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Riding the Tiger: Towards a New Growth Strategy for the Anglo-American Left.

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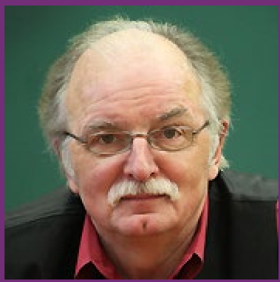

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> 'Onions can be eaten leaf by leaf, but you cannot skin a live tiger paw by paw: vivisection is its trade, and it does the skinning first. If the Labour party is to tackle its job with some hope of success it must mobilize behind it a body of conviction as resolute and informed as the opposition in front of it. The way to create it, and the way when created for it to set about its task, is not to prophesy smooth things. Support won by such methods is a reed shaken by every wind' (R.H. Tawney, 1932/71: 103-4).

> 'The overwhelming priority for those of us on the left who have seen the collapse of New Labour's political economy after 2008, and have been part of the failure to establish an alternative and coherent political economy ever since, is to…discover a logic of economic reform that offers the prospect of growing in a different way – one that addresses the economy's supply-side deficiencies (productivity, the financing of industry, investment and skills) but which does so in ways that ensure a more shared prosperity, rather than loading up the task for redistribution higher and higher, as has been the case for a couple of decades' (Stewart Wood, 2016).

Progressive politics always has to operate at two levels at once. It has to engage on the surface of contemporary political life, participating in and shaping struggles around a whole string of related issues – issues that collectively determine the immediate quality of existence for ordinary voters. It also has to operate strategically – exploring at a deeper level the processes at work shaping the outcomes of those specific issues, and locating long-term lines-of-march that, if pursued, should make the resolution of issues in a progressive direction more rather than less attainable. This paper has been prepared with this second deeper level of analysis in mind.

Its central argument will be that *the strategic task now facing the Left in both the United Kingdom and the United States is nothing less than the finding of an entirely new growth strategy for both economies, one anchored in an entirely different social structure of accumulation than that prevalent in the United Kingdom since 1979 and in the United States since 1980.*

For whether we like it or not, we are now at the end of a period of economic growth that was based on a social settlement laid down in both countries during the Thatcher/Reagan years; and because we are, we are not living in normal times. We are living instead through a watershed moment in Anglo-American politics, a turning point in the post-war history of both the United Kingdom and the United States – a turning point that will frame options on both the Left and the Right for at least a generation. Our political opponents seem to understand this truth, and the significance of the moment, in their own particular way. That understanding helps explain the new intransigence of conservative politics, and the cataclysmic imagery that supporters of both Donald Trump and of UKIP often use to sustain that intransigence. Progressives need an equivalent depth of understanding too – the better to use that understanding to design a fresh growth strategy, and to call into existence a new social settlement to sustain it.

Two underlying premises of the argument that will be developed here best be established before the paper begins. The first is that capitalist economies grow only when bedded in particular social settlements: a certain version of regulation theory will frame all that follows. The second is that economic growth is difficult now because we are between social settlements, such that getting to a new one – and making sure that that the new one is progressive rather than reactionary – is the key requirement of the day.

Understood in that way, the task of the Left becomes simultaneously both clear and enormous. Winning the battle against reactionary forces will require new frameworks of understanding and a transformed political agent to deliver them. Certainly Blairite platitudes and a super-cautious, electorally-scared Labour Party will not suffice in the UK. Nor will Centrist-Democrats acting alone prevent Donald Trump and the Alt-Right from dragging America off into an ever more divided and welfare-intolerant future. For, unfortunately, there is no shovel-ready viable moderate alternative to which any of us can easily turn. Indeed, if there was, we would already have turned to it. What there is instead is a troubled past and an uncertain future, and an over-riding imperative – on the Left – to understand that past, the better to avoid its replication in the years to come.

What is needed on the Left now, therefore, is a clear understanding of where we are now, and of the role previous centre-left politics has played in creating the current impasse. And what is also needed is a clear vision of a new social settlement whose creation is possible, given where we are starting from; plus a willingness as progressives to 'ride the tiger'[1] – to go for the serious reformist politics of managing capital in the interests of labour. For unless a revolutionary left can appear with a credible way of replacing capitalism entirely, managing capitalism through the building of a progressive social settlement wrapped around a still privately-owned economy must remain the best hope for a better future that we can offer to the generation now coming to its maturity.

The Rise and Fall of Social Settlements

The period of neoliberal-inspired growth that ended so abruptly in 2008 was not the first growth period in the post-World War II British or American story. It was the second. The Thatcher settlement replaced in the UK the development of a welfare-Keynesian state and society that from the late 1940s had maintained full employment and rising living standards for a generation. The parallel Reagan settlement followed on the heels of a period of economic growth in the United States that between 1948 and 1973 had created the affluent living standards of what we now term the American 'middle class'. Each of those earlier growth periods rested on a particular domestic and international economic, social and political order – on what regulation theorists call a particular 'social structure of accumulation' (Gordon, 1994; Kotz, 2015) – each of which took at least a decade to call into existence, and each of which disintegrated over time as its component elements began to change.

The First Post-war Settlement

Anglo-American economic growth between 1948 and 1973 was built on the generalised application across the manufacturing sectors of both economies of the semi-automated production systems first pioneered by Henry Ford – a generalised application that simultaneously raised the productivity of labour and strengthened the bargaining position of organised workers. With the US economy dominant globally from 1945 (and with the UK as the US's main ally in policing the capitalist borders of a world divided east-west by the Cold War and north-south by colonialism) productivity, profits and wages in core manufacturing industries rose together for a generation, in the process steadily transforming both the US and UK social landscape and removing the memory of the Great Depression from the agenda of Anglo-American politics.

The beneficiaries of that first post-war settlement were predominantly white men – the men who owned/ran US and UK manufacturing firms, and the trade union-organised workers which those firms employed. The earning power and social standing of other social groups within the both societies (women in general, African-Americans and southern whites in the US, colonial immigrants in the UK) were still heavily constrained, as were the prospects of Third World peoples subject to various forms of colonial and neo-colonial control. Politically, the superintendence of this first growth period switched in the 1960s in Washington back and forth between Republicans and Democrats, and in the 1970s in the UK between conservatives and what Tony Blair later called 'Old Labour.' But, in both capitals, the initial level of policy consensus was high, and the commitment to Keynesianism at home and neo-colonialism abroad was near total.

But there is an unavoidable rhythm to all social structures of accumulation – a rise and then a fall – a pattern ultimately always driven by the inability of any capitalist-based social settlement permanently to hold at bay the contradictory class forces precariously balanced within it. The first post-war growth period ended in the stagflation of the 1970s as the productivity potential of Fordist-type production systems leveled off, as protest movements within the United States challenged the exclusion of minorities from the emerging prosperity, as trade union resistance to the intensification of work processes grew in the United Kingdom, and as rebellions against western dominance abroad drew the United States into the cauldron of Vietnam. Like the decade that later would follow the financial crisis of 2008, the 1970s in both countries was a decade of transition between settlements, as the one already in place disintegrated and as its replacement only slowly crystalised out from the resulting ashes.

