homeless people experience some of the worst health problems in society. According to a survey by the charity Homeless Link, 73% of homeless people reported physical health problems while 45% had been diagnosed with a mental health issue. More needs to be done to improve the way that the NHS treats mental health issues. Otherwise vulnerable people will not get the support they need to prevent them from becoming homeless.

Shelter have proposed that every local authority should have a tenancy sustain-ment service to help vulnerable people, particularly private renters, with the practicalities of moving into their new home and maintaining their tenancy. Many local authorities already have a tenancy sustainment officer as do housing associations, but this should be a statutory requirement.

**Better rights for private renters and more energy efficient homes**

The number of people and families renting privately has surged in the last few years. The private rented sector used to be the preserve of students, twenty somethings and people moving around for work. It has now become home to those who cannot get a council house and to those who cannot afford to buy.

Over 21% of households in the UK rent and that figure is expected to reach 25% by 2021. A quarter of renters are families with children. For too many conditions are poor, costs are too high and their legal rights are too weak.

To give renters greater security, three or five year tenancies must become the norm. Tenants would retain flexibility to leave contracts with two months’ notice. Landlords should benefit from a swift and effective court system to allow them to evict tenants who damage their properties.

To improve standards, there should be tougher legal standards to ensure that privately rented homes are safe and that they meet the Decent Homes standard. Local authorities should greater enforcement powers and should be able to impose hefty financial penalties.

The UK’s housing stock is some of the oldest and least energy efficient in Europe. Its poor energy standards means higher heating bills for both home-owners and renters. In the worst cases it can also cause serious health problems and is a driver of fuel poverty through high energy bills.

Many of the most energy inefficient homes are in the private sector and it is here that improvement is most needed. The Tory government has recently intro-duced new Minimum Energy Efficiency Standards (MEES) which came into force in April 2018. These new regulations require commercial and domestic landlords to bring properties up to an EPC rating of at least E before re-letting. However, an EPC rating of E is insufficiently ambitious and the government’s proposals would allow landlords to avoid any retrofitting that costs more than £2,500. Labour should go further and require landlords to retrofit their properties to meet an EPC rating of C.

**Conclusion**

There are no quick and easy solutions to the housing crisis. Policies that appear to be an easy sell on the doorstep while campaigning, often make the problem worse by stoking demand and further inflating prices. The next Labour government needs to focus all of its energy on solving the problems which are holding back the supply of new homes. Urgent action is needed to ensure our
housing market delivers for future generations and delivers quality homes for people and families to buy and to rent. The market failure will take some time to correct, but it is not beyond the power of government.

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92 https://www.parliamentlive.tv/Event/Idex/f95d0a42-7fc9-445b-a65c-9e6f6ebd7f472#player-tabs
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Beyond the sticking plaster: a long term vision for health and social care

Justin Madders

It is difficult to think of anything that defines both the spirit of Britain and the purpose of the Labour Party more than the NHS. We are all familiar with the wonderful scenes at the 2012 Olympic opening ceremony where the NHS took centre stage and the great sense of pride that we were celebrating the success of that institution. We were effectively telling the world there is a progressive way the health of a nation can be protected through the state. Can anyone imagine there being such a tribute to say, the Home Office?

Much of the welfare state has been diluted or dismantled by successive governments, enabled by the way in which the philosophy of Thatcherism has made people much more individualistic. So it is nothing short of a miracle that the founding principles of the NHS are still as strongly defended by many of the public and politicians as they were when it was formed 70 years ago. With the public becoming increasingly consumeristic in their approach, the fact that there appears to be greater latitude to forgive lapses in quality or speed in the NHS should not lull us into thinking that there should never be challenge or that it is immune to wider trends in society; the massive increase in litigation alone ought to tell us that. While there is much debate about a creeping trend towards privatisation, the fact is that there remains largely a comprehensive publicly funded service, free at the point of use and based on need, which shows how politically difficult it is for any party to shift the service away from those principles.

Showing social care we care

Whilst the NHS has seen historically low levels of funding increases in the last eight years, it has not been subject to the vicious cutting back we have seen in just about every other area of public expenditure, including social care which has become gradually less accessible and more expensive at the same time.

It is within the social care system that the greatest challenge lies politically. It has been one of the mysteries of modern politics as to how the disgraceful state of the social care system does not dominate the headlines in the same way the NHS does during its annual winter crises. There has been a complete failure to deliver a long term solution for social care and last year’s election highlighted just how difficult it is to produce an answer that meets the obvious demographic pressures that is also politically palatable.

Of course, one of the ironies is that many of those who were attracted to Labour in 2017 are so far off the age when they might need social care that they would be unlikely to consider it a priority, but they are exactly the people who would probably have to contribute most in any new taxpayer funded system. Indeed, those who shape the political narrative both in parties and the media tend to be drawn from the younger, more affluent cities, when all the while it is our villages, communities, small and medium sized town that are ageing at a much faster rate.

Yet dignity and security in old age ought to be something every political party strives for, particularly given that one in seven of us will be over the age of 75 by 2040. Perhaps it is simply the case that unless you have experienced the system either yourself or via a relative then the complexities and the injustices of a troubled system will pass you by? Or is it that the problems seem so big and the demographics so insurmountable, that its one of those things that the public do not believe that politicians have the courage and ability to find a solution to?

Many on the left would argue that the same challenges that face the NHS are the same as face the social care system and many, regardless of political leanings, would say that looking at one without the other will solve little. Why then do many of the political discussions and initiatives look at one part but not the other?

A focus on prevention

There does need to be a concerted effort to present solutions for both systems as part of an overall package and whilst it is very much in vogue at the moment to talk about “integration”, between health and social care, this is often in the context of greater integration delivering savings just by doing that. There is very little evidence to suggest that greater integration will deliver savings in the short term, if ever, but what it might do is improve the patient experience. This is, of course, no bad thing in itself.
The answer in part to the long term challenges in both the NHS and social care sector has to be a greater emphasis on prevention and living better, for longer. We need collective leadership across the services with an emphasis on keeping people well and better supported at home. This does mean that there would be a drift in focus away from the traditional hospital setting, and any politician will tell you the last thing you would want to be doing is not being seen to fight to preserve local services. But the reality is that with one of the lowest numbers of beds in Western Europe and the number of days people stay in hospital being cut dramatically in recent years, there is precious little left to cut from front line services but if we are serious about people living better for longer then the focus must be less on the sticking plaster approach and more on avoiding going to hospital in the first place. That can mean greater treatment in the community, and if it’s done by the right medical professionals, isn’t that something people would actually prefer?

Take the example of diabetes. This currently represents around 10% of NHS expenditure and is predicted to rise still further, but it is widely thought in its type 2 form to be largely preventable which is why there is considerable effort going in to prevention schemes. These have indicated some early success and although these were people dealt with as NHS patients there is no reason why the lessons from that cannot be rolled out on a much wider basis. Indeed, the only way we are going to be able to turn the tables on the anticipated increase in demand is by taking a much more proactive approach to prevention, throughout a person’s life.

**Busting the nanny state myth**

There are always going to sensitivities around allegations of the ‘nanny state’ but it is up to us politicians to move the argument beyond that and stress how a little more individual responsibility can help bolster the collective values embodied within the NHS. This ought to go hand in hand with a greater emphasis on the responsibility we all have to ensure that when we use the service, we do so sensibly.

Recent Kings Fund research undertaken on the public’s attitude to the NHS showed strong support for patients staying healthy by improving diet and exercise which shows that there is the potential for greater emphasis on prevention. When we look back at the great strides made in early years’ development – with initiatives such as the last Labour government’s Sure Start centres, backed up by the cross-party ‘1001 Critical Days’ manifesto – we know there is every good reason to increase focus and investment on healthy lifestyles. A good start, followed by a relentless focus through the school years may take a long time to bear fruit in terms of reduced demand, but it happens to be the right thing to do anyway.

Our vision can be encapsulated by the introduction of a review into health inequalities conducted by Professor Sir Michael Marmot in 2010:

> “People in society would be better off in many ways: in the circumstances in which they are born, grow, live, work, and age. People would see improved well-being, better mental health and less disability, their children would flourish, and they would live in sustainable, cohesive communities.”

Is that not a vision to unite young and old, town and city? Is that not a worthy goal for us to aim for in respect of all our citizens?

**Winning the battle for long term investment**

The day-to-day realities of politics mean there is a relentless focus on waiting lists and delays in the service. After eight years of a Tory government it is no surprise that these issues dominate the debate; a cursory glance at the typical headlines for any week might lead an impartial observer to conclude the service is in terminal decline.

But we must win public support for long term cures rather than short term sticking plasters. We are on the cusp of great advances and innovations in medicine from both Artificial Intelligence and Genomics which have the potential to radically alter the entire approach to health treatment. There is an opportunity here to couple these technical advances with the much wider approach to health in general that I have set out above so that we have a modern, dynamic health and social care system that improves everyone’s quality of life.

There is no doubt these ventures come with a big price tag. Yet support for investment in the NHS is at its highest in years with more than 60% of the public backing tax rises to fund services (up from just 41% in 2014). For this reason Labour should not be shy in arguing passionately for investment in a long term strategy for health and social care, with innovation and prevention at its heart.

After eight years of Tory underinvestment there is an opportunity for Labour to set out a positive vision for the future, embracing technological developments, advancing a philosophy that everyone has a stake in throughout their
lives, and most of all being based upon the founding principles of the NHS that have stood the test of time.

A fully functioning health and social care system will be central to restoring the spirit of Britain.

Justin Madders is Labour MP for Ellesmere Port & Neston and a shadow health minister

102 1001 days (2013) https://www.1001criticaldays.co.uk/
The Labour case for managed immigration

Sunder Katwala and Jill Rutter

Labour’s struggles with immigration

The Labour party has struggled to find its voice on immigration.

Party members are broadly sympathetic to immigration – but know that the public are more sceptical. With different sections of Labour’s own voters to be found at the most liberal and most sceptical poles of the debate, party insiders often suggest that the safest option might be to ‘change the subject’ – by pivoting to jobs and housing, which the left tends to see as ‘the real issues’ underpinning immigration concerns. More broadly, there is tactical political sense in seeking to increase the salience of issues that are more likely to unite Labour supporters – from protecting the NHS or funding for schools.

