

An Occasion for Celebration; but Global Worries Lie Ahead

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Abstract

Ideas developed by the social democratic left have been brought together in *Prosperity and Justice*. Contributors from a wide spectrum of backgrounds have contributed to a new post neoliberal consensus. More attention needs to be paid to the global level of policy making. International capacity to act is declining just as the need for it grows. Political movements seeking to reassert nationalism against global collaboration are growing. Economic policies cannot be replaced without considering the global institutional structure.

Keywords: social democracy, neoliberalism, Brexit, nationalism, international cooperation

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FOR YEARS, conventional wisdom has asserted that all new ideas were coming from the neoliberal right, with the social democratic left having nothing to say. It has not been true. Centre-left thinkers around the world have been developing many new ideas for making economies work both better and more justly. Virtually all these have now come together in *Prosperity and Justice*. To name just a few: the vital importance of collective goods of many kinds (including the natural environment) and how to finance them; new forms of government economic involvement that do not require centralised planning; the need to improve the 'everyday economy' and not just the glamorous sectors; a new role for trade unions and worker engagement; competition policies that tackle market dominance, including in the digital economy; the importance of regional innovation networks; moving away from shareholder-dominated corporate governance.

That the IPPR is the instrument through which these ideas are now being prominently championed has a double significance. First, in the 1990s this was the primary think tank of the Third Way, turning the back of the British centre-left on many of social democracy's historic concerns. Second and paradoxically, while the IPPR has always been associated with the centre-left and never a neutral, technocratic

institution, in its new radical turn it has been able to associate contributors from an extraordinarily wide spectrum, from McKinsey and Co. and the City of London to the Archbishop of Canterbury. This signifies not a party political move by these individuals and their institutions, but a move of the ideas themselves into a newly emerging, post-neoliberal consensus.

This report is therefore an opportunity for unalloyed celebration among those who believe in the need for and feasibility of combining efficiency and prosperity with reduced inequality (including geographical inequalities), better regulation of economic power both within the economy at large and in relations between corporations and workers, and serious concern for saving the natural environment. It is now essential that its ideas are steadily released into the political bloodstream.

Looking beyond: the international dimension

But while celebrating, it is also necessary to look ahead and beyond, to ask what needs to be the next step but one in the reassertion of human control over economic and other forms of power. This will require more attention to the global level of economic policy

making. The theme is already present in *Prosperity and Justice*, which recognises a need for international cooperation on competition policy, banking regulation and corporate taxation. A future report of the IPPR kind will need to go further than this approach, which passively assumes the existence of adequate international networks that could be triggered as necessary. But international capacity to act is declining just as the need for it grows—over trade, corporate power, working conditions, product health and safety standards, and above all, the environment.

On the tenth anniversary of the 2008 financial crisis, Gordon Brown reminded us of how the world had been spared a crisis on the level of 1931 because governments and international institutions across the world worked together.¹ He went on to warn that the attitudes towards international cooperation dominant in the world today more closely resemble those of 1931 than 2008. There is scope for criticism of the way in which the burdens of the measures taken after 2008 were borne more lightly by the banks who had caused the crisis than by those who had suffered from it, but without that cooperation, matters would have been far worse.

Brown was speaking a fortnight before Donald Trump's speech at the United Nations denouncing internationalism in favour of *se sauve qui peut* 'patriotism', but this should not be interpreted as one man's idiosyncratic ideas. The internationalist America that had led the construction of postwar international institutions was already losing its way. In 1986, the US withdrew from recognition of the International Court of Justice, and in 2001 it withdrew from the Kyoto treaty to combat climate change.

But the US is not alone. Political movements seeking to reassert nationalism against global collaboration are growing in Europe, from Sweden to Italy and from Hungary to the UK, as well as elsewhere in the world. The particular British contribution to this is of course Brexit. The present Conservative government's slogan of 'Global Britain' does not imply a desire to exchange a European regulated economic space for global regulation, but for a global free-for-all, with countries competing against each other to reduce corporate tax rates and business regulation.

The kind of Britain at which all government Brexiteers, 'soft' or 'hard', are aiming would make the economic policy aspirations of *Prosperity and Justice* impossible. It might therefore seem surprising that the IPPR has so little to say about Brexit. It is not exactly the elephant in the room; the word itself appears ten times in the report, though none are attached to substantive discussions. Essentially, the IPPR says: yes, there is an elephant in the room, but we don't know exactly what kind of mess it will make, and we already have a mess; so, if we work out how to clear that up, we shall have dealt with the elephant's mess as well.

But no one has any idea what kind of relationship between the UK and the EU is about to emerge, or what kind of government will be in charge of it. Will it be a Conservative one determined to use Brexit to unleash global competitive pressures against the British welfare state, tax system and economic structure? Or a Labour one with the opposite strategy of constructing a Fortress Britain? The IPPR cannot be blamed for not grasping the Brexit nettle, but their inability to do so illustrates the impossibility of planning economic policies without examining the institutional structure of the global economic environment. How much autonomy is left to individual nation states? How far is that autonomy threatened by unregulated globalism? To what extent does it need to express itself through the shared sovereignty of institutions like the EU, the IMF and the rest?

This then raises a final question: if international cooperation is essential to progress on climate change, corporate taxes, banking behaviour and a host of other issues, how do demands for it and measures to advance it become inserted into domestic political debate? Can we ever envisage a political party including as a major theme in its manifesto an admission that it could not achieve certain prized goals without working alongside other governments through international organisations, and announcing a determination to do so? It is easier to imagine them boasting that they act alone, using the failings of other countries and international bodies in order to rally national sentiment. That is what generations of British politicians did with the EU, and what Trump

is now doing to the global institutional architecture. One knows where it leads. The next generation of think tank workers will have its consequences at the top of their agenda.

Note

- 1 G. Brown, 'The world is sleepwalking into a financial crisis', *The Guardian*, 12 September 2018.