The Second Post-war Settlement

Eventually a new social settlement did emerge: one initially orchestrated internally by the Thatcher Government in the UK and by the Reagan Administration in the US, and one characterised externally by the unexpected end of the Cold War. Under this new settlement, capital was freer to move about globally in ways that had been impossible while the communist world remained a sealed bloc; and capital was freer to accumulate domestically to the extent that trade union power was broken and working-class wages frozen or depleted.

Deregulation of business behaviour at home and outsourcing of production abroad came together, from the 1990s, to generate renewed growth in both the UK and the US economies, growth that this time was anchored in a growing gap between productivity and wages. Profits and wages did not rise together on this occasion as they had in the generation before. Instead, economic growth in both countries was accompanied in the 1980s and 1990s by rising income and wealth inequality; by a lengthening of the working day and an intensification of prevailing work processes; and by the growth of mass consumption that this time was financed out of wages not yet earned – financed, that is, only by rising levels of personal debt. At the core of each economy under this second post-war settlement, the wage-effort bargain shifted in favour of capital – both economies ended up as predominantly low-wage, long-hour economies with huge service sectors, an over-developed financial system and a diminished manufacturing base; and both made this transformation first under political leadership of the centre-right and then of the centre-left.

This debt-driven growth model, over which old conservatives and new democrats/labourites presided with equal ease, did not disintegrate slowly as had the first one in the 1970s. Instead it crashed overnight in the financial crisis of 2008, generating as it did so mass involuntary unemployment on a scale not seen since the 1930s. Its fall ended the years of 'the Great Moderation' (Coates, 2015a) – raising serious doubts again about the adequacy of what Colin Hay (2013) rightly called 'the Anglo-liberal' model of contemporary capitalism, exposing in that model a set of serious flaws that are now in need of both study and resolution (Coates, 2017).

When a particular social settlement is up and running, the task before both the political Left and the political Right is simply to manage it and make it work. Politics in those periods becomes largely an issue of marginal differences amid high levels of basic consensus, a jockeying for positions of leadership within a broad political class that is largely at peace with itself. But in the period of transition between social settlements, the job of the political class becomes harder. Political leadership then requires some understanding of why the previous settlement fell and how it can best replaced. Political leadership also requires sufficient agility to design and advocate long-term changes while simultaneously dealing with the fall-out from the collapse of the old ways of organising the society and running the economy – dealing, that is, with an electorate whose expectations cannot now be met in the old way and who in consequence often feel cheated and let down, even scared and desperate for a return to some imaginary preferable past. Periods of transition can be periods of crazy politics, as Antonio Gramsci recognised in the early 1930s. 'The crisis consists', he wrote then, 'precisely in the fact that the old order is dying, and the new cannot be born; in this interregnum a great variety of morbid symptoms appear' (Gramsci, 1971).

So our most immediate question has to be this: are we in such a crisis moment again? More conservative voices will say that we are not. They will argue that the events of 2008, thought admittedly unprecedented in the post-war period, were the product of bad policy, not of underlying structural flaws: and that, because it was policy errors that caused the crisis, a simple policy correction should quickly resolve it. But that is not the argument here. The argument here is that there will be no successful route back to a growth model based on the Thatcher/Reagan settlement – certainly there will be no way of inflecting that settlement in a progressive direction. The New Democrats and New Labour tried that in the years before 2008. They tried it for nearly a decade in the United States, and for over a decade in the United Kingdom; and in each case by doing so they ultimately made the resulting crisis worse. The only way forward for the Left is to build a new settlement again; and building it will require a politics that operates both on the surface level of contemporary issues and on the underlying structural alignment of social forces that generates those issues and gives them their governing parameters.

Patterning the Centre-Left Response

When trying to generate that new politics, what complicates the task still further is the degree of complicity of past generations of centre-left politicians in the design and implementation of each of the two previous social structures of accumulation in both the US and the UK. Though the degree of complicity varied in each case, and the authorship of each settlement was ultimately politically shared, centre-left governments did oversee the reproduction of each settlement in each country. So breaking with old settlements now will also involving breaking with old patterns of centre-left politics; and in order to make that break effectively, the fit between those old policies and the settlements they helped sustain needs to be fully understood as well.

The second of the two great post-World War II social settlements and growth trajectories – the Thatcher/Reagan one – was entirely a conservative construction. The first, of course, was not. On the contrary, it was New Deal legislation on trade union rights and basic welfare provisions that empowered organised labour in the US in the years immediately after World II, just as it was Attlee Government's welfare programme, commitment to full employment and embrace of Keynesian economics that underpinned the post-war consensus in the United Kingdom. Indeed, it was precisely because of the organic link between that first post-war settlement and the Anglo-American centre-left that its demise in the 1970s was so traumatic for both American Democrats and the British Labour Party. The rise of the Thatcherite/Reagan neoliberal alternative during the decade of stagflation that followed the oil crisis of 1973 required of centre-left parties on both sides of the Atlantic divide that they make a fundamental set of policy responses. And that response was indeed made. Indeed, it was made twice: first as challenge, and then as capitulation. The inadequacy of both those responses – in the new conditions left behind by the financial crisis of 2008 – is precisely why centre-left politics now has to make yet another fundamental rupture with its own immediate past.

Challenging Neoliberalism

By the mid-1970s at the latest, it was widely recognised in centre-left circles in both the United Kingdom and the United States that the kind of demand-side focused Keynesianism which had passed for progressive politics in the UK since 1951 and in the US since 1964 was no longer working adequately. Most famously, the then UK Prime Minister and Labour Party leader James Callaghan told his party conference in September 1976 – at the height of the UK's IMF crisis and with inflation running at 16 per cent – that the era of Keynesian politics was over. 'We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you with all candour,' he said, 'that that option no longer exists, and that in so far as it ever did exist, it only worked on each occasion since the war by injecting a bigger dose of inflation into the economy, followed by a higher level of unemployment as the next step' (Callaghan, 1976).

The solution to which the Callaghan Government then turned was not the abandonment of market-regulation in favour of free-market forces. That was the preferred (and neoliberal) policy-option of the newly-elected opposition leader, Margaret Thatcher. The Callaghan Government solution was to deepen the corporatist relationships surrounding the management of the UK economy into which its predecessor Labour Government (that of Harold Wilson) had increasingly settled since first taking office in 1964. The 'Old Labour' way, as it was later characterised by Tony Blair, was to square the circle of employment and price stability by organising policies of wage restraint in direct negotiations with federations of both capital and labour. It was that corporatist response to the crisis of Keynesianism in the 1970s which then disintegrated in the 1978-9 'winter of discontent,' and let into power a Conservative Government determined to reset UK public policy and private institutions in a new and more classically-liberal fashion. Corporatism failed, and neoliberalism came in to replace it.