But changing the subject on immigration can be corrosive to public trust. It reinforces suspicion that the political classes would prefer to duck the issue entirely if they could. The EU referendum offered one example of this dynamic: having failed to find much to say about immigration that seemed relevant to those who were still making their minds up, the strategy of Labour and other Remain campaigners was to change the subject back to the economic risks of Brexit as quickly as possible. Voters noticed. They were left without any clear answers about how high levels of immigration might be handled if they did choose to stay in the EU. The economic risks argument was enough to persuade 48% of people, but the referendum was lost.

Labour voices have tried to acknowledge the concerns of voters about the pressures of immigration – but this can leave MPs and party members worried about the authenticity and credibility of Labour’s approach, particularly if the party does not seem to apply its own values and principles and simply follows what the public appear to think. The 2015 General Election slogan ‘Controls on Immigration’ did not strike party members as offering a distinctive Labour approach to the question, particularly when produced on campaign mugs – though the episode was barely registered as even a storm in a tea cup for most of the broader public. Only one in 10 Labour voters thought the party talked too much about immigration in 2015, with most thinking the party struck the right balance. Non-Labour voters thought the party should have engaged with the topic more.

The irony is that this most socially and politically polarising of issues tends to unite supporters at both ends of the spectrum – followers of both Jeremy Corbyn and Tony Blair. For what was New Labour, being pro-immigration was primarily an ‘open versus closed’ issue of being pro-globalisation: placing most emphasis on the net fiscal contribution of migrants and hoping that a bit of myth-busting to dispel fears that migrants take out more than they put in can help to win the argument. The Labour left finds itself on the open side of the argument for cultural and social reasons of internationalist values, combining commitments to a cosmopolitan worldview with commitments to anti-discrimination at home.

Those are all important causes, but the shared problem for both wings of the party is that they can talk confidently to those who already agree – but struggle to work out how to broaden support for them. Electorally it will be necessary for Labour to take its values-based approach to broader audiences. While small parties seeking 10% or 15% of the vote can choose one side of a culturally polarised politics, any party or coalition with broad enough support to govern the country will have to win support from those who are confident about social and cultural change, and those who are much more uncertain and anxious.

What should ‘Labour values’ mean on immigration?

The Labour Party should stand up for its values on immigration. That is a clear message from the current Labour leadership – and a principle which few in the party would seek to contest. The harder challenge will be to work out how to apply foundational Labour values of fairness and equality to the policy choices ahead.

Standing up against racism and xenophobia against migrants should certainly be a cause where the left needs to be confident that it can defend the progress that has been made over recent decades.

We should all be able to agree that migration should be fair. The principle of fairness in migration should mean treating those who come to Britain humanely and decently, learning the lessons of the Windrush scandal, and doing so in ways that are understood to be fair by the citizens and communities that they join too.
Fairness should mean rejecting the framing of immigration debates as a zero-sum ‘open versus closed’ choice, which sets the internationalist instincts of Cosmopolitans against the local roots of Blue Labour Communitarians, instead setting out approaches to equal opportunities and to inclusion and integration which bridge that divide. Indeed, the most important way to deepen and sustain Labour’s confidence in its ability to stand up for its values on migration would be to ensure that the party’s MPs and candidates develop a values-based position which can be argued with confidence in both cities and towns, across the generations, and social classes, rather than seeing the party as needing an ‘open’ voice in the cities and a ‘control’ voice in post-industrial towns.

Because a rise in precarious employment has taken place at the same time as a major increase in European migration, this has led to concerns about the undercutting of wages and working conditions, and there is evidence that this is particularly likely to affect workers in the lowest paid work. Labour’s challenge is to return to the roots of the labour movement, so that it can organise and protect both vulnerable migrant workers and those from settled populations, enabling it to challenge those who seek to set these groups against each other.

Social democrats recognise the economic and cultural contribution of migration to our societies – while recognising that managing migration and integration well are important for an inclusive and cohesive society. Being pro-migration is not necessarily about maximising the scale or pace of migration, but ensuring that migrants who come to our society are treated fairly, and that there is broad and sustained public confidence in Britain as a welcoming, inclusive and fair country.

‘Labour values’ may not offer any slam-dunk guide to a position on freedom of movement from Europe. If social democrats promote managed migration generally, rather than open borders, the question of EU free movement creates a dilemma. Arguments for privileging Europe create concerns about fairness beyond Europe. If there is a principled case for European freedom of movement is one of identity and common citizenship: that Europeans prefer Europeans because we are all citizens of Europe. But that helps to explain why freedom of movement has broader support in other EU countries than in the United Kingdom. European identity and citizenship are much more broadly held in other European countries than in the UK, where a sense of internationalism does include strong relationships with European neighbours alongside broader international relationships and horizons. Across the decades, the British rela-
tionship with the European project has been primarily pragmatic, rather more about economics than identity. Again today, the case for having more access for European migration post-Brexit is primarily a pragmatic argument about what migration choices would mean for trade and the economy, rather than a debate resolved by an appeal to the values of the left.

Understanding Labour Leavers

The largest and most significant group of immigration sceptics on the left of politics are Labour Leavers – a much discussed yet rather under-studied group. The political and media discourse has tended to conflate Labour Leavers with Leave voters in general, or with the section of the electorate which has voted for or being attracted by Ukip. Yet a large ICM poll for British Future was conducted on the weekend after the 2017 general election with over 3000 respondents, 1300 of which were Labour voters, including 400 Labour Leavers, and it suggested that this is an oversimplified caricature. Rather than being at the toughest end of the public, Labour Leavers cluster towards the middle of the spectrum as do Conservative Remain voters.

They are a good deal more migration sceptic than Labour Remain voters, but also have more moderate views on immigration than Conservative or Ukip Leave voters. About 30% of Labour Leavers are in the toughest anti-migration quarter of public opinion, which would seek to minimise or stop all migration if they could, but the majority of Labour Leavers are ‘balancers’ on migration, seeing both pressures and gains of migration, while 15% of Labour Leavers are in the quarter of the population who have distinctly pro-migration views, giving migration a score of at least 7 on a 0-10 scale of whether it has been good for Britain.

The majority of citizens see both pressures and gains of immigration, with concerns about the impacts on public services and housing, and views about the economic gains, welcoming those who can make a positive contribution. People see different flows of migration differently.

About a tenth of this sample of Labour Leavers are from ethnic minorities. The National Conversation on Immigration has often encountered ethnic minority Leave voters who are broadly pro-migration but sceptical about whether free movement is a fair approach to the balance between EU and non-EU migration.

Levels of loyalty to Labour are relatively similar among Labour Leavers and other Labour voters. 43% of Labour Leavers would consider voting Ukip,
but 57% say they that would never consider the party. 63% could never vote Conservative, compared to 67% of all Labour voters, while 35% would consider the Conservatives.

On detailed flows of migration, there is a significant overlap between the median Remain and the median Leave voter, and between Labour Remainers and Leavers too. There is a broad cross-referendum and cross-party consensus on the benefits of student and skilled migration, combined with a desire among both Leave and Remain voters to have more control over the scale and pace of low- and semi-skilled EU migration. So Labour’s non-graduate Remain and Leave voters have broadly similarly mixed views of the pressures and gains of migration, and of different flows of migration. It is the Labour graduate vote that is more distinctive, being considerably more open to retaining freedom of movement either as a good thing in principle or because of the benefits of the single market.

So Labour Remainers and Leave voters do polarise if the question is Brexit itself, or keeping free movement outside the European Union – but they have an overlapping consensus when asked a range of other questions.

Labour Leavers would not reduce student or skilled migration, and would maintain or increase migration for the NHS and care homes. Consent for migration in lower and semi-skilled jobs rises when specific jobs are identified— but Labour Leavers would reduce the number of fruit-pickers and construction workers, while most Labour Remainers are content to retain current levels. The two groups have similar views of most other migration flows. There is considerable common ground on an approach to integration, which respects diversity and does more to promote what we share. A strong consensus can be built around hate crime and prejudice, particularly by making clear that it is one thing to have a debate about immigration, and quite another to take that out on people because of where they are from or the colour of their skin.

**Post-Brexit foundations for managed migration**

How will Labour meet the challenge of striking a values-based and balanced approach to its immigration policy post-Brexit? The policy of constructive ambiguity did successfully maintain and broaden Labour’s electoral coalition, encouraging some in the party to hope to defer any decisions for as long as possible. However, this would leave Labour without a voice on the most significant issue of the Brexit process.

The public see the referendum as a reset moment for immigration policy. It is therefore an opportunity to rebuild public confidence in the contribution of immigration and integration – but there are some difficult challenges to get those reforms right. Can a new system be fair to the people who come to Britain and to the places they come to? How can it meet the needs of the economy in the private and public sector in ways that can secure public confidence and consent? How can it be politically viable in the British parliament and negotiable with the European Union?

Advocates of the Single Market tend to promote modest reforms to free movement, mainly around applying the existing rules better, and undertaking domestic reforms. But this approach may repeat the common political mistake on immigration reform where politicians significantly overestimate the level of public awareness of detailed micro-policy issues, as David Cameron discovered with the failure of his 2016 renegotiation to break through. In National Conversation meetings, typically only two out of 10 participants have heard of the net migration targets. Micro-policies, such as emulating Belgium’s free movement controls, are not going to register. These may be important in their own right as policy measures, but their impact in symbolic reassurance will be weak if there is not some substantive policy change that cannot be dismissed as a mere rebranding.

Labour’s difficulty is whether, or how, it can combine its desire for the closest possible economic links with meaningful reform on immigration. Any post-Brexit immigration deal with the EU will require a mutually acceptable. The government envisages a labour mobility deal within a UK-EU association agreement, but has said little about its content.

If the Labour Party were to support membership of the European Economic Area, the ‘safeguard’ mechanisms of Article 112 of the EEA agreement allow a member to unilaterally suspend freedom of movement, as Liechtenstein has done. But, again, this would require negotiation with other members, since they would have the right to countervailing measures under Article 113.

A distinctive Labour policy would be to propose a reform that allows employers to recruit EU workers but only on the condition that they were being paid the National Living Wage – which only applies to people aged 25 and over and is due to rise from £7.83 per hour to £9 an hour in 2020. This policy fits the evidence that negative impacts on wages are likely to affect the lowest earners, so it should improve the prospects of being accepted as a
legitimate and proportionate safeguard measure under the EEA rules. If negotiable, this policy would be the best way for Labour to combine flexibility and strong market access with migration controls, specifically designed to reflect the values of the left. The motive for the reform should resonate with social democratic parties and trade union allies across Europe. To be effective, this would need to be combined with properly resourced enforcement to protect the minimum wage and living wage rules.

