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Interview: Long live neo-liberalism?

Colin Crouch, Daniel Leighton

The salient fact about the financial crisis to date is that both the power and the narrative of neo-liberalism remain intact. Colin Crouch provides a guide for the perplexed.

We are still very much in the midst of the financial crisis triggered by the sub-prime crash and collapse of Lehmans. With the markets in turmoil at the prospect of sovereign debt default in the euro zone and the downgrading of US bonds, the way out remains anything but obvious. Yet as a private debt crisis has mutated into sovereign debt crisis, two things at least seem clear.

The first is that the centre left has to date been utterly incapable of capitalising on the crisis, both electorally and intellectually. Secondly, despite the neo-liberal paradigm being 'mugged by reality', the primary agents of the financial crisis that survived have come out of the situation stronger than before and their frameworks dominate practical prescriptions on what needs to be done to bring about recovery. George Osborne's defence of his strategy of austerity is that bond markets approve – yields on British bonds are now the lowest on any country. While the basic bargain of neo-liberalism's trickle-down economics seems to have broken down, its criteria still frame the limits of the politically possible.

The salient fact about the financial crisis to date is that both the power and the narrative of neo-liberalism remain intact. In The Strange Non-Death of Neo-Liberalism, Colin Crouch, Professor of Governance and Public Management at Warwick Business School, and one time chair of the Fabian Society and editor of the Political Quarterly, provides a guide to the perplexed as why this is the case (Crouch, 2011).

Crouch is a noted authority on the comparative sociology of capitalist economies, penning compendious tomes on the subject for primarily academic audiences (most recently Crouch, 2005; in these pages see Crouch, 2008a). Yet every few years he surfaces with books and pamphlets intended for a wider public that compress his academic learning into a more acutely political direction (for example Crouch 2000; 2003; 2008b). He has a knack of coining terms and concepts that help the general reader understand the complexities of contemporary political economy, which help hone a more effective strategic understanding of power relationships, possibilities and the limitations of political change.

Yet the tone and intent is what could be called strategic clarification for ordinary citizens rather than blue prints for immediate action by activists or policy prescriptions for policy-makers. This civic humility is neatly encapsulated in the opening paragraph of his latest book:

Most literature about subjects of this kind is written from the standpoint of someone showing how the world might be changed, either by the authors themselves if they ever got the chance, or by political leaders whom they hope to address. But very few people are ever in a position to change the world; among those few are many who would change it for the worse. There is a far bigger audience of people who have to cope as best they can with the world they find. It is for them that this book is written. (Crouch, 2011, xi)

Crouch's key claim is that the conventional polarities of state vs. market that is characteristic of debate between left and right ill-serves those seeking to understand the world as it currently exists. Both principled

defenders and critics of the market have fallen to prey to a sleight of hand in which neo-liberal rhetoric about markets camouflages the reality of a political and economic regime in which the giant corporation dominates public life.

In Post-Democracy (Crouch, 2004), which started life as Fabian pamphlet (Crouch, 2000), Crouch highlighted how the global corporation had superseded political parties, amongst other formal political actors, as the key political institution in a manner which hollowed out the meaning and power of liberal democratic polities. In the Strange Death, he extends the argument to claim that, under corporate dominated neo-liberalism 'democracy is joined by the market as a kind of victim' (Crouch, 2011, ix). This only becomes visible when the dualism of state/market is replaced with a 'triangular confrontation' among state, market and corporation.

Yet Crouch doesn't go in for the anti-capitalist radicalism that seeks to rid society of giant corporations or carry any faith that the Labour Party could be the vehicle for a new social democratic settlement. In a manner that might disappoint those expecting to see the overthrow of neo-liberalism, Crouch places his bets in favour of a 'fourth force, the busy but small voices of civil society, not to abolish but to criticise, harry and expose the misdeeds and abuses of the cosy triangle' (Crouch, 2011, x).

