

How and why the idea of a national economy is radical

David Edgerton

Thinking through the national – putting the nation as a collectivity of real people at the heart of politics – is essential to developing and operationalising a social-democratic programme for the 2020s.

Being explicit and creative about the nation is a way of making Labour's whole programme credible, different and popular, as well as being true to its history. While it carries dangers, it is a necessary way of developing a politics, and an underpinning narrative, directed at making the country more democratic, fairer and more equal. However, the time is past when one could just assume the nation was 'Britain' or more properly the United Kingdom. The brief age of the British nation is over, with the legitimacy of the central state strongly challenged in the peripheries, and not only there.

The Anglo-British left has a problem understanding its own nationalism. Nationalism is in its view a bad thing, the antithesis of a proper British internationalism. The British left are descendants of British liberalism and British imperialism, both of which saw, correctly, that nationalism was the enemy, and they cannot see that there can be any such thing as British nationalism except on the right-wing xenophobic fringe. To complicate matters, today's British left (wrongly) sees imperialism as the purest manifestation of this British nationalism, and is blind to non-imperial British nationalism, not least that of the left.¹

As in so many other parts of the world, British socialism and social democracy, at least after 1945, were also nationalist. From Bevan to Benn, and from Attlee to Wilson, the idea of a national economy and a policy of national reconstruction were central. In the 1970s and early 1980s the Labour left was nationalist and Brexiter, seeking, in effect, a return to the Labour policies, and British practices, of the 1940s, 1950s, and 1960s. Today's Lexiters thus stand in a grand tradition.

Labour was the party of the national *critique* of the Tories as the party of property and self-interest rather than the nation, and of the ruling class for having interests different from those of the nation. The nationalism, indeed patriotism, of the left was a critical one: it called out chauvinism; attacked elite special interests; and challenged those who misused the idea of the nation. This was not an anti-foreigner, but rather an anti-British-elite nationalism.

Indeed, the core historical-political-economic theses of the broader left have long been a nationalist critique of British imperialism, the City, and the globally-oriented elite associated with both. The power of this elite, it is argued, made national economic reconstruction impossible, or at least difficult, with negative consequences for the British economy and working class. Scottish and Welsh nationalism owes much to this critique, not least in attacking the nature of power in Whitehall/Westminster.

Dismantling the nation

The irony is that, while the left critique suggested that a programme of national economic reconstruction was impossible or difficult, such a reconstruction did in fact happen between 1945 and the 1970s. The UK had a programme of national reconstruction which transformed the nation. It was plausible in the post-war years to speak of 'One Nation', as both Labour and the Tories did.

Today this would be, at many levels, an absurdity. For the last forty years we have had a different kind of politics. Instead of a politics of productivity, equality and security, we have had a politics of property, of inequality, and of flexible workforces. This followed not from technology or globalisation, but from internal policy. There was a radical denationalisation of the economy – opening it up to the world, and to internal competition, reducing the power of labour and augmenting that of property. The subsequent returns to property, in what has become a rentier economy, not an entrepreneurial economy, have been spectacular.² The result has been much higher inequality in incomes and across regions than in the national years, and, in addition, London has become a rich enclave in a decaying dual economy.

The profound economic and social changes of the last forty years have not been a price paid for success. The economy grew less than before, British entrepreneurship and innovation withered, and a historically unprecedented negative balance of trade emerged. Far from reversing decline, the UK economy remains much less efficient than, say, the German or French economies. German and French capital is much more important in the UK than British capital is in Germany or France.

To see the Brexiter programme as a nationalist response and critique of this new post-national world is tempting but profoundly misleading. While Brexit proponents were clearly culturally nationalist, they are continuing the globalising Thatcherite rulers' revolt. They believe the UK has been revived by Thatcherism, hence the talk

of science superpowerdom and 'global Britain'. They are radical free marketeers, hence the emphasis on freeports, deregulation, and new free trade deals which aim to reduce trade barriers. Their ideology trumped the economic integrity of the UK, or any concern for large sectors of the UK economy, from fisheries, to manufactures, to services. That there are increased barriers to trade with Europe is not what they hoped; those barriers are rather a measure of their misunderstanding of realities.

They have, however, managed to look more nationalist than ever, and to convince some they are serious about 'levelling up' and regenerating British industry. The reality is that levelling up is a pork-barrel sham, and the overthrowing of the 2017 industrial strategy an additional indicator of their profound free market inclinations.

