

Alternatives to neoliberalism: a framing statement

Michael Rustin

Michael Rustin introduces our new series, *Soundings Futures*, which explores alternatives to the current system.

Introduction: the political context

This article introduces a new series of *Soundings* essays, to be written by different authors, which follow on from *After Neoliberalism? The Kilburn Manifesto*, whose twelve online instalments were completed early in 2015 and then published as a book. *The Kilburn Manifesto* set out a critical anatomy of the neoliberal regime, charting the damage it has caused, over more than three decades, to the social fabric of this and many other nations. This new project seeks to put forward some positive and programmatic alternatives to the existing system.

Our *Manifesto* project was motivated in part by the unwillingness and incapacity of the dominant system to learn from its financial crisis of 2007-8, and the period of stagnation and crisis which followed it. We were struck by the obduracy of the ideologists and defenders of this system, and their denial of any culpability for the crisis for which they were responsible. Their remedy was not to learn from what had happened, but instead to carry on as before, even more single-mindedly. The cause of the financial crisis was falsely - but with a large degree of political calculation - attributed by the UK Coalition government to excessive public spending, rather

Alternatives to neoliberalism

than, more correctly, to the financialisation of the economy and the displacement of productive economic activity by speculative operations. In our view the necessity to 'deal with the deficit' in neoliberal public policy is not so much a point of economic faith as a weapon of legitimisation, whose purpose is to justify the absolute and, as its architects hope, irreversible destruction of the English public sector and what remains of its welfare state. Our arguments developed from earlier critiques in *Soundings* of the compromises that had been made by New Labour during its long period of office, with the ideology of the market and with corporate and financial power.

Then, after *The Kilburn Manifesto* was concluded, came the British general election, and the Labour Party's initially catastrophic response to it. Contributing to this was the immediate resignation of its leader, Ed Miliband, whose cautious attempts to establish some points of difference with the Coalition and with New Labour had pointed his party in a positive direction, though the weakness of this position had been starkly revealed during the election campaign. When an audience member in one of the televised debates put to Miliband the view that Labour had wrecked the economy in 2007-8, he had about three minutes to make a case that should have been forcefully argued by the Party over the previous five years. Unsurprisingly, his answer met with derision from the audience. Then, again in a televised leaders' debate, there was Labour's positioning of itself as the moderate 'austerity party', in contrast to the anti-austerity position of the Scottish Nationalists, the Greens, and Plaid Cymru. Instead of making a measure of common cause with Nicola Sturgeon, Natalie Bennett and Leanne Wood, against the Coalition, Miliband declared that after the election he would not even talk with the SNP, endorsing the idea that it was a threat to the people of England, rather than their potential ally against austerity.

But worse than this was what the post-election leadership campaign revealed about the state of the Labour Party. The three mainstream candidates, Yvette Cooper, Andy Burnham and Liz Kendall, talked of nothing but how Labour could be made electable, even though the next general election was now five years away. The implication was that Labour's mistake under Ed Miliband had been to drift too far to the left. Even though in terms of Parliamentary seats, the Tory victory was a narrow one, it was described as Labour's worst defeat ever, perhaps in order to make credible the view that a move to the 'centre ground' (i.e. the right) was necessary. In this campaign, no defence was offered of the Miliband leadership and its approach, even though the candidates had supposedly been fighting for it for months. It simply

Soundings

disappeared from the debate.

So dismal and empty of political analysis, programme or challenge to the status quo was this performance that an unexpected space was created for a candidate of the left, Jeremy Corbyn, whose position as an authentic alternative to the governing regime was made possible and necessary by the failure of the other candidates. His overwhelming success revealed a yawning gap between the state of mind of the party's members and activist supporters and that of most of its members of parliament. So far, the omens do not seem promising that this contradiction can be resolved. The problem for Corbyn and his many grassroots supporters is to persuade a larger body of public opinion that a radical departure from neoliberal orthodoxy, both in domestic and international affairs, is both desirable and possible. This is very difficult when so few leading figures in the Labour Party seem to believe that the party's purpose should be not merely to adapt itself to conservative public opinion, but to change the terms of political debate, so that majority support can be won for an alternative to the status quo.