Progressive politicians then faced with this resurgence of the political right – and not just in the UK, but also in France and eventually in the US (with the election of Ronald Reagan to the presidency) – first responded by going back to their pre-Keynesian more radical routes. In the United States, the Democratic Party swung left after 1980, and adopted an ambitious programme of state-led industrial change. The first four years of the Reagan presidency saw the Democratic Party debating industrial policy with a renewed vigour. In the United Kingdom, in parallel, a Labour Party out of office turned in upon itself – much as it is doing now – elected a new and more left-wing leaning leadership, and debated between its various factions the desirability or otherwise of adopting an entirely new 'alternative economic strategy.' At the core of that strategy were 'import controls; price controls; comprehensive planning agreements; nationalisation of key firms and major financial institutions; new powers for workers and trade unions; withdrawal from the Common Market; expansion of social services; reduction in military expenditure; and redistribution of income and wealth' (Gamble, 2015). By then, across the channel, power had shifted from Gaullists to democratic socialists, and François Mitterrand and the French Socialist Party were pursuing their own alternative economic strategy. It was that strategy which rapid movements of international currency against the franc brought to an end in 1982, just as heavy electoral defeats for the British Labour Party in 1983 (its heaviest since 1918) and for the Democratic Party in 1984 (its heaviest presidential election defeat since 1972) ended in all three cases this sharp realignment to the left and brought to a rapid close the first progressive response to the rise of neoliberalism.

It is worth mapping the policy changes in play in this first period, along a left-right continuum that continues to underpin the now forty-year long progressive conversation with neoliberalism. At the heart of the neo-liberal paradigm stands the commitment to the full deregulation of labour and product markets, a commitment that involves a shift of industrial and political power towards the owners and managers of capital and away from the workers they employ and the trade unions those workers join. Exposing the labour force to the full impact of market competition, and the companies for which they worked to the full impact of international trade, were and remain core neo-liberal axioms, involving in their turn legislation to reduce welfare protections for employed and unemployed workers alike, and to reduce the legal protections surrounding trade unionism. The polar opposite of those policies was more developed in the UK than it was in the US, but even in America the legacy of the New Deal left social security intact and modest unemployment benefits generally available, and gave trade unions well-established legal rights. In the UK, and indeed in France, welfare provision was more extensive still; and well-established traditions existed on the centre-left of taking industries (or indeed companies) in economic trouble into public ownership, and of using state-funded and directed quasi-public institutions to both choose national economic champions and influence the geographical location of new factories and associated social infrastructure. In consequence, with the arrival of neoliberally inspired governments into office in the UK and US by the end of 1980, the policy spectrum still in public debate looked broadly speaking like this.

Table 1

On the Left

1. Public ownership of troubled industries and companies
2. Public institutions and policies to strengthen economic competitiveness
3. Public institutions and policies to reduce/remove uneven economic development
4. New legal rights for workers (industrial democracy) and trade unions (tripartite power-sharing)
5. Fully developed welfare programmes to protect against involuntary unemployment, ill-health and poverty in old-age
6. Progressive taxation to spread the cost of welfare provision to those best able to bear it

On the Right

7. Lower corporate & personal taxation to encourage innovation, enterprise & job creation
8. A thinning of the welfare net to avoid welfare dependency & strengthen the incentive to work
9. Limits to the power of trade unions, and to their access to government
10. Closing of public institutions of a corporatist nature
11. The deregulation of labour and product markets
12. The privatisation of publicly-owned industries and companies
13. The extension of market processes within remaining publicly owned/run bodies

The response of the Callaghan Government to the stagflation crisis of the 1970s was to rely even more heavily than before on policy 4, while keeping in place policies 1-3. The Thatcher Government's response was just the reverse, replacing 1-6 with 7-13; and the first centre-left counter-reaction to that was, broadly speaking, to insist upon more and more of 1-6. The Labour Left, leading the charge for an alternative economic strategy that broke decisively the power of private capital, was particularly wedded to the extension of policies 1, 4 and 6; and even the more moderate Democratic Party at the height of its industrial policy debate wanted public policy focused on 2 and 3. The neoliberals wanted markets to pick winners, with as little constraint from trade unions and welfare programmes as possible. Their progressive opponents, in this first phase of the conversation between them, wanted none of that of all. They wanted democratically-controlled markets, and high levels of security and protection for the jobs and incomes of those employed by the companies they were keen democratically to manage. Round one was, therefore, a real fight between models of how best to run advanced capitalist economies; and it was a fight that neoliberalism decisively won.

Surrendering to Neoliberalism

The second response was entirely other. Shaken by electoral rejection, and facing what looked like an eternity of right-wing government, a new generation of social democratic politicians bought into the entire neoliberal package, and set about persuading themselves, and then others, that they could deliver that package better than their more conservative opponents. In other words, they changed their colours: literally, in the case of the British Labour Party, moving their logo from 'Old Labour' red to 'New Labour' pink, to demonstrate to an initially sceptical electorate just how new and transformed they were.

The first of the major centre-left political formations to make this move were actually in the southern hemisphere rather than in the north – after 1983 in Australia and initially reluctantly, between 1984 and 1990 in New Zealand with greater enthusiasm and speed (Kelsey, 2015). There was a parallel accommodation with neoliberalism a decade later in the very different political conditions of the United States, where the centre-right assault on the progressive legacy of the 1930s New Deal was of long standing and where the impact of the Reagan revolution was by then firmly bedded in. By the early 1990s, there were few American votes to be had for programmes that strengthened worker rights and extended welfare provision; though Bill Clinton, as the Democratic Party's 1992 presidential flag-bearer, did at least enter office promising not simply to 'end welfare as we know it' and to implement the Republicans' controversial extension of free trade to Mexico and Canada, but also to extend healthcare coverage to all Americans. The Clinton healthcare reform initiative quickly failed, however, leaving Clinton facing a hostile Congress from 1994 and obliged eventually to sign into law major welfare reform legislation that set tight limits on the number of years that unemployed and poor Americans could rely on public assistance.

What temporarily softened the political blow of this centrist triangulation with neoliberal Republicans, however, and of the 'New Democrats' creation of a neoliberal welfare-to-work regime, was the remarkable record of job creation in the US economy during the Clinton years – a job creation record (22 million new jobs from 1992-2000) that reinforced the Democratic Party's willingness to actively deregulate the US finance industry, tolerate growing levels of income and wealth inequality, and restrict its progressive credentials increasingly to the servicing of residual social movements, primarily those sustained by the African-American section of the American poor. Links between national Democratic Party politicians and the US trade union leadership also remained strong throughout the 1990s, but increasingly lacked political potency outside the north-east as trade union membership declined, as Republican Party support among white working-class Americans grew, and as at state level the passage of more and more right-to-work laws made trade union recruitment among private sector workers near to impossible.