Four pillars to a unifying, values-based migration system

Whichever approach is taken to the Brexit negotiations, the politics of migration needs to be done differently at home. The charge that Labour and other parties have not been listening on immigration is not best addressed by bringing a 10-point plan down from the mountain top. So what might Labour’s values-based approach to bridging the divides between Remainers and Leavers look like?

1. An effective, fair and humane system

People are balancers about enforcing immigration rules too. While better ‘control’ has been a consistent theme, there is a clear public desire for a system that combined control with compassion and competence. This was reflected in anger about the treatment of Windrush Britons – sometimes voiced most strongly by those with more sceptical views of immigration – but concerns for those caught up in the immigration system more broadly. Creating an effective, fair and humane system depends on combining control and compassion, rejecting arguments that these are inherently incompatible. That will only be possible if government establishes a reputation for competence, including by proper investment in the immigration system itself.

2. Greater public voice and political accountability

The public lost confidence in how successive governments have handled immigration. Rebuilding that confidence will depend on engaging directly with the public.

The government needs to engage with employers and unions, to address the needs of different sectors, and to have local engagement about responses to migration impacts too. It should then present its plans, such as industry-by-industry quotas for lower and semi-skilled workers, on an annual basis for debate, possible amendments and votes, just as the Chancellor presents the budget and Parliament then debates and votes through the Finance Act. Labour should consider a manifesto commitment to negotiate this sort of arrangement, regardless of whatever the final Brexit deal turns out to be.

Labour should also encourage its MPs and local parties to use this annual process as a way in which to take the debate out beyond the party membership (to avoid a debate solely amongst passionate single market Remainers) and out into their local areas to the people whose voices Labour most need to hear. It is important that such a debate needs to take place across the country – and that those with differing perspectives in different regions do engage with each other.

The National Conversation on Immigration – the biggest-ever public consultation on immigration – conducted by British Future and Hope Not Hate as an input into the Home Affairs Select Committee inquiry on how to find consensus on immigration, held citizens panels and met local stakeholders in 60 towns and cities, big and small, across the length and breadth of the UK. The National Conversation finds that asking people to engage with future choices is itself moderating. The Home Affairs Committee, drawing on the National Conversation, proposes an annual migration day in parliament akin to the Chancellor’s budget, to provide a focal point for democratic scrutiny. This could be used to debate, for instance, the quota aspect of the immigration system.

3. Make the local matter

Localised perceptions shape views about immigration at national level. And if local pressures – such as those on housing or school places – are not seen to be managed, no amount of national-level arguments about migrants’ contribution to GDP or tax revenues are going to change people’s minds.

Concerns vary from place to place – it is not all about jobs and houses. In fact pressure on jobs and wages was rarely raised at all during the National Conversation on Immigration, except in Chesterfield, home of the Sports Direct distribution centre. Many more people were worried about neighbour- hood decline brought about by private landlords exploiting migrant tenants in shoddy housing, for example. Direct public involvement in local integration strategies, talking to people about the place where they live, listening to their concerns and, better still, offering solutions to the issues they face will be more effective than arguments about the impact of GDP in a decade.
Whether people have contact with migrants, with ethnic minorities, or with Muslims, makes a significant difference to how they talk about these topics. If it would be beneficial for Labour to proactively support approaches which increase contact across different groups, building this in to policies such as English language classes, and backing initiatives like the community sponsorship of refugees, which gives local groups a strong engagement and ownership.

4. Promote citizenship and integration

Britain has never had a proper integration strategy over the decades. Labour has been fairly quiet in the integration debate, critiquing the tone and balance of government engagement, and challenging cuts to English language provision, but doing less to set out its own constructive integration agenda.

Increasing awareness that we are a more polarised and fractured society than any of us can want should catalyse a broader coalition for action on integration. Labour should develop its own integration agenda, one which rejects the idea of a ‘them and us’ approach to integration – placing demands on migrants and minority groups – by fleshing out an ‘everywhere and everybody’ agenda about shared citizenship.

Being a pro-integration and pro-citizenship party could also give Labour a distinct position on immigration, contrasting with a government that has consistently over the last decade sought to ‘break the link’ between migration and settlement. Post-Brexit, there is a further push to accelerate this, making temporary migration the norm for any migration that is required in lower and semi-skilled roles, with temporary, on time-limited and unrenewable visas. This misreads public attitudes, particularly given that high stocks of migration do not generate negative sentiment, for example in cities, while the pace of change does so. A shift towards temporary migration would mean an increasing turnover of people and less chance of getting to know neighbours who are offered only a transactional and temporary relationship with Britain. Labour should prefer citizenship-migration over the use of a Gastarbeiter model with more “churn-migration” and where integration is actively discouraged or ruled out.

The party should propose a broad review of Citizenship, which would include learning the lessons from Windrush for other groups; including children born in Britain and EU nationals post-Brexit. The party should work across the House of Commons to build a majority for a citizenship offer to those European nationals who want it while registering for settled status. Labour should review the costs and fees for citizenship which are a considerable barrier too.

By adopting the approach proposed in this chapter, Labour can begin to restore trust in – and gain public support for – a values-based system of managed migration.

Sunder Katwala is Director of British Future. Jill Rutter is Director of Strategy and Relationships at British Future.
More in common: bringing communities and individuals together

Rowenna Davis

Story One

“It should be you strung up on that f**king hook!” the mother shouted at the butcher unloading carcasses between the traffic on a crowded London Road in Croydon. The sheep’s throats were cut in the usual Halal style, their bodies hanging heavily from the van in the afternoon sun, “You should be ashamed of yourself – there are children here. Disgusting!” The young worker in white overalls looked shocked and hurried into his shop. The mum pulled her little girl away by the hand. I quietly asked the butcher if he was OK; the rest of the street said nothing.

This small snapshot from Croydon strikes at a deeper issue. It exists as evidence of some of the fault lines that run through our communities in Britain after Brexit. The referendum itself was symptomatic of much bigger splits in our communities. Fault lines in our values, our experiences and perspectives. Living through these events, it’s easy to feel we are clashing rather than talking. We might be living side by side in the same space, but too often there is no genuine connection, communication or contact. This one story may not be representative of the nation or indeed of Croydon, but the divisions that it unearths are real.

So what should be done about this problem, and in this case in particular? The ever-hardening right might argue that the mother was simply correct; that immigration must be stopped, those with different cultures should be forced to change or leave and diversity should not be tolerated. On the other side, a hardening left might label the woman a bigot or a racist. Perhaps they will say that she needs “re-educating” about her community or argue that she probably comes from difficult circumstances and needs better welfare provision. But both these answers provide more heat than light. The solutions we need require deeper, more fundamental change than both the far right or far left might prescribe.

Story Two

We may have many, many flaws,  
Breaking news for breaking laws,  
Not saying we deserve applause,  
But I’m damn proud to be from Croydon.

This verse is also from London Road, directly opposite the butchers at Harris Invictus Academy where I teach. There a very different story is unfolding. A mixture of 14 year olds have been creating poems about local identity. These students come from every class and culture in Croydon: Muslim, Christian, Buddhist, black, white, brown, poor, affluent. Today is what they have been waiting for. They file out of school, pass the butchers, collect ice poles and fried chicken. Embarrassed but proud, they laugh and take selfies in the sunshine. They are diverse, happy and united. They are walking to Canterbury Recreation Ground, a local park where their poems will now be covering the park on giant six-foot hoardings that fill the public space. Their voices and creativity cover their neighbourhood. Charities, teachers and the Council have all worked together to make it happen. Now they are celebrating together.

How can two such different stories exist on just one road? And, more importantly, what has helped to create the conditions of the second story that were missing from the first? It is clear that there is no fundamental reason or incompatibility that prevents different cultures building a common life together. But there are three very important pillars that allow diverse groups to flourish; respected institutions, a shared sense of purpose, and economic opportunity. Together these pillars underpin our sense of community. In their absence cohesion suffers.

Shared institutions

Perhaps the most important element that the diverse range of students share in our second story is a respected institution. Their school provides them with a common life; a set of values and rules that allow them to work together. It has a uniform, merits, sanctions, routines, orders, traditions and leaders. To be sure it is not perfect - the children themselves I’m sure could eloquently discuss its flaws - but at its heart, the school works. The children show up, they learn, they flourish. It is a space to work out conflicts, question ignorance, build relationships and solve challenges safely. The butcher and the mother do not have this shared and respected institution. They do, of course, have British democracy in common, but this can seem distant both physically and
psychologically at a time when Westminster has a reputation for being fundamentally “out of touch”. Presumably if this butcher is Halal we can assume the mosque provides him with a community institution, but this is not somewhere he is likely to build a common life with those outside of his faith. Many of our traditional institutions such as unions, guilds, churches or burial societies have been eroded over the years. Rejuvenating or replacing these institutions could help us rebuild community cohesion.

If we are to work together as communities and create some sense of unity, we will need to rejuvenate traditional institutions, and build new, stronger and more meaningful ones together. I am not advocating that we send adults back to school here; I am arguing that we should build more institutions at a local level. For example, Blue Labour – the pillar of the Labour party that I am actively involved with – has talked about the “Thirds Model”, by which local services are led by users, workers and owners working in a co-operative board structure. If we take healthcare for instance, a local hospital could be run by one third nurses and doctors, one third patients and one third owners. (This has the advantage of being applied in the public or the private sector, where the owners simply represent the state or company that provides investment). Other public goods such as schools, transport, energy or housing organisations could be run in the same way.

This model has two big advantages. First, it is likely to insure better decision making. It does this by forcing the board to create a balance of interests in order for measures to pass. This safeguards against over-centralisation and prevents any particular group dominating the organisation. Elites with capital funding, for instance, would not be able to pass top down measures that were opposed by both users and workers. But the second advantage of this model is that it forces different groups of people to work together and build coalitions to make decisions. In a sense, it provides a democratisation of public goods that gives people a genuine stake over the services that impact them and their families. It provides a meaningful, democratic means of “taking back control” that goes beyond a soundbite.

The Thirds Model is just one example of how to introduce co-operative principles and local democracy into everyday life. There is a rich history and tradition of such practises to draw upon, from worker representation on the boards of companies in Germany, to various co-operative housing experiments such as Hamwic Housing in Southampton, and shareholder management schemes of companies like John Lewis that could be expanded far more than they are today.