The *Soundings* view has long been that Britain, and much of the west, are in the midst of a long-term but poorly understood crisis, within which it will be difficult for any party or alliance to fashion a durable hegemony. The European economy, with which Britain conducts more than half of its foreign trade, is unable to escape from an endemic state of stagnation, preventing it from enhancing the living standards of its people even in its more prosperous regions, let alone those in the south of Europe (in the most extreme way, Greece), where conditions of life have drastically worsened in the last decade. Public services are continually attacked, in the false belief that cutting expenditure on them will somehow boost commercial enterprises. People are to be coerced by reduced social protection to work more while being paid less, thus supposedly enhancing competitiveness with economies like China's. (This is the 'race to the bottom' that follows from free-market globalisation.) In theory, the material limitations on growth imposed by an ageing population and a shrinking workforce can be mitigated by inward migration - this factor partly explains the German government's response to the Mediterranean refugee crisis. Except that, in conditions of semi-recession, inward migration arouses such antagonism among those who already feel threatened, and thus - without a strong defence from the left - gives such opportunities to the radical right to undermine the stability of centrist governments, even in Germany.

Alternatives to neoliberalism

International dimensions

We need to give some initial attention to the international sphere, even though most of the essays in our series will be focused on Britain. We live in an environment which is shaped by the consequences of the failed military interventions of the post-cold-war period. (After all, involvement in the invasion of Iraq was a key factor in the destruction of New Labour.¹) The idea that the entire Middle Eastern region could, following the defeat of European Communism, be brought under the sway of some version of pro-western capitalist democracy has been revealed to be hubristic delusion. The spaces created by the destruction of states and ensuing civil wars have been filled by violent religious militants and warlords, whose outrages, and the governmental and media responses to them in the West, have created a global climate of fear. The large flows of migrants and refugees following the displacement of populations by war, and the European Union's own failure to maintain prosperity through its region, in the south as well as the north, threaten to overwhelm their governments and their capacity to cooperate with one another.

The question of what is now to be done in this dire situation is different from what should or should not have been happened in the past. However one has to understand this history, for there to be hope of escaping from it. We will attempt to outline in our programmatic series a principled alternative approach to international affairs.

From analysis to programmes

The Kilburn Manifesto aimed to provide a sustained analysis of neoliberalism and its consequences, rather than to set out definite alternatives to it. This was in part because until a systemic analysis was in place, programmatic development seemed likely to be premature, and to risk missing its aims. We were also then influenced by the immediate political context, with a British general election not far off. We believed that the priority should be to define the larger terms of the political argument, and to insist that the central problem lay in the character of the entire neoliberal system, with whose advance the New Labour government (this is not to deny its achievements) had been complicit. We did not think it useful to be engaging in debates over 'policies' when what needed to be addressed were the fundamental assumptions on which any specific policies needed to be based.

Soundings

However, we are now in a different place. It has become clear that failure to put forward clear alternatives to the dominant economic and political order can be crippling to oppositional movements, and can make it very difficult for them to mobilise support. In particular, Labour's lack of a convincing set of alternatives was a major factor in its election defeat. Why, one might ask, should people be expected to join an opposition to the status quo if its advocates cannot say what they wish to see, or what they would do differently? A key lesson of the SNP victory in Scotland (chequered as its record in government has been), and of Jeremy Corbyn in the Labour Party leadership election, is that a campaign which sets out a definite alternative to the dominant system can do better than one which endorses the elite's programme, but merely seeks to lessen its severity. This is certainly the case when a political system, as at present, can be shown to be failing its people in so many deep ways. Labour's tortured changes of position over the Tories' welfare cuts, and its failure to find an alternative economic narrative to that of austerity, have shown the problems of this kind of accommodation.