The most public accommodation with the central tenets of the now dominant neoliberalism came not in the United States or Australia, however, but in the United Kingdom. Three election defeats in a row (1983, 1987 and 1992) triggered the transfer of Labour Party leadership to a new generation of politicians, the vast majority of whom were not even members of parliament when the party was last in power. Led by Tony Blair and Gordon Brown, the new Labour Party presented itself as a 'Third Way' to economic growth and social justice, to be differentiated from both the earlier Keynesianism of 'Old Labour' and the neoliberalism of the Thatcherites. This 'third way' was more successful in relation to one of those breaks than it was in relation to the other. The Blair/Brown resetting of Labour policy made a sharp and determined break primarily with the Labour Party's own past. It broke with both the 'Old Labour' policies of the Wilson and Callaghan governments of the 1970s, and with the left-wing radicalism of the 1983 alternative economic strategy. Out went the commitment to reversing the Thatcher Government's legislative changes reducing trade union power. Out went any willingness to reconstruct corporatist institutions and the tight public management of private enterprise. Out went any willingness to tax and spend the UK's way to economic growth and social justice. In, instead, came a commitment to 'compassion with a harder edge': the embracing of welfare-to-work as the route to full employment and the ending of poverty. In, instead, came an enthusiasm for the continuation of only light regulation of the private sector, but regulation this time supported by investment in human capital (in education, and in vocational training). And in, instead, came rigorous limits on public spending, the development of tight performance indicators on government departments, and a steadfast refusal to raise top rates of income tax. The result was a Labour Party that was definitely new when set against the Party's own immediate past, but hardly new at all when set against its neoliberal conservative opponents.

In consequence, neoliberal policies that had been treated by centre-left parties in the early 1980s as harbingers of class warfare had settled, a decade or so later, into mainstream progressive commitments: to flexible labour markets, to unregulated global trading patterns, to steady curbs on public spending, and to anti-poverty programmes built on strategies of moving people from welfare to work. These new social democrats were slightly more sensitive than both their predecessors and their opponents to issues of gender equality and work-life balance, and they remained in the United States committed to the continued extension of civil rights: but, in every other respect, when judged against the norms of the early 1980s, they had genuinely repositioned themselves on the dark side of the force. The result was an agenda of public policies – on both the centre-right and centre-left of democratic politics in most advanced capitalisms – that by the year 2000 looked like the italicised list below. Policies 1-6 had largely gone: policies 7-9 were new and increasingly fashionable (at least on the centre-left); and policies 10-16 were largely taken for granted as unquestionable political truths/economic necessities.

Table 2

1. Public ownership of troubled industries and companies
2. Public institutions and policies to strengthen economic competitiveness
3. Public institutions and policies to reduce/remove uneven economic development
4. New legal rights for workers (industrial democracy) and trade unions (tripartite power-sharing)
5. Fully developed welfare programmes to protect against involuntary unemployment, ill-health and poverty in old-age
6. Progressive taxation to spread the cost of welfare provision to those best able to bear it

7. *Education policy replacing industrial policy, with focus on No Child Left Behind*
8. *State encouragement of new industries based on publicly-funded R&D*
9. *Child-care provision encouraged, to assist fuller labour-market participation by women*

10. *Lower corporate & personal taxation to encourage innovation, enterprise & job creation*
11. *A thinning of the welfare net to avoid welfare dependency & strengthen the incentive to work*
12. *Limits to the power of trade unions, and to their access to government*
13. *Closing of public institutions of a corporatist nature*
14. *The deregulation of labour and product markets*
15. *The privatisation of publicly-owned industries and companies*
16. *The extension of market processes within remaining publicly owned/run bodies*

And, for a while, all this worked. The Clinton years in office were years of rapid job creation in the United States. The years of New Labour in power in the United Kingdom that began in 1997, building on a growth pattern inherited from the last years of the Major Government that preceded New Labour in power, saw unbroken economic growth, quarter on quarter, for over 50 sequential quarters. So successful indeed did the new growth strategy appear that the leading neoliberal economist Robert Lucas was able to tell the American Economic Association in 2003 that the 'central problem of depression-prevention has been solved, for all practical purposes, and has in fact been solved for many decades' (Lucas 2003); and Gordon Brown closed out his years as UK Treasury minister by declaring similarly in the House of Commons that the old cycle of boom and bust had been put firmly behind us (Coates, 2008: 5).

Both, of course, spoke prematurely; for on their watch, and under the guidance of their governing economic philosophies, new fragilities built up at the base of each of the economies of which they spoke with such complacency. A four-decade span of increasing income inequality and stagnant wages left the demand side of both the US and UK economies increasingly dependent on the emergence of a set of long-hours, low-waged labour markets within which rising levels of personal consumption were only sustained by the accumulation of unprecedented volumes of personal debt (largely credit-card based), and by the equally unprecedented rise in house prices that inflated the assets of those fortunate enough to own either a house or a mortgage. That housing bubble, in its turn, was the product of excessively speculative practices and steadily eroding underwriting standards in an increasingly deregulated set of financial institutions that bridged the Atlantic divide, practices and standards which then triggered first a housing crisis and then a more generalised financial one in 2007 and 2008. By chance, the Democratic Party was the accidental initial beneficiary of the US end of those crises – since both occurred on George W. Bush's watch; but in the UK the Labour Party was not so fortunate. In power as the crisis broke, Labour was out of power by 2010 – and in that ejection from office obliged to face, without illusion, the economic and political bankruptcy of the accommodation that the New Labour leadership had hitherto made with a neoliberalism that was ultimately as equally ill-equipped to stabilise capitalism as they were.

The Scale of the Legacy

The immediate legacies of the 2008 financial crisis, and of the global recession to which it then gave rise, are and remain enormous. They are also largely the same in both economies: lower growth trajectories, inadequate investment levels, slower productivity growth, greater job insecurity, blocked wages and entrenched poverty. There are differences, of course: the productivity-wage interplay is definitely different in the UK than in the US; but, in both cases, the overall legacy of a failed neoliberalism remains a widespread intensification of the wage-effort bargain, and a diminished capacity to generate sustained and generalised rising living standards in spite of that intensification.

In the United States

As late as 2013, overall economic output in the US economy was running 13 per cent below its trend path from 1990 through 2007, investment levels were 25 per cent below pre-crisis trends, and the share of public investment in the economy's infrastructure (adjusted for depreciation, so net share) was and remains zero. Labour productivity that had been rising annually at 2.5 per cent in the decade before the crisis averaged just 0.3 per cent per year from 2010 to 2015. The American worker on median wage in 2014 earned no more in real terms than had his/her counterpart in 1974; and more than 4 American workers in 10 still do not earn $15/hour. Indeed, in 12 of the 22 major occupational groups tracked by the Bureau of Labor average pay in 2014 was actually less than in 2004 (Lazette, 2015).