In the following interview we discuss some of Crouch's key concepts for understanding today's political economy, the constraints and political possibilities that flow from this understanding, and the need for repoliticising the workplace as a space in which people's interests can be transformed once more into a source of progressive political identity.

Identities and interests

At the height of New Labour's time in power you wrote a pamphlet called Coping with Post-Democracy (Crouch, 2000). What did you mean by the term and how does it relate to the various diagnoses out there that speak to a crisis of liberal democratic institutions?

I'm using post in the same way others have used 'post-industrial' and, to some extent, 'post-modern': in the sense that we have an existing set of political processes, institutions and structures that are still in place, still functioning, but the energy of the system has moved elsewhere. When we use the term 'post-industrial' it doesn't mean we don't use products made in a factory; but the dynamism of the economy has shifted away from industry to services.

What I mean by 'post-democracy' is a system in which all the institutions are in place, they are functioning – sometimes quite well at times – but the creative energy of the polity is moving off somewhere else. In particular it's moving beyond the reach of the nation-state and towards corporations, towards capital and away from the citizens' arena.

I don't say this is a state we have fully reached. At the limit it's a dystopia: I'm saying, 'is this what you want to happen?' If not, we need to do something about it. It is still possible to see vibrant democratic moments in a society like ours – environmentalism and feminism, for example. It differs from other claims concerning the crisis of democracy, as I'm not saying there is necessarily a decline; energy is happening in places other than parties.

But what exactly is the role of parties in post-democratic polities? Does the dominance of corporate agendas mean they are too constrained by unequal power to raise certain issues, or is there something intrinsic to the organisation of parties which means they can't adapt to a globalised world?

It is important to distinguish between corporations and globalisation, as they are not the same thing, although they are closely related.

But there is a third force at work which is the declining capacity of industrial societies to produce social identities around interests. Throughout the twentieth century this gave political parties their rootedness in society. We get angry with politicians when we feel they are all afraid to be different, aping each other's rhetoric and so on. But they can only work with the society they've got and the society we have is one in which, apart from ethnic or regional identities, many people probably don't have an identity which means a lot to them, an identity that can take them to a set of interests which can be politically defined. It's actually a bit of luck when societies have this – one of the curiosities of the late-nineteenth through to late-twentieth centuries. It happened to produce clearly defined sets of interests. Without this it's no good expecting parties to act if that's what exists.

And this was the tragic error of the British left – as in the left of the Labour Party – it believed it was speaking for a great movement out there and believed that getting motions passed through its machinery of committees somehow represented a huge social force. It didn't – it just represented the people who were talking about it.

So it's not simply about domination from capital, but sociological shifts which create a much more difficult environment for parties to work with. The machinery we have for doing this is premised on an environment that no longer exists.

That's right.

But it's interesting to note that there is in fact something like a global business class that shares an identity through a self-conscious sense of its own interest. They have shared symbols and publications – *Business Week* and *The Economist* are its ideological organs. It has identity, it has its social spaces and gatherings. (An enormous culture shift was the shift from Southbank to the Barbican – symbols are important here – from Labour territory in London, to the heartland of the financial capital.)

The top end of society does not therefore have the problem of being unable to tie together their interests into a coherent identity. This links up the sheer facts of corporate power to explain a whole series of things in the way society functions and different people within it relate to it.

Corporate power and market forces

So in the classic Marxian sense the global business elite is a class for themselves as well as a class in themselves, and the rest of society lack this self-conscious understanding of their position and associated interests.

In your latest book, a sequel of sorts to Post-Democracy, you make a key claim throughout that would seem counterintuitive to many people – that corporate power is undermining the market as well as democracy. The latter is an accepted claim on the left but the former probably needs more unpacking – what is the relevance of this distinction, particularly in relation to the 'strange non-death of neo-liberalism'?