Our aim now, therefore, is to begin to map out some alternatives. As the background to discussion we will first restate our view of the neoliberal system as a whole, and what it has meant for the major institutional sectors of society. Each of these - for example, housing and land, health care, education - has been and is being largely reconstructed and reorganised in accordance with the norms of neoliberalism. Our concern therefore is not merely with the specificities of what is being done in each of these fields of provision, and with the goods and harms to people that ensue from this, but also with the ways in which each of these pro-market and pro-corporate interventions functions as part of the redesign of the entire social system. Our outline of an alternative programme for these spheres of life is therefore intended to contribute to the ways in which our whole society could be reimagined, from the starting points of different major institutions.

The authors contributing to this series have been invited to be radical and fundamental in their thinking. We have asked them to set out what the available evidence, and their own values, leads them to believe is desirable and institutionally possible, paying little regard to what might be thought consistent with the current political consensus, or what 'public opinion' might now be ready to endorse. We believe that at this time radical political benchmarks need to be set out, which propose desirable kinds of social design, even if these may substantially defy

Alternatives to neoliberalism

conventional beliefs about what is possible. One only has to think back to the political debates of the 1940s, and the deep changes to which they led, to see how positions which were once deemed to be 'extreme' or utopian can become part of the commonsense of the age. Political life undeniably involves compromise, but sometimes it is essential to establish the fundamental goals which should be aimed for, if even limited gains are to be achieved.

Our synoptic view of the neoliberal system is as follows. Under the neoliberal regime, the fundamental balance of powers between those who hold property and capital and those who do not has shifted to the advantage of capital in unacceptable ways, and this imbalance must be reversed. Whereas the power of elected governments in the postwar period was exercised in part to balance that of corporations and markets, its main role today has become to enforce the latter's power in many settings, including those which our programmatic essays will discuss. As a result, individuals and communities have become exposed to the consequences of market forces, from which elected governments are now failing to protect them. Changes in the role of government and the democratic reform of its institutions to make such protection feasible need to be formulated and argued for. In the last decades, many formerly powerful institutions which exercised power in civil society, occupying spaces between party-dominated government and corporate and financial institutions, have been weakened, through privatisation and the subjection of quasi-autonomous institutions to the power of the state. Each transfer of a public resource to private ownership leads to greater inequality, as public surpluses are converted into private profit, and wage and salary differentials widen in conformity with corporate norms. The requirement that ostensibly public institutions, such as universities, conduct themselves as if they were private corporations, has a similar effect. Nor is there any reason for confidence in the capacity of private corporations in the UK - 'freed' as they demand to be from 'government interference - to be strategic, innovative and efficient, as they need to be to remain competitive in a modern global economy. The financialisation of the economy, and the governance system of British companies, provides little incentive for long-term commitments by the owners of corporate capital. Several of the economic sectors in which the British economy remains most successful - for example the arms industry and pharmaceuticals - depend on government procurement and support to maintain their competitive advantage. Other corporations succeed mainly because of the protected market niches (e.g.

Soundings

many utilities, Heathrow landing slots) that have been allocated to them. Indeed, one way of understanding the privatisation programmes of recent governments is that they give profit-making opportunities to a private sector that has been unable to find its own markets. There is a need to evaluate different economic models from that which has dominated British economic policy over generations. It is not an accident that the comparative economic success of the Asian Tigers and China has taken place under the direction of governments which have been afraid neither of planning nor of an active role for government itself. The *laissez-faire* tradition of British economic policy-making has led to a situation in which European state-owned utility companies dominate several major British markets, and the Chinese are invited to build, at excessive cost, Britain's next nuclear power station. Doesn't it seem obvious that at a time when interest rates are virtually zero - signifying a huge surplus of unused capital - economic problems of stagnation should be responded to by internationally-coordinated problems of public investment?²

All of these and other aspects of the dominant regime, and their dysfunctions and contradictions, were discussed in *The Kilburn Manifesto*. What we did not then do was to describe the institutional architecture that needs to be imagined if the epoch of neoliberal hegemony is to be brought to an end, and an alternative system to emerge. This is the task of our series.