By rejuvenating and rebuilding institutions in this way, you provide shared space for different types of people to come together, break down their stereotypes and work out a common way forward. Imagine, for instance, if the butcher and the mother, who both have a strong interest in their shared high street, were able to come together in a meaningful forum to shape their children’s education or the future planning of the high street. This could well be tense and uncomfortable, but it is better to give people a genuine voice in a shared institution that provides an ordered framework and common set of values for negotiating these tensions than have them exploding on the street.

**Shared stories**

The children in our second story were also bound together by a common purpose. They knew that they were working together on a common project that would leave a meaningful and beautiful mark on Croydon. They shared a narrative and identity as a class with a set of aims and values. It took months to create their poetry from workshops; it took painting classes after school in sweltering heat to produce the designs to go with them, but they knew they were working together as a team to make this happen. It is not obvious that the mother and the butcher have any equivalent dream to unite them. Where is their shared narrative? What is their shared identity? This summer the joy of England’s victories in the World Cup seemed to pull us together for a while, but it will take more than that to bind us together in the long term.

Blue Labour believes the tradition of patriotism within has always sat at the heart of our party. For what is patriotism if not a shared story for the nation? We cannot label this a dirty word or cede our flag to the right. As John Denham argues so eloquently, if we want to hold our communities together, we need to have a common belief in our country and what we stand for; and we need to know that others stand for it too. Very often these values may be Communitarian in nature. The belief that we should look after our families, that we have obligations to our neighbours, that a quiet love of country runs deep within us, that faith, peace and stability should be cherished and that long-standing institutions can be a source of flourishing as well as discrimination.

Indeed these values would almost certainly be shared by the butcher, who works in a family business, and the mother, who carries her children with her on the street. These values would also be very familiar to Keir Hardie, George Lansbury and Clement Attlee alongside other great leaders in the tradition of our party. Building on a shared sense of patriotism is deep, complicated and not easily achieved through government mechanisms, but it can be symbolised.
through events such as St George’s Day and in our attitudes to words like faith, family and flag. We should not reject these words, but reclaim them. This does not mean that we have to accept discrimination or prejudice that has existed in the past, it just means that our history may contain elements to celebrate and protect as well as things to change.

**Shared opportunity**

A final point of comparison between these two stories is opportunity and training. The students at the school know that they have their whole lives ahead of them. They are aware that they have potential and that by being in school, they are gaining skills and qualifications that will open doors. This is not always true for adults who are unemployed or feel trapped or unable to progress in their line of work. Feeling that you are stagnating or unable to offer value or exercise autonomy cannot be good for community relations.

Meaningful work is the way to build both an individual sense of self-worth and a set of relationships with those who work nearby that strengthens community relationships. Take work away, and you undermine both of these benefits. These challenges are likely to grow rather than shrink in the face of mechanisation, automation and technology. In a world in which technology can take over more and more jobs, there are fewer and fewer places that people can work together for the common good. Simply giving people cheques via universal basic income with the proceeds of this technology doesn’t solve this problem, if anything it makes it worse. Automation therefore doesn’t just pose a challenge for a sense of individual agency, identity and self-worth, but also to community relations.

The answer must in part come from adapting what we mean by education. Our definition of this term must be deepened and widened for all of us. Providing vocational education to the highest standard must empower people to work beyond machines and enable them to earn a wage whilst doing so. Lisa Nandy MP talks movingly about how her constituents powered the nation through the coal fields around Wigan in the past; in the future they should be doing the same but with clean technologies or solar power. These opportunities demand more than academic education if we are to make the most of them. We must learn from Germany and provide a sophisticated, respected and powerful technical education for people as well as a regional banking system that provides capital across the country rather than in one small part of it.

Then there is the role of civic education beyond the classroom. Take the National Citizen Service. Not only has it brought 16 and 17-year-olds from all backgrounds together and encouraged a sense of community action, it has also helped young people develop the skills and personal resilience that will become increasingly important traits in the future. Schemes like this should be supported and extended.

Deepening educational and economic opportunities must also go hand in hand with broadening them. With adults living healthily for so much longer, we will need to enable people to change and adapt careers as they get older, respecting people for experience who we once would have looked at to retire. Although I have sung the praises of schools, if those students are not also given vocational opportunities or the opportunity to evolve in later life, they may also find their existing skills redundant in a technological revolution that has been allowed to overtake them and – in so doing – atomise their connection to community.

**Final thoughts**

I did not intend the two stories at the opening of this chapter to be representative of perfect schools and chaotic high streets across the nation, nor indeed of Croydon. They are simply two tiny moments that sparked some reflections on the nature of the challenges our communities face. We know that our schools are not perfect. As I have highlighted, education itself will need to evolve to offer more vocational opportunity to students and respond to technological change. Schools also need to give more genuine voice to parents, staff and students to stop them becoming over-centralised by state institutions or – increasingly under the academy system - the market. Similarly, there are examples in Croydon, and the rest of the nation, of high streets being great sources of bonding in communities, with the London Road Carnival this summer being just one example of that.

My argument is that for communities like these everywhere to flourish, Labour needs to rebuild the three pillars that uphold them. First, we need to help revitalise shared institutions that bring people together. Second, we need to create a shared story and purpose that provides us with a common narrative. Third, we need to build genuine, shared economic opportunity that gives people agency in their work. Doing this will force us to draw on our party’s great traditions of both Cosmopolitan and Communitarian thought. If we can do this and rebuild these three pillars, it is possible to imagine people flourishing both on London Road and across our great country as a whole.

Rowenna Davis is a teacher, Blue Labour writer and former PPC for Southampton Itchen
Our building had four piles.  

The building had four piles.
people. That means letting go of centralised power and opening it up to people in a new settlement between citizens and the state. We need a new form of deep democracy to challenge entrenched and unaccountable power in both the state and the economy.

**Tackling inequalities of power**

Power is shifting dramatically in the world around us. Technological change is opening up the economy to fast-moving start-ups that disrupt established markets or create new ones. Data and information is no longer restricted to decision-makers, it is shared more openly and widely through the internet. People expect to exercise far greater control over the life they lead – not just the products they buy, but also the public services they use, from education to health care to youth support.

It’s time for a new model of public services that re-wires them back to the people who use them instead of to the politicians at the top. I met a young man with severe physical disabilities whose life was transformed after he was given control over the funding allocated to support him. Instead of being allocated slots of time at day centres and left alone at home for most of the rest of his life, he chose to fund friends and relatives to take him out and get involved in social activities and learning. He’s happier than he’s ever been in his life. By making public services more directly accountable they work better for people.

The wealthy have always had the power they need to shape their own lives. Other people have less control, but the most vulnerable or socially excluded often feel they have no power at all. Their lives are determined by decisions other people make about them, and that includes those who control the public services they rely on. Too many services are still provided on a ‘one size fits all’ basis. ‘Take it or leave it’ is the extent of the choice available. We have turned too many people into passive recipients when we could instead give them a bigger voice over the decisions that affect them.

Instead of forcing unemployed people to work for no pay in non-jobs or take pointless CV-writing courses that don’t lead to anything, we can give them a bigger say in how they are helped back to work. There’s a cost to whatever programmes unemployed people are sent on, so why not let them decide how the money will be spent? When Oldham Council piloted personalising budgets in this way, a group of unemployed people spent theirs on a van, tools and a training course that led to work as plumbers.

Rochdale Council mutualised their entire council housing stock, handing ownership as well as control to the residents who live in the homes. Managers, now directly accountable to tenants, quickly refocused on fixing the issues that bothered residents the most rather than managing performance indicators monitored by senior managers at the town hall.

Providing individual budgets to parents of children with special education needs would give them a bigger say over the kind of support they want their child to have. It depends on high quality professional advice, but people’s power grows stronger if budget-holders can pool their funds to give them greater influence over services providers. These are still publicly funded services, but with more power in the hands of people on the receiving end.

**Extending employee ownership of service providers**

A stronger voice isn’t just something that benefits service users – workers benefit too. Sunderland Home Care Associates reduced sick leave and staff turnover by giving their employees ownership of the company. Decisions are made collectively, employees have an increased sense of control over their work, and as a result are happier and less stressed by their demanding jobs.

Bromley Healthcare is one of many social enterprises now running community health services. They have very high patient satisfaction ratings. All profit is reinvested into improving services. All staff are invited to become shareholders. They elect staff governors, who then have influence over how services are delivered with the aim of providing excellent care and the best possible outcomes.

The scandal of businesses like Uber, Deliveroo and City Sprint exploiting workers with zero-hours contracts, no sick pay or paid holidays, and passing on capital costs (buying the car, scooter or bike necessary to do their job) to the worker, could not happen if workers in these companies had the power to turn them into employee-owned mutuals.

**How technology can democratise control**

New technology is increasingly shaping our daily lives. Nearly all of us are plugged into the internet at home or on mobile devices. We can keep track of friends and family, read the news, download a book, watch a video, search for information, find others who share our interests, pretty much as we please. One area that new technology has not yet led a revolution is in our democracy and our public services. That needs to change.
Casserole is a project set up by FutureGov. It works by linking people in a neighbourhood who are willing to cook an extra portion of food with an individual living nearby who is unable to cook for themselves. It not only provides someone with a meal, it brings people together in a community who otherwise might never have met. This is about more than just food, it can also help tackle loneliness and isolation.

Good For Nothing is a movement that brings together people who use a particular public services with the people who run it, members of the community, and technology and data experts who help them think about how things could be run differently. They hold ‘gigs’ where everyone with an interest comes together to explore how they can solve a problem or run a service differently. They’ve tackled issues as diverse as waste management, energy generation, education and helping asylum seekers integrate into their host community. Using technology and open data to enable new forms of collaboration is a fantastic opportunity for public services.

The potential for community-led prevention
Too many public services try to manage problems rather than prevent them, and yet the benefits in financial and human terms of prevention are immense. Knife crime plagues too many poor communities in inner-city Britain. Young lives are destroyed and the wider community suffers as a result. Young men involved in gang violence are often the victims of deep-rooted problems; experience of domestic violence is the single biggest predictor that a child will grow up to be a criminal. So public policy should focus more on identifying and intervening in domestic abuse instead of waiting until some of the young people damaged by it get involved in criminal behavior.

As a council leader, I helped set up the country’s biggest youth trust. Owned by the community with core funding from the council, it works with people in their own neighbourhood to shape services the community believes will make a difference. We realised that, instead of putting up with whatever is on offer whether it works or not, communities needed a bigger say over the kind of support they want. This approach helped cut violent crime in the worst affected neighbourhoods.