It took the US economy 74 months to return to the level of employment in the post-recession peak month of January 2008; and by 2016 the rate of job growth – though impressive when compared to the worst months of the recession – was still not 'fast enough to bring the employment-to-population ratio back to its pre-recession level. June's job numbers showed that slightly less than 80 per cent of adults between 25 and 54 were employed. That's almost 2 percentage points below the employment-to-population ratio on the eve of the Great Recession' (Burtless, 2016). Moreover, the jobs created to bring employment levels back on track in that fashion were disproportionately low-paid ones. Low-wage industries were responsible for 22 per cent of the US job losses during 2008-9 recession, but for 44 percent of the employment growth that followed from 2010 to 2014 (Badger, 2014). Overall, the US economy is now working its way back to full employment of a low-pay kind but even so, seven years into the slow economic recovery that followed the deep recession, US unemployment rates still remain double the white norm for minority populations and for young workers; the US gender pay gap remains firmly entrenched; and, the median black and Hispanic wage in the United States remains only 70-75 per cent of that for white workers.

Even before the crisis and recession, average annual hours worked in the United States exceeded those in Germany by over 350 a year (nearly 9 extra 40-hour weeks!) and manufacturing pay levels in the United States had fallen sufficiently as to place the US as 11th out of 20 countries in terms of their generosity. The US also by then had the dubious honour of being the only 'no vacation nation' (that is, the one with no legally required paid time-off, and some weeks fewer actual days off per year than European workers enjoy). The United States also was unable to be scored as fully 'free' by Freedom House when that ultra-orthodox organisation evaluated worker rights. Forty-one countries were so scored in 2010: but not the US. Instead, the US was relegated in the Freedom House survey to the subordinate category of 'mostly free,' putting it – in the Americas – in the same group as the Dominican Republic and Costa Rica and behind the Bahamas, Barbados, Canada, Chile and Uruguay (Freedom House, 2010: 45-7). The indicators on which the US continues to score impressively are precisely those that require centre-left redress: namely, few worker rights, entrenched poverty, widening inequality, and the absence of public policy facilitating an adequate work-life balance.[2]

In the United Kingdom

Though the economic fall-out from the Brexit vote may yet change things for the worse, thus far at least the performance numbers remain a little better in the UK than in the US, but not by much. By 2014, the UK economy was growing faster than any other advanced one, but that success – if that is what it may be called – only came after an easing of George Osborne's austerity strategy and after the UK economy had experienced a double-dip recession in 2011-12 and had teetered on the edge of the third one early in 2013. The UK manufacturing sector was back in recession by 2016, helping sustain a trade deficit even bigger as a percentage of GDP than its US equivalent. Neither economy currently runs a trade surplus. On the contrary, what each runs is a productivity puzzle. The UK one is particularly acute: with 'output per hour worked in the UK in 2014…18 percentage points below the average for the remaining six members of the G7 group of industrial nations,' and as such widening the UK's productivity gap to its 'worst level since records began' (Elliott, 2016). As Jonathan Perraton recently put it:

> The current period of sluggish recovery can be seen as reverting to the prior UK growth model of house price bubbles and associated 'privatised Keynesianism' credit boom. Such booms are typically associated with lower growth, higher consumption, and a worsening current account position (now recording a record peacetime deficit even in the face of sluggish recovery). Past experience suggests this is not sustainable and current trends appear worrying consistent with the secular stagnation account (Perraton, 2016).

The UK's unemployment numbers are superficially better than they were in 2008 and 2009, but remain scarred by the degree of 'self-employment' hidden away within them, and by the widespread persistence in the UK labour market of involuntary part-time work in the absence of its full-time equivalent. This under-employment co-exists with record levels of unpaid overtime, and with heavy pockets of unemployment among young would-be workers from ethnic minority backgrounds. Nor are things that much easier higher up the income ladder. Cutting government spending is culling the size (and eroding the degree of job control and job satisfaction) of the public sector-based middle class right now, just as surely as the downsizing of UK-based manufacturing is culling its private-sector equivalent: with the squeezing of both middle classes likely to continue. For the UK economy, just like its US equivalent, is currently experiencing job polarisation: generating high-paid high-productivity jobs for the fortunate few, and for the rest, generating far too many of what the Trade Union Congress (TUC) General Secretary Frances O'Grady called 'bad jobs' – jobs that pay badly, and jobs whose pay does not rise in line with either with growing productivity or falling employment.

The post-2008 wage data in the UK is particularly telling. If the TUC is right, as late as 2014 British workers were still suffering the longest and most severe decline in real earnings since the mid-Victorian era. The TUC data suggested that we have to go back to the 1860s for a pay freeze as deep and as long as this one (Doward & Bissett, 2014). Certainly living standards went through a severe and prolonged squeeze in the UK after 2008. Compared to 2007, for example, the average worker, across the private and public sector, saw an eight per cent decline in real weekly earnings by 2014: for the self-employed, real incomes fell 22 per cent. Young workers in particular were especially vulnerable here, with the burden of wage adjustment falling particularly heavily on them. There is clear evidence that working-age households remained worse off in 2015 than they had been in 2007, with an average income for people aged 22-30 still 7.6 per cent lower than before the financial crisis; and as late as 2014 for the average worker, while pay adjusted for inflation was down 8 per cent on pre-recession levels, for those under 25, it had fallen by 15 per cent and was [then] no higher than it had been in 1997. And if real wages are now rising slowly again, so far they have only managed to claw their way back towards pre-recession levels – the NIER reported in November 2015 'earnings…still significantly depressed in level terms, sitting 6 per cent below their January 2008 peak' (Kirby et al, 2015: F47). When set in the context of the OECD as a whole, indeed, the UK's relative performance on wages in the wake of the global financial crisis was a particularly poor one. As the TUC reported in July, only three OECD countries saw real wages fall between 2007 and 2015 – the UK, Greece and Portugal – and of the three 'UK workers have suffered the biggest fall…10.4%, a drop equally only by Greece' (TUC, 2016b).

And this is simply surface stuff. Beneath and behind these performance indicators, in both economies a whole set of emerging structural weaknesses remain to be addressed. They include, for the United States, disturbing data on under-performance on education and training, civilian R&D leadership, and loss of manufacturing excellence in a range of key sectors (Coates, 2014: 15-30). For the UK, they include at the very least unbalanced sectoral and regional economic development, an annual investment gap that the TUC recently estimated at £50 billion a year (TUC, 2016a), and the outsourcing of manufacturing employment (Coates, 2015: 17-18). In both economies, the structural weaknesses include a disproportionate dependence on financial institutions and foreign direct investment, the excessive deregulation of business, and the steady erosion of trade union and worker rights. Each economy currently faces medium-term problems of secular stagnation and longer-terms ones partly captured by Robert Gordon's six headwinds (Gordon, 2012); and in truth even this depressing list is likely to be just middle-ranking stuff (Coates, 2015). Tinkering with quantitative easing, and altering marginal tax rates, is hardly going to cut it when the signs of economic weakness are so ubiquitous and so entrenched. Problems this deep and wide need root-and-branch redesign.