Beginnings: land and housing, education, and health

Societies produce and reproduce themselves through institutions which are differentiated by 'sectors' and by the areas of human experience to which these correspond. The uses of land and the provision of housing and living space are among these. The education of new generations, and its continuation throughout life, constitute a further sphere. The maintenance of health, and the provision of treatment and care in circumstances of illness, is a third. What happens in these spheres does much to determine the quality of life that societies make available to their citizens. The deterioration of the housing conditions of the poor, particularly with the undermining of social housing, the polarisation and social cleansing which is taking place as a consequence of the unleashing of market forces, and the misallocation of productive resource to real estate that results from the tax privileges assigned to home owners, and from the unfairness of local taxation, are current symptoms of the dysfunctions of the

Alternatives to neoliberalism

British land and housing markets. The first substantive article in this series, by Michael Edwards, published online and in this issue of *Soundings*, sets out an analysis and programmatic approach to these questions.

Educational institutions and processes are central to all modern societies, since these have a large part in organising the allocation of opportunities and life-chances, as well as the reproduction of cultures and mentalities. Schooling has thus been a central field of debate in British political life over generations: each different set of beliefs about where power, opportunity and privilege should lie, and which values should hold sway, is represented and fought for in arguments about education.

Radicals have long understood that the educational system in Britain has been the means for the reproduction of class differences and inequalities, initially by restricting schooling to a minority of the population, and then, as the demand for education became irresistible, by limiting and containing its provision within highly stratified and segregated institutions.

Briefly, in the post-war period, the initiative lay with progressives, who attacked the structure which segregated children by class and academic aptitude, and instead proposed a universal 'comprehensive' system in which children from different backgrounds would be educated together in schools which would give equal respect to different kinds of ability. This system mostly delegated responsibility for schooling to professional teachers, under the governance of elected local authorities. The aim was both to increase educational attainment as a general good and value in itself, and to reduce the inequalities which had characterised the organisation of education hitherto. The raising of the school leaving age, the partial ending of 11-plus selection, the large though stratified expansion of tertiary education, and the creation of open, second-chance institutions such as the Open University, were among the achievements of this progressive current.

In the 1970s and 1980s, however, the idea of a democratic and universalist educational ethos was challenged. In a populist capture of the left's own rhetoric, the comprehensive system was attacked by the right for its alleged failure to fulfil its own aims of raising educational attainment, not least for working-class children. (This reminds one of Thatcher's 1979 demand for the abandonment of incomes policy and a return to free wage bargaining.) The education professions were condemned as self-serving, committed to a 'progressive' ideology which was deemed to be patronising to ordinary people and hostile to the needs of a competitive

Soundings

and business-oriented society. At the same time a more traditionalist conservative backlash to democratic educational ideas, formulated in the Black Papers from the 1970s onwards, demanded a 'return to basics', to the kinds of curriculum which had formerly served to reproduce the values of a class system, including its notions of patriotism and national culture.

In order to raise standards, it was argued by the right, there needed to be both more competition between institutions and individuals, following the market ethos, and more central regulation and control, via prescribed curricula, organised inspections, and the publication of its comparative outcomes. Driving the emergent system were the assumed desires of the most aspirational among parents, those keen for their children to succeed in a competitive world - the definitional assumption of which is that only some will succeed. Much of educational policy since the 1970s can be understood as part of a covert attempt to respond to the demands of the most ambitious, while pretending that the goal of universal benefit remained unchanged.