The Wave Trust has collected examples from across the world showing how effective early intervention can be in making societies more equal. They can evidence how tackling adverse childhood experience such as poor parenting, domestic abuse, poor diet, or a lack of early socialization improves opportunities later in life. This includes educational attainment, employability, earnings, avoiding obesity and smoking, even living longer. Communities, if they had the power, would rather avoid problems than be helped to manage them – but surprisingly little of this happens.

The power of relationships in bringing about change
We overlook the power of relationships as a means of bringing about change. Human beings are social creatures, we all value relationships in our own lives. Whether it’s with family, friends, our peer group, work colleagues, or our community – we are heavily influenced by the relationships around us, and we value those relationships highly.

If someone is unemployed, they are likely to go to their local job centre for advice or to be directed onto programmes intended to help them find work. But there are other approaches that can make a difference.

The majority of jobs are never formally advertised; they are filled by word of mouth. If you’re unemployed, and if you come from a community where there are very high levels of unemployment, you never hear about these jobs. But we can use people as bridges. We can link people who are part of social networks where people have jobs with unemployed people who are not part of those networks. You can take this a step further by training people with jobs to help those seeking work in the same sector. These human bridges share information about developing the right skills and networks as well as information about jobs that become available. Relationships have a role to play alongside more traditional skills development.

Decentralisation is a critical part of democratising control
Demanding local government devolve power to communities is a tough ask when they have so little power and resource in the first place. The UK is more centralised than any other leading industrialised country. Only 5% of total taxation is raised locally – compared with 50% in Canada and 13% in France108 – central government controls the vast majority of public spending, and local authorities have little or no say over how that money is spent. These problems are most acute in England – the most centralised country in Europe – so introducing a new, lasting settlement that devolves specific powers to the English regions and councils could provide more certainty and bring an end to the fractured, piecemeal devolution we’ve witnessed under the Tories.
Britain needs a power revolution. Local government and the regions must take power from the centre over tax, spending and investment; people must take power over the decisions that affect them in their communities and the public services they use; and workers need more power in the workplace to ensure the proceeds of economic growth are shared out fairly and employers can’t impose grossly unfair terms and conditions that destroy people’s personal lives.

To empower citizens, we must redistribute power from the central state and the market. By doing that, we give people the tools they need to tackle inequalities of wealth and opportunity. While Tory governments through the decades have found it easy to take funding away from people, they would find it much harder to take away power because once people experience power they fight to keep it. Fundamentally, Labour must propose a new settlement between citizens and the state that makes real our age-old promise of an irreversible shift of wealth and power in favour of ordinary people.

Conclusion
Labour’s next manifesto will be set against the backdrop of Brexit. The need for a radical government focused on national renewal has never been greater. Our party is increasingly exploring more democratic models of ownership and control, but too often national politicians still default to centralised answers to the problems the country faces rather than focusing on how to give people the power they need to find better answers tailored to local needs. It’s time to draw a red line between Labour and the Tories on this. Labour must become the champion of a new politics and a deeper democracy that hands power to the people.

Steve Reed is Labour MP for Croydon North

A brave new Britain: shaping the union for the 21st century

John Denham

All institutions can outlive their purpose. When they do, they must either find a new role, be laid quietly to bed, or drift on, without purpose or direction, until someone (or something) puts them out of their misery. For Britain’s unionists, perhaps the hardest thing to acknowledge is that the original reason for Britain and the union has disappeared. As US Secretary of State Dean Acheson said over 50 years ago ‘Britain has lost an empire and is yet to find a role’.

Britain itself was forged in the same furnace of expansion, conquest and trade that created the empire. Empire created a unifying purpose for the nations of Britain: not as a single nation state but the heart of the largest empire the world had ever seen. Its institutions were imperial, not national. Without the shared struggle, sacrifices and, of course, considerable material benefits of empire, the ideas we have of Britain today would never have formed.

The empire – notwithstanding a few notorious tax havens, gambling dens and smugglers’ paradises – is over. Many people may cling to a romantic view of Britain’s imperial past, but in practical terms, unresolved conflicts, war, terrorism and pressures of mass migration, mean that the legacy of empire is more likely to be seen as a problem than a boon. If the womb that gave birth to Britain has gone, we can’t take the case for keeping Britain for granted; we can’t simply say ‘carry on’ because it’s always been there.

If that wasn’t clear before Brexit it should be now. Britain joined the European Union but without ever developing a clear and popular consensus on what type of nation we should now be. Our relationship with the EU was sold as pragmatic and transactional; an unavoidable decision of a country whose leadership thought Britain was doomed to decline. For some people this worked; but for many it didn’t. ‘Europe’ became associated with all the sins of global change, whether changing cultural values, economic decline or sudden and mass migration. The EU was sold for its practical benefits, not for a new role for Britain. It’s hardly surprising that those who didn’t like the way that the world around them was changing blamed the institution that was meant to make things better. It’s not surprising, either, that they cleaved to an older, prouder (if wildly unrealistic) view of Britain.

There’s a warning in that history. Arguments for Britain based on pragmatic calculation rather than any inspired shared story will fail. Before the Scottish referendum we were told that the Scots only cared about whether they would be a few hundred pounds better or worse off. In the event, we actually saw a nation debating and choosing its future. Too often the argument for the union has been reduced to a giant insurance policy in which the rest of the UK (or rather London and the South East) underwrites the pensions and benefits of Scotland. The argument for Britain must be bigger and more inspiring than that.

Nations and states belong to all their citizens, irrespective of their politics and values. But at this moment in history it falls to the democratic left to make the case for Britain. The right is trapped in illusions of the past, the separatists want Britain to fail, and the liberal centre mainly disdains nation and identity.

The case for future Britain will be based on four foundations. Firstly, we need a clear understanding of the legacy of Empire, good and bad, and what we want to retain for the future.

Secondly, each part of the United Kingdom is now on its own unresolved quest to settle its own identity and relationship with the rest of the union and the wider world. This applies every bit as strongly to England – the only part of the union permanently governed by the UK government – as to Wales, Scotland and Northern Ireland.

Thirdly, we have to recognise how the changing politics of identity – the politics of nation, people and place – have created an existential crisis for democratic socialists across Europe and require a new politics of progressive patriotism.

Finally, we must sketch out the process of re-imagination and an idea of where we think it might end.

Beyond empire: the future role of the British government

The success of Britain was simultaneously to create a unified nation that could engage with unprecedented global power, and to create institutions that served government at home well; parliamentary democracy, the rule of law,
a respect for liberty, the creation of an efficient machinery of government, wrapped in a broad consensus that – with many exceptions, of course – those in public life and powerful positions should serve a sense of the nation, not just personal interest.

Initially these high ideals were no more at the service of working people at home than of most subjects of the empire abroad. But they were sufficiently powerful that the emerging social democracy of the Labour and trade union movement – together with the advances of universal suffrage – created confidence that they could be bent to the needs of progressive political change. The success of the Attlee administration seemed to confirm that belief.

Confidence in that machinery has now been catastrophically weakened. The authority of parliamentary democracy has been undermined by the expenses scandal, the loss of deference and a decisive shift in power to the judiciary through judicial review, the establishment of Supreme Court and the primacy of European law. The creation of devolved parliaments in Scotland, Wales and Northern Ireland further confirmed the erosion of the union parliament. The idea of good government itself has diminished, replaced by a contractor culture in which it is assumed that government’s best role is the creation of markets in public service. Outside government the virtue of public service is seen as an anachronism when market success is the best measure of value.

While devolution has given other parts of the union some opportunity for political self-expression, in England the state centralism of successive Labour and Conservative government has stifled the English radical democratic traditions of local action, voluntary association, co-operation local self-government, and popular consent for the law.

So, it is clear that the future Britain needs a clear story of how we wish to be governed. Due to the changing nature of people’s identities – for instance those in England and Scotland are more likely to feel strongly English or strongly Scottish than strongly British – and because powers are increasingly devolved down from Westminster, the old unitary union state cannot be reclaimed either as the dominant shared identity or the dominant system of government.

Instead, future Britain needs to be described as the coming together, for mutual self-interest, of self-governing nations in a bid to widen our global influence and enhance the interests and opportunities for our nations and our citizens. This should be the basis of a new British, social democratic patriotism – marrying the interest of the British nations with internationalist principles that recognise that international co-operation will be critical in meeting the 21st century’s biggest challenges.

Indeed, it is clear that the arena of external relations – trade, foreign policy, international relations and representation, defence – must be tackled by the largest possible unit. Many of these, in any, case, have large domestic impact. The UK is a single internal market and it is in the best interest of all its citizens to remain so. Divergent policies on trade, for example, could easily disrupt that market.

Internal coordination also brings the four nations substantive mutual benefits. Our nations are not in practice entirely autonomous, for reason of geography as much as anything else. We have strong national universities but our higher education system is also a UK asset. Welsh patients are treated in English hospitals where the water comes from Wales. This is not an argument against devolution but a powerful case for much more robust mechanisms of coordination and mutual co-operation than exist at present.

Finance inevitably draws the nations together. The Barnet formula can no longer be sustained. It is deeply unfair on Wales, and the UK government has consistently refused to give fair treatment to the English regions. It needs to be replaced by a needs-based UK wide formula, with national budgets created from the fair distribution of resources to local communities.

We also cannot understand the legacy of the British Empire without recognising its contribution to inculcating deep racist attitudes at home. Britain’s role in the world has left us with a deeply troubled relationship with national identity, and is the reason so many liberals tend to squirm about expressing Britishness and, more recently, Englishness.

But migration to Britain – largely because of empire – has changed our country for ever; a sense of feeling that ‘we are here because you were over there’. We must now look to celebrate and promote the positive consequences of this aspect of our history; namely that our diversity and internationalism has equipped Britain uniquely well for the modern globalised world. We speak the world’s language; we have ties of family, friendship and business with almost every country. We do not need to gloss over history to celebrate the Britain we enjoy today.
4 Nations, 4 Histories – and an England ill at ease

Britain’s four nations own four very different histories. It is no surprise that England provided the lion’s share of the Brexit vote. This was not a pathological failing of the English people, but the outcome of England being denied any political identity, institutions and national debate of its own. Instead, England split – between the metropolitan cities with one view of the future, and the towns, villages and coastal ears with another. (It was in fact England-outside-London that voted overwhelmingly for Brexit.) It split culturally, regionally, by age and education, because there has never been an attempt to articulate what the English share in common. It’s not a coincidence that Labour devolved powers to London but left the rest of England as centralised under the UK government as ever.