Taking Stock and Moving On

This shared Anglo-American pattern of recent economic underperformance both sets the immediate task for centre-left parties, and provides them with an electoral opportunity with which to realise that task. And yet, as we know, the very involvement by the new Democrats and New Labour in the Thatcher/Reagan neoliberal settlement has seriously damaged their capacity to exploit that electoral opportunity: because to do so requires the current set of party leaders to break publicly with their parties' own immediate past policies; and because to do so involves also rolling back a neoliberal hegemony in their electorates that centre-left parties themselves helped to create. Little wonder then that the immediate paradox of centre-left politics in both the United Kingdom and the United States is that the very crisis to which they are responding is currently strengthening, not them, but their political opponents.

Nonetheless, change is in the air, and a certain pattern of new policy proposals is beginning to emerge. In the United States, as elsewhere across the advanced capitalist world, the first response to the 2008 crash was a reversion to straightforward Keynesianism. Governments spent money, and used quantitative easing, to re-establish credit flows and lessen the recessionary impact of the credit-freeze of September 2008. Even though neoliberal arguments and conservative politicians then quickly bounced back – labelling that government spending as either a cause/extender of the recession, when in reality the reverse was the case – in more progressive circles the most moderate new demand on the table was for *demand-maintenance through public spending and rising public debt*: for growing the US economy, as President Obama put it, from the 'middle' out. At its most modest, in the 2015 Report of the Commission on Inclusive Prosperity chaired by Lawrence Summers and Ed Balls, the new policies proposed involved no break with what they termed 'globalisation or technology,' preferring instead to generate their inclusive prosperity by raising wages, increasing female labour-market participation, extending educational opportunities, encouraging regional innovation clusters and longer-term forms of investment, and fostering 'international co-operation on global demand, trade, financial instability, and corporate tax avoidance' (Center for American Progress, 2015).

Another common theme in the US progressive rethink after 2008 – one that also surfaced in the Summers/Balls report – was what was later dubbed 'the infrastructure route to growth': the call for a regeneration of economic growth and greater international competitiveness through federal spending on the modernisation of the US economy's physical infrastructure (roads, bridges, rail and internet). Other, more radical voices, also added a demand for progressive taxation to redress the 'theft' of wealth by the top US income earners, to slow the rate of growth of/reverse the trend to income & wealth inequality, and to generate demand for goods and services across the entire US economy by concentrating extra purchasing power in the hands of those most likely to spend it – the American poor.

Such demands for progressive tax reform also now tend to be accompanied in the US by a call for a *higher minimum wage*, for *more generous earned-income and child-tax credits*, for *renewed trade union rights*, for *greater rights for women and minorities at work*, for *a bigger federal pension* (increasing Social Security for all but high income earners), and for policy designed to *reverse the outsourcing of well-paid American jobs*. In more radical circles still, that last demand is often linked to one calling for less spending on the US military – a call for a redistribution of resources and efforts into more nation-building at home and less overseas[3] – and for the use of public procurement policies to strengthen home-based manufacturing industry. And although the extension of public ownership still has yet to surface as a major progressive demand in the post-2008 United States, the demand to either more *tightly control or actually break up large financial institutions* certainly has; as too has the demand for the placing of a green agenda at the heart of any future US progressive growth strategy. The new US list is beginning to look like this, with the new themes italicised.

Table 3

1. *Public sector-led shift to a green economy*
2. Public ownership of troubled industries and companies, including the break-up of large banks
3. *More public spending on domestic needs, less on the US military: including employment. growth via federally-funded infrastructure improvement*
4. *Policy to prevent the 'outsourcing of jobs' and the strengthening of domestically-based manufacturing industry, not least by refusing to sign free-trade agreements weak on labour standards*
5. *Legal support for trade unions and new worker rights*
6. *Stimulation of demand via public spending*
7. Public institutions and policies to strengthen economic competitiveness
8. Public institutions and policies to reduce/remove uneven economic development
9. State encouragement of new industries based on publicly-funded R&D

10. *Fully developed welfare programmes to protect against involuntary unemployment, ill-health and poverty in old-age: including free basic health care for all, and increased social security*
11. *Progressive taxation to spread the cost of welfare provision to those best able to bear it*
12. *Higher minimum wage to help low-wage workers, and free college tuition to help middle-class families*
13. *Publicly-funded child-care provision, and paid parental leave, to help both parents participate fully in labour markets*
14. *Closing of race & gender inequalities, and ending of mass incarceration*

In the United Kingdom, the policy rethink after 2015 initially went more slowly and covered less policy distance than in the United States. It covered less distance partly because it had less distance to go (much of what Bernie Sanders, for example, advocated as 'democratic socialism' was pretty standard European social democratic stuff, as he himself openly acknowledged). It went more slowly because, unlike Bernie Sanders, Jeremy Corbyn and his new team had a whole parliamentary party to bring on board behind them, significant sections of which remain unenthusiastic at best, openly hostile at worse. Yet there are signs of new policy emerging from Jeremy Corbyn's post-New Labour party: *ending support for the UK nuclear deterrent, renationalising the basic railway system, abolishing fees for attending university/college,* and *resetting the industry department* into what the Shadow Chancellor John McDonnell, in his first party conference address in that role, called 'a powerful economic development department, in charge of public investment, infrastructure planning and setting new standards in the labour market.' (McDonnell, 2015).

This May, both McDonnell and Corbyn went further, telling the Party's state of the economy conference that the UK needed a 'new economics': that Labour wanted 'to see a genuinely mixed economy of public and social enterprise, alongside a private sector with a long-term private business commitment, that can provide decent pay, jobs, housing, schools, health and social care for the future'. 'Labour will always seek to distribute the rewards of growth more fairly,' Corbyn told the conference, 'but to deliver that growth demands real change in the way the economy is run' (Johnston, 2016). In August, Corbyn clarified some of his own thinking on the economic policy changes needed by issuing his *10 Point Manifesto to Rebuild and Transform Britain*. Among those 10 points were a full employment commitment to be achieved by investing £500bn in infrastructure, manufacturing and new industries, backed up by the creation of a National Investment Bank with regional subsidiaries; a commitment to build a million new homes in five years; policy to strengthen worker rights and industrial democracy; action to end NHS privatisation, to create universal public childcare and to meet the climate change goals agreed in Paris; and policy to reduce both income and regional inequality, and to strengthen local communities and local democracy (Corbyn, 2016). Many of those commitments were then echoed in the *25 point Manifesto for Fairness at Work* issued by Corbyn's challenger for the party leadership, Owen Smith, which focused heavily on the strengthening of collective bargaining, the improvement of both trade union and individual worker rights, and the creation of a more equal and democratic society (Silvera, 2016).