One of New Labour's most active contributions to the neoliberal ethos was located in its approach to education, to which it gave high priority ('education, education, education', said Blair). It preserved and amplified most of the Conservatives' programme, showing disdain for the comprehensive principle which had inspired earlier reforms. (The derisive term 'bog standard comprehensives' was Alastair Campbell's contribution to this debate.) New Labour continued the dismantling of a formerly unified state system, by allowing the establishment of self-governing 'academy' schools outside local authority control. It retained Ofsted and its conservative Chief Inspector, Chis Woodhead, and enforced the idea that only competition between schools, and the shaming and disgrace of failing ones, would lead to a rise in standards. A similar stratified league table of competitive merit, and the assessment of academic research outputs against criteria of 'excellence', remodelled the universities on similar lines. Only New Labour's beginnings of a programme of universal pre-school education, via the SureStart programme, pointed in a different, egalitarian direction. Education was the sphere in which New Labour's displacement of the idea of equality and cooperation by that of opportunity and competition was most strongly asserted.

Resistances to this neoliberal takeover of education remain. Teachers and schools retain a commitment to their students, as intrinsic objects of value. It is still politically difficult for governments to overtly allow schools to select by educational ability,

Alternatives to neoliberalism

and to allow schools (other than private schools) to be operated by profit-seeking companies. But resistance in a series of losing battles is not enough. In our instalment on education, we intend to restate a democratic and egalitarian approach to education, and to consider what needs to be changed to bring moves in this direction.

Our third programmatic statement will be in the field of health. The idea that health care should be provided for all citizens in response to their needs, and not their ability to pay, was the defining principle of the National Health Service established in 1947, and the fullest realisation of a socialist principle in British history. It remains one of the most widely supported values in our society. Nevertheless, the National Health Service is now in a state of deep crisis, with the majority of its Trusts now in financial deficit, and with a projected funding allocation to this sector over the next five years that is known to be insufficient to meet its needs and to sustain its services. There is a connected crisis in the field of social care - that of elderly people needing domiciliary or residential care, but who are not ill enough to need hospital care.

Successive governments, not least that of New Labour, have sought to reform this system (while always denying that they were calling in question its founding principles) by subjecting it to the 'disciplines' of quasi-markets, by introducing competition and public measures of comparative performance, and by privatising various elements of it. Successive reorganisations, each of them imposing its own burden of disruption and cost, have sought to enhance the 'market friendly' attributes of the system, for example by taking commissioning responsibility away from Strategic Health Authorities and Primary Care Trusts, and assigning them to consortia of GPs. One ground for this may have been that GPs were already a kind of private practitioner, rather than governmental functionaries, and might therefore be more sympathetic to the market ethos. New Labour has a large responsibility for having pursued these reforms, in the name of what it called 'modernisation', usually its euphemism for marketisation.

The market imposes its pressures on public health in other ways than in the corporate invasion of health service provision. The tobacco industry is the most destructive instance of this, having been responsible, even after the facts of nicotine-induced illness had become well known, for millions of tobacco-related deaths. But the obesity crisis, and the growing incidence of diabetes, has revealed another major threat to health from the operation of consumer markets in parts of the food

Soundings

industry. There is a conflict between the rights and powers of corporations selling products which cause harm to health and those of the individual consumers who buy them, as well as the public interest in good health and longer life-spans. Here are instances where the goal of public health requires interventions to constrain corporate power.

A further issue concerns mental health, which is always under-prioritised in the provision of health care. The incidence of mental illness, and its significance, is difficult to assess, since these depend on changing social and cultural assumptions more than is the case for physical health. But it is clear that one consequence of its neglect is the displacement of its effects and sufferings into the criminal justice and prison system. We also know that its incidence is related to stress in various phases of the life-cycle, including prolonged unemployment in adult life, and isolation in old age.

Our essay on these issues will set out programmatic recommendations whose aim will be to re-establish health care as an entitlement for all citizens, available without regard to their means, and to propose the reformed institutional arrangements which can make this feasible. In proposing a realist and defensible programme for health and health care, we will be setting out one of the foundations of a good society.

Further programmatic developments

The above spheres, of Land and Housing, Education, and Health, will make up three instalments, and the first year of work of our new series. There are many other fields in which parallel programmatic writing is needed, and we hope that readers will join with us in deciding which of these should be pursued, and with what priority.