The distinction is not between the firm and the market so much as the giant corporation and the market. A functioning market assumes the existence of many firms, but often what we have are markets that do not have anything near the number of firms that an economist would require for a competitive order to exist. You've got a large amount of oligopoly; you have firms dominating whole sectors.

And in the financial crisis we were told that large individual banks were 'too big to fail' – but the entire system was also too big to fail. The statement 'too big to fail' is itself a contradiction of the conditions of the market economy. There are several things needed for a market economy to work and one of them is that failure can take place. It is destructive to people's lives and property, but provided no one organisation is too big to fail, the system can live and thrive on individual failures. The system can absorb the failure. One of the things that the Eastern Europeans had to learn in the 1990s was that bankruptcy laws were needed to allow exit from the market. That's how you achieve efficiencies and avoid major crises.

When you get to a system in which entire banks are too big to fail, this itself signals that this isn't anything like the self-correcting market economy found in economic textbooks. It is therefore something that cannot be seen as governed very extensively by the laws of the market.

Isn't there a more fundamental problem in that the market economy as described in economic text books is the exception rather than the norm; isn't market failure so endemic that it's a mistake to assume that markets function well in most instances – the financial crisis was just a more fatal instance of this pattern?

No, there are lots of markets that function very well and we take for granted every day of lives that they do so. If you want to sell a second hand car you can shop around different dealers to see who will give you the best price. If you look at one of the real areas of success of marketisation such as telecommunications – the enormous growth of choice and innovation, this is the kind of thing a state socialist economy never did and never could do.

Also, even though giant corporations often spoil the market and dominate political agendas, we probably can't do without giant corporations either. We can't go back to an ideal world of all firms being small niche firms. Mass producers have produced great efficiencies and brought goods and services to many people.

There is a tension between the market and the corporation, and a tension between both of these and what citizens need. But there is also a lot of convergence. Which is why it's not easy to see a simple way out of the situation.

You distinguish carefully between Hayek and Friedman on market competitiveness, two thinkers often lumped together. You highlight that German-speaking 'ordo-liberals' would be much more alarmed by current levels of economic oligopoly than Chicago neo-liberals. How sharp is the opposition within neo-liberal thought and what are the political consequences?

I'm not sure how conscious people are of the contradiction within neo-liberal thought. At the time when Friedman was writing his book *Free to Choose*, a sort of slogan of neo-liberalism (Friedman and Friedman, 1980), the law and economics school, also operating from Chicago, were arguing that it's not consumer choice that matters but consumer welfare (see Crouch, 2011, 55).

While consumer choice is a democratic concept, consumer welfare is a technocratic one: lawyers and economists decide what is best for consumers. It is deeply paternalistic – it's the kind of idea that leads to

accusations of the 'nanny state' when governments lean in that direction. Whether there is a practiced hypocrisy at work here, or people simply don't see it, I'm not sure.

We do see, in practical terms, this mistaking of the corporation for the market in a number of ways. In terms of recent and current British politics, the most obvious area is where the contracting out or privatisation of public services is seen as bringing in 'the market'. This implies it is bringing all the virtues around choice and cost efficiencies, when actually what normally happens is that a small number of government purchasing agents engage with a pretty small number of firms who have come to specialise in contract negotiations across a very wide range of activities. The actual user of the service, the citizen, is not actually part of that relationship, and it's a very odd paradox. It's the very fact of wanting to keep things provided publicly and not expose citizens to having to bear the cost of expensive prices for valuable services, notably education and health, that actually produces this extremely monopolistic economy.

I think people in the New Labour mindset don't actually understand that engaging in some friendly backslapping with a few corporate leaders is not actually using the market. Other aspects of the policies might do – giving people choice over hospitals and schools is using the market. But often what we have in contracting out is a corporate provider without a genuine market. That's a practical example of where confusion between market and corporation has a very tangible manifestation.

