

### A market state?

This issue goes to press a time when disillusionment with New Labour is greater than it has been at any time since Tony Blair became leader. Clearly the war in Iraq and its aftermath is a major factor in this, but we focus here on what we regard as the second major problem of New Labour - its strategic promotion of the market as the dominant means of organising all aspects of life.

We see the government's alliance with the US as being integral to its neoliberal vision; at every opportunity it aligns itself against European social democrats and alongside the right. Its support for US leadership in the world is premised on its sharing of American values. And this means not only that it backs the unilateral deployment of force by the powerful against the weak, it also (apparently) believes that social justice can be brought about by the spread of markets both globally and locally.

The third way, whose wake took place in July at the international progressive governance conference, based its claim to fame on the idea that it could somehow steer a middle course between the state and the market. Stuart Hall, in his article on New Labour's embrace of neoliberalism, begins the formulation of a different way of describing this position.

He describes New Labour as adopting a double strategy, in which they pursue a subordinate strategy that tackles the typical concerns of their voters - redistribution, public services, etc - while simultaneously pursuing much more vigorously their main agenda of promoting marketisation. He describes the genealogy of this strategy as owing something to Clinton and triangulation, but he also analyses it in terms of Antonio Gramsci's concept of transformism. This double strategy enables the government to retain (or at least it has done so until recently!) its traditional supporters while continuously working to institute a new - 'social democratic' - variant of neo-liberalism.

Alan Finlayson looks at the way in which public choice theory has been used as a strategy in this war of position between the public and private. Public choice theory, apparently a neutral and objective way of looking at decision-making, equates economic choice with choice in non-market areas such as voting

or policy development. Alan shows how the adoption of this approach to politics has helped to undermine any idea of social or collective decision-making, and has encouraged the notion of all political choices being made by individuals on the same basis as consumers selecting goods. He also shows how management strategies based on this theory are in harmony with New Labour's general subordination of the political to the economic.

Jonathan Rutherford looks at the mechanics of the active construction of a market in an area that was previously regarded as lying within the sphere of the social - that of education. He shows how the government has promoted market infrastructure in this area, and the problems this brings for students and staff. This is part of Jonathan's wider project of looking at 'frontier markets' - places where the frontiers between the private and public sectors are being redefined. In this process new markets are created through disaggregating public sector services and then reintegrating them into the market as a series of commodities. We think this process is a major part of the global drive towards neoliberalism and plan to commission more work within this field.

**T**he jettisoning of any social provision for pensions is something that the World Bank, amongst others, has been promoting for some time. Richard Minns puts forward a straightforward argument (but not one which the Bank seems willing to comprehend) that there is a fundamental incompatibility between the aims of financial institutions (to make a profit) and the social aim of providing welfare for pensioners. He argues that the disappearance of social funds into financial institutions is a victory for the market in a conflict about who controls the delivery of pensions, and who gets most out of it - the deliverers or the supposed beneficiaries.

Our interview with Renzo Imbeni, a leading member of Democratici di Sinistra (DS), the largest successor party to the Italian Communist Party, provokes some interesting comparisons between New Labour and his own party (which can be seen as sharing many characteristics with New Labour - including a commitment to modernisation and pragmatism). It seems that the DS are more willing to recognise that their pragmatism has not endeared them to the electorate, and to engage with at least some of the agenda of the social movements opposing the war and resisting neoliberal globalisation. This further illustrates the increasing distance between New Labour and other centre left parties in Europe, which was underlined in the government's recent rejection

of the adoption of the euro, discussed by George Irvin in this issue. It appears that modernisation, which once placed the European project at its heart, now favours instead a US-style approach to 'flexibility', and rejects a social market approach.

Other articles this issue include Nora Räthzel's discussion of identity formation among marginalised young people in a German city, and two articles continuing our theme of revisiting socialist history - Nora Carlin on Christopher Hill, and Mike Rustin on the relationship between Edward Thompson and William Cobbett.

Not long before we went to press we were shocked to hear of Paul Hirst's death. Many *Soundings* editors and readers have had long and productive relationships with Paul, and we all bitterly mourn him. It seems almost impossible that someone so full of energy and projects should no longer be here. We regard him as an undervalued treasure of the British left, and an intellectual whose wide-ranging work will continue in its influence for many years. In issue 25 we will carry a fuller appreciation of his life and work.

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