Scotland, by contrast, has enjoyed a long process of national self-examination, leading to devolution and the continuing independence debate. That process also allowed Scotland to consider its relationship with Europe, producing a heavy Remain majority. Northern Ireland’s history is very different and is nowhere near to ‘normal politics’, but it is striking how the Remain majority cut across the normally entrenched sectarian divides. At least in relation to the EU, the people of Northern Ireland know what they wanted.

Wales was less certain about devolution. But the creation of the Assembly was followed by a strengthening of identity to the extent that devolution would be irreversible today. On Brexit, Wales voted Leave, but much less so than England-outside-London.

The politics of the different nations have continued to diverge. Different parties contest and win in each nation, a pattern not changed by the apparent re-emergence of two party politics on the mainland on 2017.

None of these national debates are resolved, and England’s has hardly begun. Forging a new British story cannot be an excuse for curtailing these debates. It must be a process for deepening them. In England it will require the creation of a national civic debate, the establishment of equivalent democratic rights to determine domestic policy, the creation of a Parliamentary identity perhaps within the Westminster parliament, and consensus on the devolution of power within England. Those from Wales and Scotland who have always sought to constrain England must recognise that it is England’s divisions that most threaten the union.

Those who want to constrain England by breaking it up into regions should recognise that, in democratic terms, this is unsupportable. It is hard to think of any democratic argument why English voters, alone of those in the UK, should not be able to decide the issues of domestic policy that Scottish, Welsh and Northern Irish voters now take for granted. So while England needs radical and statutory devolution, there is no case for an artificial regionalisation.

Why nations, people and place are at the heart of modern politics

Politics has always been about identity: “who will best stand up for people like us?” The problem for the left is that identity politics has changed and undermined the traditional social democratic parties that are collapsing across Europe. Labour’s apparent resilience owes more to the glue of first-past-the-post voting than anything else.

The large, one-town, one company, heavily unionised workplaces, based on settled communities who lived, socialised, married and worshipped together, and which gave rise to working class Labour politics, have largely disappeared. But people still want a sense of identity and common interest in a fast-changing and insecure world.

For many, people, nation and place are an alternative. The left across Europe – increasingly middle class, individualist and liberal – rather than working class – collectivist and with tough communitarian values – has reacted much less well to this change than the right. But the left’s future, in Britain and in Europe lies in the articulation of a progressive patriotic politics. In that politics, talking confidently about our vision of the nation and the union in progressive patriotic terms with policies and values defined by the common good, rather than the powerful elites, will be essential.

Labour’s role in re-imagining Britain for the 21st century

So the political case for a future Britain is becoming clear. It is explicitly post-Empire, built for the 21st century. We can value the way the Britain we have today has been shaped by Empire, and has gained much that equips us well for the future, but also set out clearly what must change.

Again, future Britain is not at the heart of Empire but the coming together of self-governing nations who see the benefit in working together on external relations, internal co-operation and fair distribution of resources for the common good.
Yet to create future Britain we need a process and at least an outline of the destination. The formal process is likely to be some form of constitutional convention leading to a new federal union settlement. England must have its own presence in that federation but will also need to accept that future Britain protects the interest rights and views of the smaller nations.

On England Labour must take the lead. There is a deep pessimism that engulfs England in that half of the 2,000 adults surveyed by the BBC and YouGov think England’s best days were in the past, with just 1 in 6 believing our best days lie ahead. Labour has a democratic duty to ensure more people in England feel they can influence local and national policy. Only 13% of people in England feel that politicians in Westminster reflect the concerns of people in their part of the country. Only 23% think local people have a significant influence on local government decisions.

It is also increasingly clear that Labour needs to win England to win a Westminster majority. Two thirds of the party’s target seats are in England. Yet Labour gets much less support from ‘English’ voters than ‘British’ voters. There are a number of actions the party can take.

First, it should remember that England exists. All too often England disappears from the national conversation. Labour recently published eight policy consultation documents that were largely about England but only one actually mentioned England.

It’s not just Labour. The UK government has recently produced a video for Scotland on a new UK childcare policy, with the hashtag #deliveringforScotland. The same policy applies in England but, at the time of writing, no video addressing England, and no #deliveringforEngland. The Prime Minister recently e-mailed English voters about health funding but did not make it clear she was talking about the English NHS. England football manager Gareth Southgate gave a powerful interview in which he said ‘We’re a team with our diversity and our youth that represents modern England’ and talked explicitly about English identity. The Guardian headline that day was ‘England team represents modern Britain’.

No wonder people say, as they do on the doorstep: “you’re not even allowed to say you are English anymore”. The cumulative impact of this influential fraction is to delegitimise and marginalise Englishness.

This leads me to the second challenge for Labour; to celebrate England. Too often we allow the far right to claim the symbols of Englishness, through EDL marches and football hooliganism. But the only way to counter that is to celebrate Englishness as a civic, inclusive identity that is accessible to all who wish to build their lives there. This is exactly what we have done in Southampton with our St George’s Day festivals. For Labour, a Minister for England and St George’s Day bank holiday is a good start. Labour should back the English Labour Network’s call for an English Labour manifesto at the next election, with policy input from Labour members in England.

Third, it must consider the political representation of England. England needs its own Parliament – most realistically starting with ‘dual mandate’ Westminster, in which English MPs decide all stages of English only laws and also sit as members of the union parliament. At the same time, Labour needs to advocate a consistent statutory model for English devolution, based on communities with which people identify, to avoid the deeply unfair and ad hoc piecemeal devolution we are currently seeing.

Fourth, it should look again at the Barnett Formula, which requires the UK government to give relative protection to Wales, Scotland and Northern Ireland by linking their spending to that of England but does not require the UK government to provide any similar protection to the poorest parts of England. Hence, since 2010, the UK government has imposed bigger cuts on the poorest regions of England.

Yet so stunted is the debate about England that I’m not aware of proposals from any party that aim to entrench a fair funding formula.

Brexit means that Labour do not entirely control the timing for many of these issues. There are many versions of Brexit that could trigger a national constitutional crisis, not least if the settlement leads to a physical border in Ireland or a special treatment of Northern Ireland that many part of the rest of the UK would envy. An early constitutional convention might be inescapable.

Labour’s doomed attempts to create regional assemblies show that, without the grounding in popular support and understanding, constitutional change can be dominated by the conservative forces of established interests. Ideally, at least, we need to promote a deep process of civic engagement and debate to prepare the ground for the more formal process. Yet this should not be a reason to do nothing in the short term to accelerate this debate. Within the
existing union it would be possible to give England its parliamentary voice and
local devolution. Politicians and other civic leaders can use the language of
future Britain and of progressive patriotism. We can begin a debate about the
fairer distribution of resources. Labour can develop the co-operation between
devolved nations that needs to accompany deeper devolution.

In May 2018 shadow cabinet minister Jon Trickett gave a landmark speech
to IPPR where he declared that “England is restless, change is coming”. The
consequences for Britain could be great indeed, so it is important that the
Labour frontbench are starting to actively engage.113

*John Denham is director of the English Labour Network and a former Labour Cabinet Minister*

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A Labour plan for security and influence: Britain’s role in a changing world

Will Straw

Labour: historically internationalist
Labour has always been an internationalist party. Although Clause IV of our constitution has been contested over time, it has always contained an international objective. In government and opposition, we have put into practice our commitment to “the defence and security of the British people... peace, freedom, democracy, economic security and environmental protection for all.”

As Labour’s first Prime Minister in 1924, Ramsay Macdonald skilfully devoted himself to a resolution of the German reparation crisis. In the 1930s, Labour supported the Republicans in the Spanish Civil War while Mussolini’s invasion of Abyssinia led to the replacement of the pacifist George Lansbury as Labour leader with the great Clement Attlee. He, of course, went on to join Winston Churchill’s War Cabinet.

Following the War, Ernie Bevin was instrumental in the creation of the United Nations and hosted its first meeting in London while Attlee led the way on decolonisation. The inspirational pair forged a common Western security alliance through NATO. During Harold Wilson’s long tenure as Prime Minister one of his greatest successes was the negotiation of the Treaty on the Non-Proliferation of Nuclear Weapons (known as the NPT). And, of course, Tony Blair and Gordon Brown were instrumental in getting the G7 to drop the debt of the world’s poorest countries while massively increasing Britain’s own development spending.

There have, of course, been contentious foreign policy decisions – most obviously the Iraq War but also Harold Wilson’s reluctance to impose trade sanctions on South Africa during apartheid. Major debates – for example, whether to take a unilateral or multilateral approach to nuclear disarmament – have continued over generations. But taken in the round, Labour’s foreign policy has met its objectives, been true to its values and garnered the support of both Communitarian and Cosmopolitan supporters.

The state we are in
As Labour prepares for government, it is worth reflecting on how much has changed since we were last in office in 2010. While the future is inherently unknowable, we must not walk blindly into it. Seeing the path ahead clearly means being conscious of the current context.

First, Brexit and the Conservative government’s response are diminishing our global influence. Most Labour MPs and activists, and two-thirds of our supporters voted to remain in the European Union. We did this for good reasons recognising that our global influence would be diminished if we left the single largest club of advanced economies in the world. As Gordon Brown put it, we should “lead not leave”.

The consequences are already becoming apparent. For example, last year’s trade dispute with the United States over its 300% import duty on Bombardier’s exports from Northern Ireland might well have been avoided had we had the full weight of the EU and its 500 million consumers behind us. The 2017 UN General Assembly vote on the legal status of the Chagos Islands when many EU nations abstained showed how our support has decreased in international bodies.

But the Tories are making a bad situation very much worse. Boris Johnson’s tenure as Foreign Secretary and David Davis’ spell as Brexit Secretary did untold damage to the UK’s reputation abroad. Johnson, in particular, was regarded as a lightweight buffoon in European capitals while his lack of discipline and self-serving approach set back Britain’s national interest. But the chief cause of Britain’s current predicament is Theresa May whose red lines in her Lancaster House speech set Britain on a ‘hard Brexit’ course which was not supported by the mandate from the 2016 referendum.