Is there something more going on? The turn to outsourcing was as much about getting spending off balance sheet to increase the resources of the public sector without having to raise tax. A different interpretation would be that New Labour was hemmed in by the realities of what were perceived to be the limits of acceptable levels of taxation, rather than confusion or full scale conversion around markets.

That would only apply to PFI and not to sub-contracting and service delivery. PFI was different, it was about getting private sector resources into public spending; but the crisis has revealed with PFI that in the end the government will ultimately have to underwrite the risks of investors. But the whole point of PFI was to get the private sector investors to bear the risk. The government ends up underwriting the risks of the risk carrier just as the Greek and Irish populations are having to bail out investors for the risks they took that went wrong.

When you have this big system where we are terrified to see failure, the public end up being the risk bearers. But the whole justification of rewards to capital is meant to be the reward for risk bearing when it works out.

So is the left making a mistake when it equates neo-liberalism with the relentless march of the market – when it is actually an ideological cloak for naked corporate domination?

Yes, but I think I would see it as more benign in the last analysis. Capitalism does have an incredible flexibility, which is why it ultimately defeated state-planned socialism. Capitalist economies exhibit and are capable of different variations and inflections. Danish neo-liberalism for example is very different from US neo-liberalism.

As well as any ideological conspiracies you might see, there is something else. The set of ideas associated with neo-liberalism – full of contradictions though they might be – as a set of networks among states, markets and corporations it actually gives you a very flexible set of tools. For a practicing politician one can see how, in a globalising world, the idea of moving out of that paradigm without a clear working alternative is a very scary prospect. Whereas what you can do is nuance within the existing paradigm.

After privatised Keynesianism

Looking at the existing paradigm, you coined the term 'privatised Keynesianism' to describe a key element of it – one which may longer be possible as a result of the current economic crisis (Crouch, 2008b).

What do you mean by the term and how has this become what you have called a 'bizarre collective good' that many politicians were rightly afraid of undermining? Why does it explain why the biggest perpetrators of the crisis have emerged stronger than before and look unlikely to be displaced from their position of economic and political dominance?

Original Keynesianism entailed government trying to maintain economic stability by acting counter-cyclically. So it takes money out of the economy when it is overheating, and puts money in when there is a danger of recession. An important part of that was monetary expansion and contraction. It got into disgrace in the 1970s because it simply couldn't cope with the enormous commodity price rises that were happening in 1973 and 1978. It couldn't carry out the contractions that inflationary pressures meant were required to rebalance the economy.

The so-called monetarist regime, which followed, held that government should not attempt to control employment rates but target the money supply. It was argued, not entirely wrongly, that inflationary tendencies in the economy would ultimately create greater levels of unemployment. The problem was that governments were no longer in control of the money supply because of the enormous expansion of private credit and therefore debt – in a relatively small way through credit cards, and then in a much bigger way through sub-prime mortgages, and general extensions of credit to people who couldn't afford it.

You see this very clearly in the USA, where real wages were static if not falling for ordinary workers for a long time, yet people continued to consume. This was partly because things were getting cheaper; but mainly because people were borrowing enormous amounts through re-mortgaging their houses, often not to make home improvements adding to property values, but to buy consumables.

This was made possible through the expansion of secondary markets, which seemed to be a constantly expanding universe. More and more countries were deregulating their credit markets, more and more countries were producing concentrations of wealth, which meant they could join the party. Financial traders were selling on assets without enquiring into what they actually were. The system was expanding so every time you sold on the risk there were more people to buy a share in it. That's how risk-bearing works and how insurance, in particular, works – the more people share risk, the less risk everyone has. So it was seen as not needing to be investigated. In the end the amount of junk debt proved to be the downfall of the whole thing.

Some people got extremely rich out of the process however, and the world is now far more unequal than anyone would have predicted thirty or forty years ago. We are getting back to 'third world' levels of inequality. And these people have continued to accumulate wealth, as very few have been burnt – mainly because we have had to bail them out. But although it was a system that produced a lot of irresponsibility and inequality, our purchasing power was being sustained by it. It was serving the same function as the inflationary part of the Keynesian cycle.