The self-conscious shift by the Corbyn-led Labour Party towards the creation of a Mariana Mazzucato-type '*entrepreneurial state*', and to the parallel restoration and *extension of trade union and worker rights*, built on the incremental movements away from the New Labour paradigm that had begun under Ed Miliband. The Miliband-led Labour Party fought (and lost) the 2015 general election on a policy platform that remained committed to the rapid balancing of the public accounts, so retaining one foot in the old policy camp. But it also went to the country committed to *a modest increase in top rates of tax, a higher minimum wage, new labour rights, more free child care, protected funding for the NHS and for publicly-provided education and skills training, enhanced infrastructure investment, a state-run investment bank,* and *proactive policy to slow down climate change*. These policy changes were all based on the growing realisation in leading Labour Party ranks that, as Ed Miliband put it later, 'there is good reason to believe that inequality isn't just unfair but that it actually inhibits economic growth' (Miliband, 2016); and that therefore one critical task for any incoming progressive government was to develop a 'pre-distribution' agenda – a set of policies designed to level the social playing field surrounding private entrepreneurial economic activity. At the heart of those policies were social ones facilitating individual opportunities (things like funding pre-school education and providing paid parental leave), labour market ones strengthening trade unions and individual worker rights, and economic ones focused on the regulation of finance and business.

The Corbyn-era additions (both Corbyn's and Smith's) are sufficiently similar as to add these elements to the emerging progressive consensus listed in Table 3 above.

Table 4

2. Public ownership of troubled industries and companies…
7. Public institutions and policies to strengthen economic competitiveness
8. Public institutions and policies to reduce/remove uneven economic development
9. State encouragement of new industries based on publicly-funded R&D
11. More substantial progressive taxation….

Whether these changes are harbingers of a permanent policy realignment on the British centre-left remains to be seen; but what is already clear elsewhere in Western Europe is that the grip of neoliberalism on centre-left programs continues to be a strong one (Bailey *et al,* 2014). In left intellectual circles in Europe, however, and among activists and political formations on the left wing of European social democracy, a new consensus does appear to be emerging: one that offers a model of successful economic growth based on a higher level of economic and social equality, and a greater commitment to high-wage growth, than that characteristic of neoliberal policy regimes, and one more sensitive than them to issues of worker rights, work-life balance concerns and the need for regulatory structures motivated by serious climate concerns. This new package carries many labels. In the UK right now, it is probably best characterised as 'civic capitalism: the governance of the market, by the state, in the name of the people, to deliver collective public goods, equity and social justice.' (Hay & Payne, 2015). In a wider European context, the more appropriate label is possibly 'assertive social democracy:' since the policy shift is still more a call to action than a daily reality on the ground (Crouch, 2013). Either way, *the package is invariably some mixture of policies designed to strengthen the economy's manufacturing base and skill-sets (its source of productivity and high-paying jobs); policies designed to create a new, more socially just and family-focused social settlement; and policies designed to regulate privately-driven market-processes in order to maintain basic social rights and protect the environment over time.*

The Nature of the Transition

The need for a fundamental rupture with past centre-left thinking and practice is visible, and ruptures of a certain kind are certainly underway. So far at least, however, they are not ruptures of sufficient depth or radicalism. Right now, it is still easier to see what will not work than to see what will; and it is easier to see effective political instruments of conservative change than it is progressive ones. But this much at least is clear.

Neoliberalism as an orthodoxy or as a political programme will not fall on its own; but nor will it succeed in re-galvanising economic growth and generalised prosperity. There is no going back to some Thatcherite/Reaganite heaven. Those on the right of both British and American politics see the way forward as some version of Thatcher/Reagan Mark II. They press for even weaker trade unions, even fewer labour rights, even less redistribution downwards. They see the route to full employment through the lowering of wages and the creation of a two-tier society whose economy is sustained by upper-class affluence. They pretend that social mobility for all is possible within that model, that trickle-down economics still works, and that rising tides lift all boats. But nothing could be further from the truth. Secular stagnation crises are not solved by wage-cutting. Nor are already underpaid workers empowered as consumers by having their limited rights at work eroded still further. Strengthening a national economy in a globalised age requires far more than deregulated business and ever greater doses of free trade. Thatcher/Reagan Mark I locked UK and US labour in a race to the bottom fixed by Asian wages, a race that leaves consumption levels at the core of the global system already too low to sustain even Chinese growth rates over the long term, let alone Anglo-American ones. The instigation of Thatcher/Reagan Mark II would only intensify that downward race. The first thing, therefore, on which a revitalised centre-left politics needs to be built is the recognition (and repeated assertion) that there is no 'unregulated market' solution to the current pattern of US and UK economic underperformance that can avoid perpetuating that performance.

As we noted in SPERI Paper 25, there is also now growing evidence – not least from international agencies that once stood at the heart of the neoliberal settlement (OECD, 2015 a, b) – that at this stage of capitalist development, economic growth and social inequality do *not* go together: that on the contrary any long-term successful growth strategy has to be based on reduced levels of inequality and the full development and mobilisation of all levels and forms of human capital. The well-paid boss in the top office is no longer – not that in truth s/he ever was – sufficiently significant as to be able to trigger prolonged economic growth by his/her initiative/genius alone. The reality is beginning to dawn, in key sections of the international governing strata, that because production is inherently a social process its success over the long term requires the full motivation of all involved economic players. On the demand side of the economic equation, those players require a capacity to buy goods and services from the wages they earn rather than from the credit they borrow; and on the supply side of the equation those same players need to be able to sustain over the long period high-quality inputs into the creation of goods and services that others buy (and so require, among other things, working environments and work-life balances that will enable them – and motivate them – to do so).

What has ultimately to replace the neoliberal politics of austerity, therefore, is a progressive resetting of public policy and the social order in ways that stimulate the full use of existing productivity capacities in both economies. If (as is likely) we now face a sustained period in which there is no systemically-induced new technology to lift productivity up across the economy as a whole, any incoming progressive government in either London or Washington will need to lift that productivity by fully utilising the productivity potential that is already there. It is only possible to stimulate greater labour output/hour across the entire economy in a limited number of ways. Some of these ways, like intensifying the work process by managerial dictate, are neither possible in the present conjuncture nor progressive in any conjuncture. But other ways are both those things – possible and progressive.

- Productivity/hour can be raised, across an economy as a whole, by *rebalancing the distribution of labour* from low-productivity to high productivity sectors (the traditional Swedish model solution, now requiring both active industrial policy and an active labour market one.).
- Productivity can be raised by *fully employing the entirety of its labour force and increasing its skill level* (the traditional left-Keynesian solution, now requiring quantitative easing as well as long-term public spending/borrowing).
- Productivity can be raised by *fully mobilising the existing set of economic skills, a set now so heavily skewed by gender*. This last source – the full use of an educated young female labour force – requires a new and progressive set of social policies, an entirely new social settlement focused on the needs of working families, and particularly on the needs of the women within them.