The emergency measures around Covid have, as with Brexit, led some to believe that the government is conducting a new kind of politics, a 'social democracy on steroids'. But lavish emergency money for business is not social democracy. One only has to see the notable reluctance to increase sick pay, or to expand the scope of the NHS, to see this. Covid has been taken as an opportunity to further privatise health care, and in its effects, and in the responses to it, it has increased inequality. Furthermore, despite cultivated impressions to the contrary, the UK's success in vaccination comes not from native innovation and manufacture, but from the purchase of some half of all its vaccines from the EU. In short, Brexit reality, and the Covid response, for all their overt nationalism, are not directed at creating a more national economy in reality.

A new national critique?

In this context a fresh national critique, based on new framings, does have the potential to be politically useful as well as laying the basis for a programme of national reconstruction. It needs to be fresh in at least two ways. First, it needs to reject the standard old left-nationalist critique which focuses on supposed continuities from the Edwardian years, and focus instead on analysis and critique of what has happened since 1979, and 1997. Second, it needs new metrics, new concepts, new ambitions, and a new history to sustain it.

The idea of the nation as a democratic collectivity of real people has disappeared from English politics. The political nation has ceased to care about much of the population, and thinks first of the wealthy as 'investors' and 'wealth creators'; there are no longer workers but entrepreneurs and small businesses; there is no working class but 'hard-working families' or the 'squeezed middle', and now a fantastical reactionary 'red wall'. Putting the real national collectivity, not least that of producers, workers, employees and trade unions, into the political imaginary would be a fundamental step forward.

Remaking the nation involves rethinking the statistical and other yardsticks in place, taking us away from a framing which rewards bads as well as goods, and the degrad-

ing of the quality of life as well as its improvement. We need to augment GDP measures, the standard form of national accounting; it is increasingly recognised that GDP is a very partial measure of economic activity, and fails to measure wellbeing, or the quality of work.

Thinking through the national is essential to developing and operationalising a social-democratic programme. Its essence is a calculus at national level designed to combine efficacy, efficiency and equality. Social democracy insists that these go together rather than being in conflict, but that achieving this requires collective action by a national state which can take on private and sectoral interests. In this view, the state can and should act to create a national community whose members are more like each other economically than they would be under the rule of property. In this framing, the state acts to ensure a high national floor of income and access to services, and to reduce inequalities of income, wealth and geography, not only for its own sake but because it means that efficiency and efficacy would increase also.

The above should not be thought of as a policy for recreating a more generous welfare state, and this is one place a new history comes in. It is wrongly believed that Labour's fundamental historical policy was welfare, but this was only true in 1959, and between 1997 and 2015. Labour was first of all a party of production, of transformation of the economy, of work, of creating richer lives, as well as of welfare. Labour needs to recover that sense of being the party of a new politics of production and consumption, focused on work and workers not property; for example, through advocating worker shareholdings and board representation. This could also involve a new politics of products, services and machines. A very good example is the set of ideas around reconceptualising the foundational economy (see Karel Williams's article in this issue). But there is a whole range of other issues, around quality, the life of products, repairability and more: in short, concerning the whole way we think about and organise how we produce and consume.

One aspect of this is clearly apparent in the need to transform the energy basis of the economy and society to stop runaway climate change. It is obvious that global and national action and conceptualisation is required – and that adjusting energy prices is only one small part of this. A national framing, and national state action, is needed to effect the necessary coordinated transformation of energy supply with (to return to that trio) equity, efficiency and efficacy. The greening of the economy will happen – not least through international pressure; how it will happen, and with what distributional and other consequences, is what needs attention.

Finally, critical attention needs to be given to the nature of the British state – it is clearly deficient both democratically, and in terms of expertise or capacity to act in anything but the interests of a few. Hollowed out, mendacious, and grotesquely self-important, it hides its lack of shame by, in a very un-British way, wrapping itself in the Union Jack.

Thinking critically about the nation

Invocations of the nation tend to send a chill through the hearts of the informed left, for very good historical reasons. Nationalist ideology has been used by the right to obscure inequality within the nation, and to repress the rights of minorities. It is thus important to outline what is novel and different about the national programme I am proposing here, beyond it being the obvious means to think through and bring about a social-democratic programme.