Second, the United States can no longer be considered a reliable partner. Donald Trump’s values are so removed from Britain’s that a policy of being ‘shoulder to shoulder’ (or hand in hand, as Theresa May prefers) with America should not be countenanced while he remains in power. Already we have seen Trump unravel vital international agreements including the Iran nuclear deal and the Paris climate accord. He is mercantilist on trade as he has shown in relation to the EU, China and his nearest neighbours, Canada and Mexico.
And he has shown racism in his approach both to black and Hispanic people at home and the Muslim community abroad.

Trump’s victory in the 2016 presidential election may be an aberration, but we should not be surprised if he wins again in 2020. What his victory has shown is that a man with only a 22% approval rating in the United Kingdom can win the vote of 63 million Americans. That said, we must remember that most Americans did not vote for him, and stand ready to work again with future administrations – making clear that we are opposed to Trump’s abhorrent policies and are not simply anti-American.

Third, the world is becoming multipolar. The rise of China and the East has long been expected but their progress has been quicker than many anticipated. President Xi has skilfully utilised the international horror at Trump’s election to woo the world’s rich and powerful – as he did at Davos in 2017. Meanwhile, his country’s economy is now 20% larger than the United States using purchasing power parity (a measure of domestic spending potential). But freedom of expression and human rights in China are still suppressed. Meanwhile, Russia is engaged in a level of hostile activity – militarily in the Ukraine and Syria, and asymmetrically in its attempts to corrupt elections and kill on foreign soil – unprecedented since the Cold War as it seeks to prove after the success of the World Cup that it is a still a player on the world stage. We must engage with both, but with caution.

And while the global balance of power shifts, international organisations struggle to create order. There has not been a new multilateral trade agreement since 1994. The G20 has indefensible membership criteria, lacks legitimacy as a body of global economic governance, and has consistently disappointed. The United Nations and its agencies, for all they need preserving, are riven with bureaucratic stasis and waste.

Yet all this creates opportunities for the UK as well as presenting challenges. We remain unique in our membership of the G7, NATO, United Nations and Commonwealth even if we do leave the European Union next year. This is complemented with our soft power, which has consistently been judged in the top two in the world, including the English language, the BBC, international development spending, our creative industries, top ranked universities, Premier League, and the Royal Family.

Labour’s priorities: Security at home, peace and justice abroad

Labour’s challenge in the period until the next general election must be to set out how it will use these assets to advance a plan for security at home, and for peace and justice abroad. This means deciding on a set of clear priorities and focusing our resources and imagination on them.

Labour’s first incoming priority is to reduce the terrorist threat. The trio of attacks in spring 2017 at Westminster Bridge, Borough Market and in Manchester have reminded us – all too painfully – how quickly normal life can be turned on its head, killing 38 innocent people and injuring hundreds more. The main defence against terrorism is domestic policy, ranging from community based counter-extremism to intelligence gathering to policing operations. But the best long-term strategy is reducing the volatility in the Middle East that has been used to foment jihadism.

Labour’s second incoming priority is working with our allies to contain Russia. Some on the left still sentimentally look at Russia through the same rose-tinted glasses they used when considering the Soviet Union. But such feelings are wholly misplaced. Russia poses a direct challenge to our values as the Skripal poisoning shows.

Russia’s territorial expansion into former Soviet states – including Georgia and Ukraine – threatens the principles of national self-determination on which modern Europe is built. Russian interference in domestic elections – including the American and French presidential elections, and the EU referendum – threatens the values of free and fair elections. Russian cybercrime threatens the networks and systems which underpin our economy and delivery of public services.

Nevertheless, we need to work with Russia on the Middle East, cybercrime, terrorism, and climate change among many other issues. But while we should always engage, we must not be fooled. And Putin must understand that we have bright red lines when it comes to attempts to destabilise EU and NATO countries. Vagueness and reticence simply invites adventurism.

As such, economic sanctions on Russia must continue until the Minsk ceasefire agreement has been fully implemented. Sanctions are clearly working with Putin’s popularity within Russia at a five-year low. The EU has been instrumental in this process and we must ensure that we remain aligned even if we leave.
Labour’s final incoming priority must be to promote sustainable development as the best long-term means of securing prosperity and stability around the world. It is also in our own self-interest. As countries grow, demand for our goods and services increases, while the numbers of people risking their lives to migrate to the UK will fall.

Labour’s commitment to spend 0.7% of national income on development assistance has demonstrably worked.116 In recent years, global poverty has fallen as rapidly as growth rates across the developing world have risen. The number of people living in extreme poverty (defined as $1.90 per day) has halved in a decade to 700 million.117 Meanwhile, the latest IMF figures show growth across emerging markets and developing economies rising from 4.4% in 2016 to 5.1% in 2019.118 But despite these impressive figures there is much work to do to ensure this growth is inclusive, especially on more intractable development issues like gender equality, disability and climate action.

**New initiatives for a challenging era**

So how should foreign policy be used to achieve these objectives and what new initiatives should Labour advance as it seeks power?

A truly strategic foreign policy must align its use of defence, diplomacy and development in a way that the current government has singularly failed. The Conservatives have undermined the morale of our armed forces, cut our diplomatic service back to the bone, and stayed largely silent on development despite its successes.

**Shoring up our defence**

In relation to defence, Labour should take no lessons from the Conservatives. David Cameron inherited over 190,000 regular forces but he and his successor have allowed the number to fall by nearly a quarter to 147,000.

Jeremy Corbyn has been quite right to commit the UK to the NATO standard of spending at least 2% on defence and to argue that our commitment to renew Trident does not preclude “meaningful, multilateral steps to achieve reductions in nuclear arsenals”. Nonetheless, an incoming Labour government must ensure that the budget is more focused on the equipment we need rather than on white elephant projects like the recently completed aircraft carriers.

As well as a more exacting approach to our defence expenditure, there is strong case for new thinking on the deployment of our armed forces. The foreign policy adventures of recent years have cost us in blood, treasure, and reputation, and have failed to advance our strategic objectives. Indeed, the Iraq War and the chaos it unleashed has made the Middle East less stable and Britain more vulnerable to terrorism. A new, more multilateral approach is therefore needed – resting on international institutions including the EU rather than US-led ‘coalitions of the willing’.

To cement our commitment to the United Nations, we should increase the number of peacekeeping missions to which we contribute. There are currently 79,600 troops wearing the UN’s blue beret of which just 658 are from the United Kingdom.119 Providing more credible pledges to UN forces will increase our reputation in international bodies and encourage others to do the same.

Similarly, we should consider whether our assets could be used for the greater good. The UK has spent £6bn on two enormous aircraft carriers. We should consider a joint operation with the French navy and consider ways of letting NATO and EU allies put forces and planes on our carriers.

The Iraq and Afghanistan Wars and the failure in Libya have rightly made the British people and its parliament more reluctant to sanction military intervention, for example in Syria, but there remain instances where humanitarian assistance is needed. The UK should not forget its United Nations ‘Responsibility to Protect’ obligations which were adopted in the long shadow of the Rwandan genocide. We should not rule out future international operations so long as they have a legal basis.

**A new approach to the Middle East**

A new approach is also needed regarding the Middle East. Among many of the unintended, and perhaps paradoxical, consequences of the Iraq War is the role it has played in creating a more benign environment for Iran. With the Shia majority taking political control from the Sunnis after Saddam Hussein’s removal, Iraq has become a natural ally of Iran strengthening their influence in the region at the expense of the regional hegemon, Saudi Arabia. This tension has escalated into a proxy war in Yemen which has resulted in thousands of deaths and more than 22 million people – and nearly all children – in desperate need of humanitarian assistance.120
Neither the Saudi-backed Hadi government nor the Iran-backed Houthis can win the conflict, which requires a managed withdrawal of the regional powers and a brokered peace agreement. The longer the conflict continues, the longer the power vacuum will be exploited by al-Qaeda and Daesh as a base from which to encourage terrorist activity. As we have seen, Middle East instability also increases the number of refugees and economic migrants.

Britain’s clear interest is in preventing this from happening and minimising the bloodshed. Our best means are through being a critical friend of Saudi Arabia while actively developing our relationship with Iran. If Saudi Arabia refuses to listen, Britain should work with the French and sensible politicians within the United States towards a multilateral arms embargo.

Meanwhile, we must now work with our EU neighbours to preserve the Iran nuclear deal (known as the Joint Comprehensive Plan of Action) following Donald Trump’s reckless act to reimpose sanctions. The US president’s decision was nothing short of a violation of international law since the deal had the unanimous support of the UN security council resolution 2231 (including the US itself).

Labour’s 2017 manifesto reiterated the importance of a two-state solution – delivering a secure Israel alongside a secure and viable state of Palestine. But it was quite right to go further and set out the need to immediately recognise the state of Palestine – not least as it would transform the debate within Israel. We should maintain our commitment to Israel’s security while also being clear about the need for sanctions for their continued flouting of UN resolutions on settlements. Israel must be subject to the same international norms as other countries otherwise the UN simply loses credibility. It is vital for the Labour Party to call out violations of international norms wherever we see them. The awful anti-Semitism within the party which must be stamped out has undermined our principled policy position. Nothing short of the full IHRA definition including all examples is acceptable.

**Rebuilding Britain’s diplomatic capacity**

In relation to diplomacy, Britain has a desperate need to rebuild its capacity. Under the Conservatives, the number of diplomats has gone the same way as the armed forces. During William Hague’s tenure as Foreign Secretary, the size of Britain’s Embassies in Europe shrank with the consequence that our capacity to advance British interests was diminished. How short sighted considering what his party has done to our European policy.

Under Theresa May, a further erosion of the prestige and morale of the Foreign and Commonwealth Office (FCO) was realised with the creation of the Department for Exiting the EU (DExEU). This situated the most complicated diplomatic task the country has undertaken in its peacetime history in a new institution which lacked the skills or experience to achieve its objective.

A Labour government should bring DExEU and Liam Fox’s International Trade Department into the FCO. The job of negotiating our exit from the EU and any new trade deals (if Britain does end up making the catastrophic mistake of leaving the Customs Union) is at heart a diplomatic task.

Placing trade negotiations in the FCO would also ensure that any new deals balanced the interests of labour with those of capital. The great irony of Brexit is that the arch-eurosceptics want Britain to “take back control” by removing many of the workers’ rights that the EU has guaranteed. Their view of a good trade deal is one that lowers labour, consumer and environmental standards in a race to the bottom. For example, the government is pursuing a US-UK trade agreement which would lower our food safety standards and undermine the NHS’s pricing of drugs. This must be resisted with Labour pursuing trade deals based on the principles of fair trade, by levelling up regulations for the good of people around the world.