In that third strategy, policies on equal pay, on flexible working hours, on affordable child care, and on the de-gendering of family responsibilities move centre-stage: no longer to be add-ons to be cut the first time the national budget has to be balanced, but rather the first thing to be funded to make sure that the budget balances at a higher and more generous level.

All of which means that, on both sides of the Atlantic, a progressive growth strategy will only come from political parties committed to managing capital in the genuine interests of labour, and one equipped with an intellectual framework that recognises the vital role of progressive social settlements in facilitating economic growth. *At its core any turn to the left will require the progressive re-management of capital: internationally, through new trade rules and capital controls, internally through new policies of public ownership, progressive taxation and industrial democracy. It will require the state-led reconstitution of both economies' manufacturing bases, and fully revamped and better funded education and training programmes. It will require state financing of research and development geared to the greening of that economy, with environmental regulations being used as a beachhead to establish the legitimacy of the more general regulation of private industry by the democratic* *state. It will require a generous living wage at the base of the income ladder, and sharply progressive taxation to keep that ladder short; and it will require a resetting of the relationship between work and family – the privileging of policies addressed to the new reality of a two-salary family unit in which the vast majority of both men and women are heavily engaged in paid work.*

Finally

So when we currently survey the state of progressive politics in both the US and the UK, any weaknesses we find there are not anchored primarily in deficiencies of policy. For the kind of economy and society the centre-left could call into existence if empowered to do so is now fairly clear. So too is the fact that such an economy and society could sustain a successful and progressive social structure of accumulation for at least a further generation. The weaknesses of the centre-left in both countries are less those of policy, therefore, than they are those of *agency*.

Those problems of agency are currently very real, and indeed likely to intensify, at least in the immediate period. In the United States, the progressive wing of the Democratic Party is only one voice in the political conversation, and its major recent champion – Bernie Sanders – did not prevail in his leadership battle with the more moderate Hillary Clinton. But, at least in the US, the fear of a Donald Trump victory in November's general election is currently mandating a degree of party unity – around policy proposals as much shaped by Sanders as they are by Clinton – in ways that have no immediate UK parallel. In the UK, by contrast, the post-Brexit civil war is both intense and on-going, threatening as it plays itself out either to split the Labour Party in two and/or to cost it heavily if any immediate general election is called. The medium-term progressive problem in the United States is likely, therefore, to be one of holding a Hillary Clinton presidency to the more radical elements of her programme, particularly if the November elections leave ultra-conservative Republicans in control of one/both branches of the Congress (Coates, 2016). That will be difficult enough, but pales into relative insignificance when the focus of progressive concerns shifts back from Washington to London. For the medium-term progressive problem in the United Kingdom is nothing less than that of keeping the Labour Party united and credible as an alternative government, in the context of a Conservative Party which is currently tacking to the centre under Theresa May, and of a sullen UKIP vote still waiting in the wings.

But centre-left political parties have been in equivalent troubles before, and have re-emerged stronger by battling through them; and that battle is certainly worth waging now, because at long last, after the barren years of Third Way politics, a new generation of centre-left political activists is putting together the embryo of a radical programme that is genuinely worth campaigning for. And we should campaign for it – and do so as a matter of high priority: because *only* by articulating a coherent alternative vision of the kind now emerging can we ever hope to keep conservatism at bay and ultimately return radical politics to the ascendancy. Progressives cannot duck the left-right battle for ideological dominance in the era of Fox News and Murdoch papers, in the hope that if we remain quiet the centre of political gravity will remain largely unchanged. That centre of gravity is already being dragged ever further to the right in the US by the demagoguery of Donald Trump and his media acolytes, and in the UK by the steady erosion of welfare rights through one Tory legislative move after another. To hold the current political centre of gravity where it is, or better still to pull it back in a progressive direction, necessarily requires therefore an equivalent pull from each and every one of us. As R.H. Tawney once sensibly reminded an earlier generation of Labour Party leaders, the first thing you need to do – if you want to win a political fight – is to get off your knees. And he was right: you do not win unavoidable battles of ideas by choosing not to fight. So, if there was ever a time for courage on the Left, that time is now. The centre-left politics of the 1990s – heavy as it was with triangulation and class accommodation – collapsed in the financial crisis of 2008. Its day is done, as is the credibility of anyone associated with it. The Democratic Left needs a new message, a new vision and new leadership. All three are beginning to emerge – and in the end we will all be better for that.

Notes

1. This is how 'riding the tiger' was explained in SPERI Paper No. 25. 'For understood in this fashion, the task facing a serious centre-left party in the UK comes to have two over-riding characteristics. One comes from the impossibility of finding purely national solutions to problems/processes that are supranational and systemic: namely the necessity from the outset of the policy-making process of coordinating with other centre-left political formations abroad, and of making at least a European-wide programme a key part of the overall solution being offered. The other comes from the depth and entrenchment of the various sets of linked issues and processes now being faced. Not all of them are equally easy to address. Not all are open to full and complete resolution. And because they are not, progressive politics in any one national context has to be designed to deal with each level of problem specification differently. *Progressive politics has to be designed to 'address and solve' surface issues, to 'address and abate' inherited national specificities, to 'manage and soften' general trends common to many national economies, and simply to 'ride' (in the sense of 'riding the tiger') basic capitalist contradictions that cannot be legislated away*. Centre-left politics has to be about managing those basic contradictions rather than about removing them entirely. It has to be about managing them in ways that favour labour rather than capital, by building particular social and economic settlements that can hold together for a period at least, so giving the current generation (and possibly the next) the chance of a higher quality and more secure life. In the absence of revolutionary socialist forces, capitalism cannot be entirely replaced. The only realistic option on the table is to establish some level of democratic control over a capitalism that will inevitably continue. Capitalism unregulated is anarchic. Capitalism that is regulated is less so. The over-riding task of the Centre-Left therefore, is to make capitalism as civilised as possible: by recognising the forces driving it, and by defeating those political forces whose self-interest is geared to tipping the underlying balance between labour and capital in the other, less civilised, direction' (Coates, 2015: 6).

2. Helen Thompson recently wrote this. 'Economically, the narrative of recovery is for millions of Americans a painful illusion, bereft as they are of remotely secure employment and dependent on still growing credit to compensate for stagnant wages as big-ticket costs generated by health care and higher education have exploded. The US labour market participation rate is at its lowest level since the autumn of 1977 and the decline cannot be explained simply by the bulging cohort of baby boomer retirees. Total US debt, meanwhile, is around $60 trillion, 27 times higher than in the early 1970s' (Thompson, 2016).

3. A call, it should be noted, that is echoed on the Right in the United States, at least by those around the campaign to make Donald Trump president of the United States. It sits uneasily there with linked promises by their candidate to intensify US military action against ISIS and to curb immigration (even of skilled workers) from areas/countries exposed to 'terrorism'.

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