Not every country did this, but the list of countries that bought into this is an odd one: it's not just the Anglo-American ones, it's also the Danes and the Dutch if not the Germans or Japanese. And it was a model that enabled us to get the impression that we were getting richer all of the time, despite not having a stability regime like Keynesianism. It played a functional role in maintaining or raising living standards.

This raises the question of declining living standards, what Ed Miliband has sought to encapsulate with the notion of 'the squeezed middle'. Yet given the still central role privatised Keynesianism continues to play, he can't really get to grips with the underlying political economy that is premised on debt-driven growth rather than, say, full employment or higher wages.

You seem to be saying that it's not simply a case of parasitical financial speculation, but a situation in which everyone has a very real material interest in keeping the system as it is. Do we have much more scope for wage growth, or does the nature of the economy rule this out – does the reality of integrated global labour markets constrain the ability of politicians to do this?

There are three parts to this conundrum.

One is the general interdependence this model has built in – even countries like Germany and Austria that didn't buy into it benefited from it, because we buy their stuff in larger quantities than we otherwise would. Germany never really joined the Keynesian regime either. But it was the Keynesian countries that bought their stuff. The German model – that you should always have a balance of payments surplus – is, by definition, not universalisable. For most of the post-war period, and even today, the United States has played the role of people that bought everyone else's stuff. Now they are depending on Chinese credit to buy Chinese goods, and that won't last forever. There is a general problem, that all have become dependent on a model that is unsustainable, but attractive to those directly enacting it and those countries which benefit from them doing so. My guess is that they will do everything to get it going again because it is so attractive, but it will crash again in ten years' time.

The last crash was the first major one we have had in the West for a while, but there have been major crashes elsewhere throughout the so-called neo-liberal period. The Asian debt crises and the Latin American crises, and we had the 'dotcom' crisis in the late nineties. It is very seductive to believe we have moved beyond the laws of supply and demand but it's a type of system that produces repeated crises. There is always a danger that politicians who can rarely see beyond five years will be very happy to work with a model that might last another ten years before collapsing. In a curious way, one has to hope the crises become more frequent for something to actually shift. This will probably mean we have to be content with our standard of living rising much more slowly than was the case in the nineties and the noughties.

The second problem – not unique to but specifically intense in the UK case – is the dominance of financial services. New Labour continued Thatcher's legacy but made it even more central in that the growth of the financial sector become the sole economic strategy for the country. The financial sector and London was seen as the motor of the economy and other parts of the country were neglected. How strong is that path dependency? Could the British, having seen what a toxic area it is, give up its considerable advantages in this area and move towards areas we have less of a current advantage? It is extremely difficult to make that break.

Thirdly, it is impossible to tackle this issue at the level of national politics. The central issue is that the level at which democracy operates, which is primarily at the national level, is totally inadequate in meeting the needs of democracy. There are very few incentives for politicians to say: we are going to do this differently.

Is it true that nation states have such little room for manoeuvre? For example, economists like Dani Rodrik argue there is in fact much more scope for variations in capital controls and protection of national industries than 'hyper-globalists' claim (Rodrik, 2011).

The problem is that we do need certain new rules at the international level to make capitalism operate in a more stable manner. Without this there will always be temptations to undercut or take advantage, by being less regulatory than competitors – the UK does this all too often.

On the other hand there is a case for saying that the bluff could be called when corporations claim they will go elsewhere if tougher regulation is put in place in the UK. They often have sunk costs, which means it is extremely expensive for them to leave.

A bigger risk is that although they maintain existing operations, they will go elsewhere for expansion. Ford continue to make cars in Dagenham, but if they build a new plant it's more likely to be in somewhere like Slovakia.

There is an interesting debate about the race to the top as well as the bottom. We know that the most innovative and dynamic economies are actually those with very rich infrastructures and an environment of skilled labour. You are not really going to get the powerhouses of research and development going off to China.