There are, however, some issues which seem to be of central importance. For example, what institutional design, and what popular pressures, would be needed for our society to become more deeply democratic, 'all the way down', so to speak, going beyond the increasingly hollow and compromised shell of our parliamentary system? The current system seems to provide few opportunities for public voice or participation, sustains only the lowest and most mendacious levels of political thinking and debate, and has been colonised by all manner of invisible lobbyists. Constitutional reform needs to go beyond the agenda of voting systems, reformed

Alternatives to neoliberalism

Second Chambers and the like, to consider the wider issue of how citizens can be empowered to take part in all of the decisions, not least the economic decisions, that shape their lives. One sphere to which attention should be given is the many regulatory institutions and inspectorates through which the state, within the model of 'the new managerialism' now seeks to direct not only 'public' but many 'private' institutions. Can ways be envisaged in which such inspection systems could enable more creative participation in governance, by citizens, communities, and employees, than they now do?

Attention also needs to be given, as a second example, to the sphere of culture and communication, given that changes in the forms, flows and control of information continue to transform our entire world with breathtaking speed. Here the theoretical contribution of the new left has been crucial - through writers like Raymond Williams and Stuart Hall, and through its absorption of the ideas of Gramsci - for understanding the nature both of modern capitalism and of potential sources of resistance to it.

Earlier debates on the organisation of communication and culture focused on the balance between the sphere of the market and the state - each seen to be enforcing a different kind of ideological domination, the former of consumerism, the latter of a conservative cultural hierarchy, understood as restrictive and nervous about open political debate. Cultural powers and resources remain distributed in a highly unequal manner, along the axes of class, region, gender and ethnicity, and no-one seems to have a clear idea of how this might be changed.

Then there is the expanded role of the 'cultural industries' and of 'social media' to take into account. Is enhanced access to digital information to be understood as a new source of individual freedom and choice, and as providing new opportunities of collective organisation and action? Or is this merely the technology of an advanced phase of informational capitalism, now functioning as a superorganism in which individual 'choices' merely sustain and reproduce the system itself? We hope to develop new perspectives on how society's cultural institutions might be reimagined and redesigned so that they serve democratic and creative purposes

Methods and approaches

It is essential that reflections on programmatic alternatives to the dominant order

Soundings

should not be over-focused on what governments can or should do. Change usually springs in the first instance from movements in society, not from governments, although governmental action often comes to be of decisive importance. Changes in the lives of women and ethnic minorities - moves towards ethnic justice and equality - have been of this kind, as were in the first instance the movements of the working class. Unlike 'Fabians' or 'Parliamentary Socialists', we do not believe that the keys to all changes are held in Westminster. Our conception of a programmatic statement is one which will call on the participation of many people, especially those living and working in the different institutional spaces we will be discussing: the aim is to work together with the widest possible range of people to develop and give substance to what our contributors put forward, and to carry ideas forward in different spheres of action.

It might seem counter-intuitive to some that we should be announcing the development of a programme antithetical to that of neoliberalism at a moment when that system appears to be wholly in control. We believe, however, that this is just the moment in which alternative ideas are most needed. And, furthermore, that the neoliberal system is by no means as secure in popular consent - and therefore as unchallengeable - as it might seem.

Finally, we should say that our programmatic agenda is in no way a closed one. We will welcome proposals, offers and suggestions for other areas of social practice and organisation which call for a fundamental reconsideration of their functions and purposes, and for which new institutional designs are needed.

Michael Rustin is a founding editor of *Soundings*.

Notes

1. The central issue was not whether or not Iraq possessed weapons of mass destruction, but the entire strategy of regime change by conquest in this region, which has now failed four times. Iran may have been a narrow escape from this pattern.
2. In an article soon to be published in *Theory and Struggle*, Gavin Poyner and Michael Rustin suggest that there might be something positive to be learned from the economic success of China.