Such a programme does not entail a return to the strong economic nationalism and protectionism of the post-war years. Today, much more than in the past, the costs of such a policy would be enormous for a nation which accounts for 2 per cent of global manufacturing. Indeed, we need to get away from the whole idea of the nation as competing with other nations; or the notion that every part of the nation is involved in world trade and needs to be 'competitive'. A refreshed focus on the national will help steer us away from the damaging effect of an industrial strategy focused on glamorous high-technology tradeable sectors. We need, for example, an industrial and technological strategy for social care.³ Recognising this is a key insight of the Foundational Economy approach. Most of the economy is not exposed to external markets. This is especially true of services, though much less so of manufacturing and agriculture. (Although goods production is now a very small share of output, it represents more than half of all exports.) Indeed, many of the worst problems of low wages and precarity are to be found in precisely those non-internationally traded service sectors: policy, not globalisation, is the issue.

A politics of the national is not a politics of British-good and foreign-bad. In many important areas of the economy there are only foreign businesses, and in many cases foreign businesses have been more interested in building for the long term than 'British' ones. The car industry is foreign. Siemens manufactures in the UK; Dyson does not. *British* business, much of which is concerned with extracting rents and sending them to tax havens, is often itself the problem.

If we don't address these issues there are real dangers of falling into two very obvious elephant traps. The first is focusing a nationalist policy on higher defence spending and more nationalistic procurement, in the belief that the UK has a special military genius and special capabilities in arms production. Unless one is going to pursue a seriously Gaullist defence policy, it is preferable to buy arms abroad. Labour must not return the UK to being western Europe's 'Upper Volta with Rockets'.

The second trap is the temptation to overinvest in R&D in the belief the UK has exceptional strengths in innovation and that national innovation and national development march together: they don't.⁴ We need to recognise that the UK is not an innovation top nation, and that we need a politics of informed and careful imitation, not world-beating moonshine.

We need a policy of making better, not falsely claiming to be the best. Labour cannot in good conscience follow the revivalism of the Tories which sees the nation having bloomed since Thatcher. We need a politics of telling it like it is: the UK is, by the standards of the best, a country of high inequality, low productivity, low benefits and bad health outcomes. Nor can we say with any critical sincerity that ‘Britain has been a force for good in the world’. Too much of British foreign and defence policy has been in neither the British interest, nor the interest of the world.

Lastly, the UK – and England – needs to recognise the national interests of others, as well as a global interest. This means recognising the interests and concerns of Northern Ireland, Scotland and Wales as well as the EU nations. We need to be reconciled to the reality that the UK’s weight in the world, and England’s too, is that of France, or Spain and Mexico combined. It is, at best, a big Canada, not a small USA. It is time to recognise not only rough equality with France but that there are a number of bigger players out there including Germany. We also need to stop indulging in the belief that the UK has special ‘leadership’ qualities which allow it to ‘punch above its weight’: post-Brexit such claims are merely risible. Shocking as it may seem, Labour should embrace the idea of England as a modest nation, with much to be modest about. We need to rescue our politics, as has already largely happened in Northern Ireland, Scotland and Wales, from the damaging delusions of global grandeur. But we also need a vision of the nation as a democratic collectivity of real people, producers, consumers and citizens, at the centre of social-democratic politics. Socialist and social-democratic programmes require national thinking, with the critical proviso that most nationalist thinking is neither social-democratic nor socialist.

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Notes

- 1 David Edgerton, ‘Britain’s persistent racism cannot simply be explained by its imperial history’, *Guardian*, 24 June 2020. See also Edgerton, *The Rise and Fall of the British Nation: A twentieth-century history*, London, Penguin 2019; Anthony Barnett, *The Lure of Greatness: England’s Brexit and America’s Trump*, London, Unbound 2017.
- 2 Brett Christophers, *Rentier Capitalism: Who owns the economy, and who pays for it?*, London, Verso 2020.
- 3 Isaac Stanley, Adrienne Buller and Mathew Lawrence, *Caring for the Earth, Caring for Each Other: An industrial strategy for adult social care*, Common Wealth and CLES, March 2021: https://uploads-ssl.webflow.com/5e2191f0of868d778b89ff85/6054c2d588d0292474bdd08d_Caring%20for%20the%20earth%2C%20caring%20for%20each%20other%20-%20an%20industrial%20strategy%20for%20adult%20social%20care.pdf; Richard Jones, ‘The second coming of UK industrial strategy’, *Issues in Science and Technology*, Vol XXXIV No 2, 2018.
- 4 See Edgerton, *Science, Technology and the British Industrial ‘Decline’, 1870-1970*, Cambridge, Cambridge University Press 1996.