Bluffs can be called, though politicians are very risk averse. But ultimately you can't have a global capitalist economy regulated by national democracies.

New political strategies

What are the consequences for left-wing political strategy? Accepting the reality of this impasse makes you fairly circumspect about what is reasonable to expect the Labour Party to do here. It's one thing saying they don't have the courage of their convictions, or that they lack any convictions, and another to say there are fairly minimal things they can do. The implication of your analysis is that those seeking to tame corporate power shouldn't expect much from the Labour Party or any political party on the centre left.

I would say that I am writing off political parties as vanguards of any great movement for change here. They have only ever been that at certain moments in history. But given what I have been saying about the lack of social rootedness of parties, it is extremely difficult for them to take on that role. They have to be cautious beasts electorally.

So one looks outside to other sources of political energy – and they are there; our society is very rich in creating campaigns on various issues. Now, if campaigns on environmentalism or financial regulation really galvanise large parts of the public, then one would expect to see political parties respond. Once it's there, you might expect parties to use their communication resources to come in and take a leadership role. But I don't think you can or should expect them to do the difficult work of initiating change here – it would be suicidal for them.

I don't say you should abandon political parties if you want to have a political life, but you make sure you are supporting direct causes as well. You can't just expect the party to take up what starts off as being unfamiliar, unpopular and inconvenient issues.

Does that not lead to a depressing worldview in which you have often poorly-resourced civil society Davids, flinging stones at corporate Goliaths? They might sometimes make a dent but there is not much else that can be done. Is this as good as gets in terms of political change?

Yes. I can't see beyond that at the moment in terms of practical politics.

You could spell out a global regulatory regime that would tame and channel capitalism, so that it didn't lose its dynamic edge or its innovative capacity, but didn't behave irresponsibly in financial markets and didn't exploit Bangladeshi women and Chinese peasants. You could define a world order of a civilised neo-liberalism, a sort of durable Scandinavia. The problem is, the forces lined up against that are extremely powerful. It is not that we don't know what to do; it's not that there are no ideas on the left – there are too many ideas on the left – and some very good ones. The problem is the power of corporations – it's not just their economic power but the power they have over the polity because of their resources. It is very difficult to get anything passed that they disapprove of, especially when democracy remains at the national level.

If that is a world that is going to continue, about all you are going to get is gadflies biting the brute's back.

So you're not saying we should just tend to our gardens and recite the serenity prayer?

No, we don't give up because that campaigning world is out there, regardless of what parties do.

This is where I take this strange view of Corporate Social Responsibility (CSR). People on the left write this off completely and I share a degree of their cynicism. But the whole point about CSR is that it involves companies saying that they are not simply profit-maximisers that have neither rights nor obligations on other issues. They are out there saying they can solve other issues. And is this related to neo-liberalism, and the rhetoric around state failure, and the infinite ability of capitalism to solve challenges more effectively: the state can't solve big social challenges, they are too inefficient and bureaucratic, etc. But secondly, given their prominence, they recognise that they have to at least speak to the fact that they have wider obligations. This is the position a lot of capital is in now. This means it is in the public arena, and not hiding behind politics as much as it used to.

This where I have a sense of optimism, and why I shift away from parties as the agents of change. When democracy is seen as party competition, parties look around for issues in which they can pin the blame on each other. So if a logistics firm loses a disc containing private or confidential data, that is something to attack the government, rather than attacking the corporation undertaking the contract. But this is less possible once corporations claim to be social actors and operate in a global economy. You can get campaigns against and around them, which are not tied to national democracies. Great campaigning organisations like Amnesty and Greenpeace are cross-national and, to the extent that they mobilise consumers, they are not vulnerable to the threat that companies go elsewhere. Consumers are invulnerable to that threat – no company is going to say to customers: 'well we won't sell our goods to you if you insist we shut down our third world sweat shops'. They can threaten not to produce in a country that regulates them, but they are unlikely to withdraw selling.

