CIVIC CAPITALISM

Colin Hay & Anthony Payne
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Preface

This little book is a book of its times in at least one unequivocal and technical sense. It emanated from a series of blog posts that we wrote for SPERI comment: the political economy blog between November 2013 and March 2014. These posts were then gathered up into a SPERI paper published in May 2014. We are pleased to say that in both formats they attracted some attention from readers and we were emboldened to seek to develop the ideas further in this volume. We were also only too aware of course that, for the first time in our lives, we knew in advance the precise date of the next British General Election.

We would therefore like to thank a series of people who helped us get this book to press in quick time: John Thompson of Polity Press who took an immediate decision that this was a proposal worth endorsing; the ‘commentators’ on our original essay who responded willingly and quickly to our requests to see if they could help us take forward the debate about a potential civic capitalism; and Sarah Boswell and Laure Astill, successively the administrators of the Sheffield Political Economy Research Institute (SPERI), which we are proud to co-direct.
For us, SPERI has been great fun to set up and lead. We hope that this book not only serves well as a kind of ‘manifesto’ for its approach and work, but also says something of interest, and perhaps of importance, to the plight of Britain (especially) but other countries too as we all seek to build something better out of the global crisis of the last few years.

Colin Hay and Anthony Payne
September 2014
Part I

Civilizing Capitalism
As we struggle with the legacy of the crisis in which we are still mired and with the prospect of accelerating environmental degradation, it is time to ask not what we can do for capitalism but what capitalism can do for us, as citizens of a democratic society. In this short book, we seek to build on the analysis of the enduring crisis of what we will term the ‘Anglo-liberal growth model’ to set out a coherent account of the steps required to build an alternative that is more sustainable socially, economically and environmentally.

We argue that it is time to move on from the Anglo-liberal model of capitalism whose failings were so cruelly exposed by the crisis. In the process, we outline a new model that will work better in advanced capitalist societies, showing how this might be achieved in Britain today. This we term *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. Its core and defining ethos reverses the long ascendant logic of Anglo-liberalism in which citizens have been made to answer to the perceived logics of the capitalism they have been required to serve. That reversal, we argue, is not only intensely desirable; it is also absolutely necessary.
The crisis shows us that we can no longer be driven by the perceived imperatives of the old model and by those who have claimed for far too long – as it turns out, quite falsely – to be able to discern for us the imperatives of the market. It is now time to ask what capitalism can do for us and not what we can do for capitalism.

**Getting What Went Wrong Right**

Crises, almost inevitably, prompt recriminations – the present crisis more than most, in part because of its severity, in part because of the context of pervasive political disaffection and distrust in which it has been played out. But, if we are genuinely to learn the lessons of the crisis, it is time to put recriminations behind us. And, if we are not just to learn from those lessons but actually to put that learning into practice, we must also move on from the mawkish (if necessary) analysis of the failings of the Anglo-liberal model of capitalism which took us to the edge of the precipice in the first place. The moment has come when we need to start to pin some colours to the proverbial mast, outlining a new model that will work better where the old model failed. This is a bold endeavour, fraught with difficulties, both intellectual and political. But, if we do not try to tackle it, we shall have no excuse if we look back in a decade’s time and find that a reconstituted bastard version of the old model is still intact – and that the systemic weaknesses which the crisis exposed remain unresolved and threaten us still.

But what do we mean in this context by a *model* of capitalism? Nothing more, but also nothing less, than a coherent framework of societal and economic goals and priorities and a supporting set of complementary institutions that both reflect and give rise to a coherent and distinctive way of conducting the daily business of a capitalist economy such as our own. Thus understood, a model should possess a clear sense of the vision of the good society to which it aspires. In that sense, it will be a model of development as much as a model of growth, and it needs to reflect and build from a
consistent and defensible conception of social justice. Lastly, such a model should be applicable to a range of advanced post-industrial economies – not just to Britain alone – as well as offering insight into the many problems which capitalist economies face together and for which coordinated collective action is required. Indeed, if specified at a national level, such a model needs to be compatible with such collective and transnational strategies of coordination.

It is important also to emphasize what a model of capitalism is not – what it does not and cannot do. Getting our model of capitalism right will not and cannot tell us exactly what policies to follow in detail in every, or indeed any, given situation. Thus, whilst it might well insist both on the need to consider in a broad and inclusive way the wider societal and environmental consequences (or externalities) of economic policy choices and on the need to hold such choices to account in terms of societal notions of civic justice, it is most unlikely to tell us whether interest rates should rise or fall at a given point or at what level to set the aggregate burden of taxation. Similarly, it might suggest that a workable industrial policy is needed, but it will not indicate precisely which winners to back or even if backing winners is the best approach.

In other words, the task of setting out a new model of capitalism is more like designing a new car than offering advice to the driver from the passenger seat – and arguably there has been rather a lot of that already. It is also, critically, about offering a plausible narrative that explains to the citizens of our model capitalism what they are part of, how they might fit in, what gives their productive lives some meaning (and how the meaning it already has might be better supported and sustained). Capitalism needs to be seen to have a moral purpose and we need to be as clear about that moral purpose as we can be; otherwise, as we have seen in recent years, it is in danger of degenerating into an ugly and brutal rat race in which social and economic outcomes bear no relationship to considerations of social and economic justice. We need to restore that link and to take responsibility for