**Winning the argument for development**

In recent years, Britain’s diplomacy has been complemented by the soft power potential of our development expenditure. Labour created the Department for International Development and we should stand by it. The British taxpayer has been extremely generous and while there has rightly been a consensus at Westminster, the policy has proved unpopular around the country – including in Labour’s communitarian heartlands.

Five approaches are needed to win this argument. First, we should be much more vocal about the successes of development, the soft power benefits it brings, and the role that British policy has played. Second, we must encourage other countries to raise their development spending to the level of our own. Only Denmark, Norway, the Netherlands, Luxembourg and Sweden have exceeded British aid spending as a share of national income. The United States (0.17%) gives more in absolute terms but why are Germany (0.52%), France (0.37%), Canada (0.28%) or Australia (0.27%) not giving more?
Third, Labour should begin a debate about the circumstances in which we would begin to wind down our development spending. The successful delivery of the critical 2030 Sustainable Development Goals could be an appropriate moment although other approaches may be better. But to build public support for what has proved a successful policy, recognition is surely needed that aid spending is a means, not an end.

Fourth, we must call out illegal activity, foul practice and poor standards where we see it as with the Oxfam scandal. We should be at the forefront of debates over the reform of Overseas Development Assistance rules to ensure that we are able to spend our money on genuine development priorities including disaster relief and climate change.

Finally, we should give a greater mandate to the CDC (Commonwealth Development Corporation) Group which is one of the hidden success stories of British influence abroad. CDC was established by the Attlee government in 1948. It has a portfolio of investments worth £4.8bn and makes an annual return for the British taxpayer of over 10%. The model works, provides much needed finance to developing countries in Africa and South Asia, and should therefore have its remit expanded, especially in relation to climate adaptation and resilience.

**Conclusion**

The Leave vote of 2016 may have provided a sugar rush of patriotism but the hit is wearing off as the reality of our standing in the world and our loss of influence becomes clear. Whether we leave or stay following a People’s Vote, no incoming Labour government will have faced such a multitude of international challenges, nor seen our credibility at such a low ebb. But only Labour’s values – of internationalism, social justice, environmentalism and equality – are fit for these times. And only a clear plan to put these principles into practice will convince the British public to put their trust in us.

*Will Straw is Strategy Director of Inc. London and was previously Executive Director of Britain Stronger in Europe. He writes in a personal capacity.*
Conclusion

Stephen Kinnock

We’re fighting for the soul of our democracy

Parliament has a portcullis as its emblem because of its duty to safeguard the nation, but the EU referendum has had a profoundly corrosive impact on the credibility and sovereignty of our elected representatives.

Our judiciary is also under attack, with judges branded ‘enemies of the people’ on the front page of the Daily Mail. Meanwhile the Electoral Commission’s report on the lies and cheating of the Vote Leave campaign gets dismissed by Kate Hoey on the grounds that “most of the people on it were active Remainers”.

The British people pride themselves on their healthy scepticism, and rightly so. Every person who stands for office in our country does so fully expecting to be held to account by his or her constituents, and we should be proud of our culture of robust and forensic debate in Parliament, and in the media.

But we are at a dangerous tipping point. The deeply divided and polarised state of our politics is moving our public discourse from scepticism to a form of Trumpian cynicism and absolutism: if you don’t agree with something you just read in the newspapers or on social media, well it’s just fake news; if someone criticises your point of view on Brexit, well they’re just an unpatriotic Remoaner talking the country down, or an ignorant little Englander who didn’t know what they were voting for.

Every expert is biased, every institution is promoting its own hidden agenda, and every forecast is Project Fear.

Politics is a contact sport, but every sport needs rules, and a referee to police those rules. Trump, the Brextemists, dark money and dark data are attacking the very rules and institutions by which and through which the democratic game is played. It’s right and proper that politicians and campaigners play to
win, because robust competition is a vital element of a healthy and pluralistic culture, but we now live in a world where people are playing to win at any cost.

And make no mistake, this win-at-all-costs poison is seeping into Parliament. Take for example the deeply dishonourable behaviour of the government’s Chief Whip, Julian Smith, pressing Conservative MPs to break pairing arrangements. Yes, the government ‘won’ those votes by a whisker, but at what cost? The entire episode was a new low, fundamentally undermining the integrity and ethical standards of Parliament. How can we expect the British people to both trust their MPs and to treat each other with civility when the Government Chief Whip is prepared to breach the basic trust and rules of civility upon which Parliament is founded?

**Conflict versus co-operation**
The deeply divided and polarised state of our politics has also pushed us dangerously close to favouring conflict over co-operation. Extremist politics of right and left are spreading throughout the world, and they are having a corrosive effect on the realism, pragmatism and common sense that are the defining features of successful democracies. Peace, stability, security, prosperity and progressive change are not created by the wave of a magic wand; they are built and nurtured through hard work, compromise and collaboration.

If we are to forge a new politics on the basis of shared citizenship, trust in our institutions and belief in the true Spirit of Britain, then we must abandon the rhetoric of grievance and call a halt to the culture wars that are threatening to consume us. But for this to be possible we must first understand the drivers.

The 21st Century Council’s paper ‘Re-thinking Globalisation’ puts it well:

> “The rise of nationalism, nativism and populism is a revolt against the swell of seemingly anonymous global forces that have put the average citizen’s interests last behind bailed out banks, asylum seekers, immigrants or the activist agenda of post-traditional gender politics. As a result, faith that the status quo can deliver a better life for ordinary people and their children has been fatally undermined. It is this sense of a loss of control over one’s destiny at the hands of others that is at the root of the backlash”.

Brexit, Trump and the rise of the hard right across Europe is driven by this revolt. But the seductive simplicity of separatism will never succeed in harnessing and re-directing those ‘global forces’ towards the common good, because of the profoundly inter-connected and inter-dependent nature of the world in which we live.

As George Orwell so rightly wrote:

> “The nationalist broods endlessly on power, victory, defeat and revenge, but tends to be uninterested in what happens in the real world.”

And as Timothy Snyder so aptly states:

> “A patriot must be concerned with the real world, which is the only place where his country can be loved and sustained.”

The nationalists, populists and fantasists who have infected our body politic must therefore be resisted and returned back to the margins of society, where they belong. Whether they are the hard right Brexiteers who bring us what Snyder calls “a mythicised past”, in which every reference “seems to involve an attack by some external enemy upon the purity of the nation”, or whether they are the Hard Left promoters of the seductive snake-oil of socialism-in-one-country, they must be taken on, and they must be defeated.

But they will never be defeated by the Liberal Centre, with its unquestioning embrace of globalisation and its ‘so-what?’ shrug about immigration, and they will never be defeated by the politics of protest, with its obsessive focus on promoting a particular issue, group or cause rather than on building an all-encompassing mission for the common good.

They will only be beaten by a Labour Party that is intent upon healing the wounds, and on re-uniting our divided country.

By a Labour Party that always speaks truth to power, but which also seeks to win power in order to defend the truth.

By a principled, pragmatic and patriotic Labour Party that will always places co-operation ahead of conflict.

By a whole nation Labour Party.

I hope that you’ve enjoyed reading this book, and that you’ve found it to be a useful contribution to the debate about the future of our country, and of our party.
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Joe Jervis is co-founder of the English Labour Network, launched in 2017 as a voice for both ‘Labour in England and England in Labour’. He has written extensively about the future of the left, and has contributed to publications by the think tanks IPPR and Demos. He was a founding staff member at two charities – Frontline and Think Ahead – working in the press and public affairs teams to raise the profile of the social work profession. He began his career as a journalist on the Guardian’s social enterprise and co-operatives desks.

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Charlotte Holloway is the Labour and Co-operative Parliamentary Candidate for Plymouth Moor View, one of the key marginal seats for the Labour Party at the next General Election. Having previously worked as Policy Director for the national industry body TechUK and spent a number of years working in economic research, Charlotte now lives in Plymouth and works for a charity. She is a Board Member of Plymouth Energy Community and Women in STEM Plymouth. She has previously served on the Smart London Board for Mayor of London Sadiq Khan.

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Justin Madders is the Labour MP for Ellesmere Port and Neston and a Shadow Health Minister. He is also the Chair of the APPG on Social Mobility. Before his election to parliament he was an employment lawyer who served as Leader of the Labour Opposition on Cheshire West and Chester Council and Leader of Ellesmere Port and Neston Borough Council. Justin is a qualified solicitor, having been the first of his family to go to university.

Sunder Katwala is Director of British Future, an independent think-tank that addresses immigration and integration, identity and opportunity with the goal of securing public confidence in how an inclusive and welcoming Britain handles these contested and polarising issues. He was previously General Secretary at the Fabian Society and an Observer journalist.

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Rowenna Davis is a teacher and Blue Labour organiser, and was Labour’s 2015 parliamentary candidate for Southampton Itchen. She is the author of Tangled Up in Blue – a book that detailed Blue Labour’s early development and included interviews with founder Lord Glasman and a host of senior Labour figures. She has appeared as a political commentator for current affairs programmes including the Daily Politics, Newsnight, Sunday Politics and Sky News.

Steve Reed is Labour MP for Croydon North and Shadow Minister for Civil Society. Before his election to Parliament in 2012, Steve was Leader of Lambeth Council. He is president of the Co-operative Councils Network that brings together local authorities to develop innovative ways of empowering communities and service users, and leads the Power Project exploring ways to tackle inequalities of power. Steve worked in publishing for 18 years before entering politics.

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Our country is more polarised than at any time since the Second World War – by age, education, place and wealth – but above all by values.

On one side of the Great Values Divide we have the Cosmopolitans – typically university educated, urban, highly mobile and confident in the modern, globalised world. On the other the Communitarians – often non-graduates who value familiarity, security and community, and have experienced the profound changes of the last 40 years as loss.

The EU referendum deepened these divides; the 2017 General Election entrenched them.

Communitarians need Labour more than ever, but they increasingly see a party of Cosmopolitan ideals – driven first by the laissez-faire globalism of the Liberal Centre, and now by the conspiracy theories of the Hard Left.

To re-connect with its Communitarian roots Labour must build a whole nation politics that marries radical economic reform and devolution with a commitment to fairness, community cohesion and progressive patriotism.

Featuring contributions from respected MPs and leading Labour thinkers, *Spirit of Britain, Purpose of Labour* shows how only a whole nation Labour Party can re-unite our deeply divided country.

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