Transnational consumer-orientated politics brings something vital – it brings corporations directly into the firing line, it crosses national boundaries, and it's not vulnerable to electoral cycles. It might only be a gadfly, but it has a sting that is real and can affect change.

Is a consequence of this for the left to be much more savvy about the way incentives in markets actually work, rather than always seeking to restrict and regulate them? An example of this would be London Citizens and their living wage campaign, wherein they became shareholders with a right to see the board. Parties know how to do a set of things regarding legislation, but don't seek out weak points in terms of targeting corporations?

It needs a whole range of measures and approaches and you don't necessarily worry about consistency. If you can regulate an industry by giving markets incentives, why not do that? But if it is no good because of externalities, then you may need to regulate as well. I don't see there being an ideology of means here; we have to grasp at what we have.

Do I envisage an alternative system? Clearly not. But then one of the virtues of capitalism is that it is so varied that it can go in different ways. It may be that we don't want a totally worked out systemic alternative. Ralf Dahrendorf, a left-wing liberal who renounced his earlier social democracy, wrote a book addressing someone in Poland in 1990 worried about the future. There is a striking phrase in there where he says 'if capitalism is a system then it needs to be fought as hard as communism had to be fought' (Dahrendorf, 1990, 36). The left might respond that capitalism is such a system, but I would argue that it is too messy, too complex, too full of contradictions to be a system; and that is the way you want it. That's the way you want society. It's not just that it is as good as it's going to get, but that it is as good as you want it to be.

Labour's traditions

Your take on the benefits of civil society-based activism targeting corporates directly speaks to a very different division of political labour. The question is, not how people can be useful to getting parties elected to oversee systemic change, but how useful can parties be to civil society groups enacting specific changes in corporate behaviour?

Yes. There is a particular problem of the left, which curiously all the 'New Labour' revisionism never really changed: buried very deep in the nineteenth-century/early twentieth-century genesis of the labour movement, there is an attitude that sees all the important institutions of society as hostile – the landed interests, church, business, judges. And there is the labour movement – parties, trade unions and co-ops – and they just have each other and can't trust anything else, so they have to do it within the movement. That eventually became statist, and leads to the idea that only the captured state can govern and undertake the right policies. That's where things went wrong. The conservative approach to parties, in which they make up just one of a penumbra of social organisations, is actually much healthier.

This touches on the rapidly emerging new 'big idea' concerning 'Blue Labour', which emphasises the importance of working with and through wider social organisations – including values of family and tradition that are often alien to progressives.

But your account also highlights a potential contradiction. On the one hand, Maurice Glasman speaks of the richness of the early Labour tradition, representing English working class culture that is part of, but external to, party organisation. He suggests that this rich civic culture was subverted when Labour mutated into a more Fabian centralist approach.

But you seem to be saying that there was something within the Labour tradition itself that led it towards this statist tendency. It wasn't the overt split between technocratic Fabians and G. D. H. Cole's guild socialism that marks a turning point where everything went wrong; it's buried more deeply in the mentality of the movement that thinks existing organisations and cultures are hostile to them.

I think the Blue Labour people are right that surrounding civic institutions have been neglected and they gave people identities. But then there is the big problem, how do we continue to construct these kinds of

identities now, because traditions that existed in the past in a sort of museum, but no longer resonate, aren't very helpful for the future.

But there is a big 'traditional' issue that I think is critical to reconstructing political identities, which concerns the death of the workplace as a political arena. One thing New Labour did was to kill the notion that your working life had any political elements. As a citizen and consumer of public services you were encouraged to think politically. But your workplace was just somewhere where you got paid – it wasn't a community.

We now have the most dynamic part of the economy in private services and finance where there is practically no worker-representation. The inability, not unique to the UK, of the trade union movement to reproduce itself in the new spaces of the economy is why people don't have work-related identities. Labour has become a weaker and weaker actor in relation to working issues. Some of the campaigns I mentioned are connected to the unions internationally – particularly on supply chain issues. But if there is one thing we need more than anything else, it is the re-politicisation of work as an issue and as a generator of political identities.

Given the intensification of work that has happened in recent decades, how do we account for the fact that it doesn't appear to be a particularly resonant political issue expressed by citizens at elections? Why aren't people more angry about their lack of control here? Is this because the articulation of a radical workplace agenda is suppressed, or because people have multiple identities and don't ascribe as much importance to their working lives as people on the left suggest it should be? And does the turn towards wellbeing and happiness by policymakers act as a Trojan horse where these issues might come back on the agenda?

What we have in our society is the one and a half job family. People are expected to be both great parents and great workers, yet they hardly get to see their children, and women in particular work funny hours. Put that together, and working life remains the source of a lot of the grievances people have in relation to the everyday pressures and demands they face. There are things that can be done through both trade union and legislative action. But it is simply not voiced.

There is partly a conspiracy of silence in the media about this. It is very odd that every serious radio and television current affairs programme carries items with stock exchange prices and changes in markets daily. Now the number of people who actually own shares, rather than own things that hold shares for them, is miniscule. You hardly hear anything about such and such organising a 39-hour week, or a deal on short-time working to get through the crisis. There seems to be nothing current to show how working lives are newsworthy. We are encouraged to see the stock exchange as newsworthy even though it's not connected to most people's lives.

One factor here is that a lot of work in the services sector is in small companies, unstable employment on short-term contracts, meaning people are tending to be in anomic positions where a consistent work identity is hard to form.

Small business

The agenda of restraining dominant corporate power speaks to an alliance between Hayekian defenders of the market and anti-trust New Dealers, which is rarely articulated today. At present the notion of the Labour Party being the party of small business seems pretty far off the agenda.

Could a stronger advocacy of functioning markets lead to a populist message on stronger regulation in the economy that both protects workers and enables smaller firms to survive and flourish?

During the twentieth century labour parties became associated with big capital because that is where trade unions found they could have traction. In this regard small businesses were their enemy as they had very little purchase on them. Labour movements were about big structures; this worked quite well for early- and mid-twentieth-century economies dominated by large mass industry firms. But it isn't necessary for the representation of workers' interests for all time – it was conjunctural, in that it related to a particular time. In post-industrial economies it's much more about innovation and developing new services rather than mass production of primary products.

There was a an error in the final quarter of the twentieth century, where most labour movements failed to spot this shift and remained tied to an image of big capital and the big state in the economy that isn't necessary to retain. There is no reason why labour movements should not embrace markets where they are friendly to workers. It was after all the trade unions that agitated for the repeal of the Corn Laws; they wanted free markets in corn to beat down the prices enforced by aristocratic monopolies.

There does now need to be a rapprochement between unions and small and medium-sized firms – although certain forms of regulation are a real difficulty for small firms, this should still be possible. You would here define a different type of politics, rather than being stuck in the historical accidents that defined Labour as associated with bigness, which goes alongside centralism and statism. New Labour never broke from this, except on Scottish and Welsh devolution. So yes, once you move away from an opposition between state and capitalism, or state and markets, then you start saying there are various things going on within capitalism that could be prioritised against others.

An interesting example of this is retail. The death of the high street is partly a consequence of deregulation; countries that have thriving small shops and lots of local brand names, not just dominated by retail giants, usually have various regulations on shop size. All the tendencies have been to get rid of these regulations over here. So David Cameron on the one hand is bewailing the death of the high street and on the other hand is pushing through planning deregulation that will make things far worse.

Small business never seems to articulate this themselves – they are often seen as leading advocates of deregulation and are a key audience for politicians promising to slash red-tape – but they need certain types of regulation in order to thrive.

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