



HOW LABOUR CAN LEARN TO STOP WORRYING AND TRUST THE PEOPLE

Fabian Ideas 632 by Jon Wilson



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How Labour can learn to stop worrying and trust the people

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Summary

This pamphlet makes a simple argument. If you get people in a room together, if people have the freedom to meet, talk and argue, they'll make better decisions about the things which affect their lives than anyone else. Labour needs to become a movement rooted in people's experience, not be the party of the central manager. Above all, it needs to trust people again. The politician's vocation should be to create institutions where those conversations happen, not determine what they decide.

This doesn't mean Labour should abandon its faith in the state. Indeed, that faith needs to be renewed, because our public institutions embody Labour's sense of the purpose of politics: to protect and care, and provide a basis for us to lead good lives together. But the argument we make in favour of the public sector should be an argument for local control and popular ownership.

To create public institutions that have relationships at their centre, we need to get people talking. A Fabian pamphlet can only make a start. Instead of waiting to be elected into government Labour should see itself as a power in the land now. The shadow cabinet needs to begin a national conversation that gets workers and unions, national and local politicians, public sector managers and citizens together to argue, negotiate and agree a new settlement for Britain's public institutions.

 Labour needs to hold a national convention in the year running up to the next election, involving workers, leaders and users of Britain's public services. The convention would define a new constitutional relationship between central government and local public

- institutions, determining the powers to be devolved and powers to be held centrally.
- Regulations and guidelines issued by Whitehall need to be massively cut. Parliament should pass a disabling act, which states that public institutions can only be compelled to act by the explicit words of a statute or instrument discussed in parliament
- Where the government commands public institutions to do something, it should direct them with national guarantees, not targets or guidelines
- Schools, hospitals and other public institutions should become membership institutions, governed through a democratic conversation, by boards elected from workers, users and local citizens
- Local public institutions should have their leaders elected annually by public assembly
- Funding for public institutions should flow through local authorities that lead the involvement of citizens in participatory budgeting
- Local media should be subsidised by government to nurture local democratic conversation
- A Labour government should hand over assets to endow local trusts in the poorest parts of Britain.
 Endowment to locally managed trusts should be Labour's most important strategy of redistribution
- Politicians need to support a renaissance of independent national associations, which organise and support public workers and users
- Politicians and civil servants should spend at least three hours a week in one-on-one conversations with service users.

1. WHERE HAVE ALL THE PEOPLE GONE?

British politics is ruled by a peculiarly inappropriate set of metaphors. Commenting on Danny Boyle's opening ceremony of the London Olympics, David Cameron could only say "it's more proof Britain can deliver". Boyle's spectacle told a story about the experiences that made Britons what we are. It was about the things that allowed people to flourish: the countryside, the NHS, children's fiction, music, as well as the forces of rampant capitalism that block human fulfillment. It was about institutions nurturing individual relationships, and because all relationships are distinctive, it was quirky. But Cameron's comments treated it as a target to be ticked off. They demonstrated a mistakenly short-term idea of the place of the Olympics in Britain's national life. The show was just another package that, in anxious times, had safely arrived.

British politicians seem obsessed with the post office. The coalition government speaks of 'delivering' a balanced budget just like you deliver the mail. No.10 had a 'delivery unit'. Labour now talks about 'delivering fairness and prosperity'. The postcode lottery is a real concern.

We only have to think for a moment to see how wrong the postal metaphor is to talk about public services. Post is delivered through our letterbox so we don't need to be at home to collect the letter. The recipient doesn't participate. Delivery is

about packaging public services into discrete units irrespective of the relationship between public worker and user. Because every package is counted using the same set of criteria, delivery creates the delusion that the central state can establish a nationally uniform set of outcomes.

The idea of delivery converts the art of leading our polity into the management of things, whose delivery is measured irrespective of their quality or context. It reduces the rich, meaningful relationships public services create to something lifeless and prosaic. For Cameron, it didn't matter that Boyle's show was a unique, wonderful event, appropriate to its occasion. The postal state doesn't care if a student's exam results makes them happy or gets them a good job; it doesn't bother whether an infrastructure project is going to improve our quality of life. All that counts is that something measurable happens. At a time of economic crisis, when every penny spent by citizens and institutions needs to make a difference to things that matter, 'delivery' is a costly disaster.

But teachers or nurses, social workers or police officers don't spring out of bed every morning eager to 'deliver'. They are motivated by a desire to care and do the work, not the language of the management consultant. Their work is about fostering the kind of relationships between people which a good life relies on. Most know that public institutions are best when they're guided by a conversation between workers and the people who use and receive public services. It's about co-operation, where doctor and patient, teacher, student and parent, social worker, carer and client are all part of the same team, and aren't directed exclusively by central managers. In spite of bad political leadership and crazy attempts to make every act the object of a government regulation or target, creative, reciprocal acts of care happen in our public institutions every second of the day.

Our politicians and senior government officials have been infected with a managerial language that stops them from understanding what drives teachers or nurses. They don't understand what happens when a child is taught well or a patient cured. When they open their mouths to talk about public services, words come out which don't connect to what really happens. It reminds me of another Danny Boyle production. In the second scene of 28 Days Later, a man walks out of hospital to find a city with no people. Listening to policy-makers, politicians, and local bureaucrats talking about public institutions, it feels as if we've lived through a massive catastrophe in which real life had been exterminated.

Take a school's governing body for example. Governors could provide direction and hold a school to account. The governing body should be the place where parents and local residents meet teachers and work out how the school can serve local people. But too many see their duty as simply to back the unilateral management of the headteacher. As a result, they end up doing nothing but agreeing policies and guidelines, spending little time talking about what actually happens in the classroom. Because everything's so abstract, there's little conversation, no negotiation and no connection to the world outside the school gates.

Or take the police. One third of police time is spent on forms of administration that officers think is pointless. It takes hundreds of pieces of paper to put a criminal suspect in court. Accountable to deliver abstract targets and comply with rigid rules, the police, like teachers, don't feel trusted. Morale is at an all-time low. At a time when more effort is needed for less money, that's a disaster.

In the management of our public institutions real people have been replaced by abstractions. Statistics, standards, guidelines, performance management measures. The result is that public sector workers aren't listened to, and the public feels ignored. It's no different in much of the private sector. Phoning the gas company is as bad as queuing in a job centre, but in the public realm people are meant to care. It's amazing how much compassion and co-operation survives under a system of management seemingly designed to stamp it out. Sometimes it has been annihilated, and public workers end up treating people as like things. Compassion exists in most parts of the NHS, but there are wards where nurses don't hear patients screaming in pain. Polling by the Fabian Society shows that public services make people feel frustrated, ignored and only slightly satisfied. What's worse is that Labour's political class, the kind of people who read Fabian pamphlets like this, haven't noticed the crisis.

The rest of the country has though. People recognise the real care and commitment shown by individual workers in many of our public institutions. But people also feel no-one's listening when things go wrong, and there's nothing you can do which will make a difference. Stories about public services are often about being humiliated and having no control.

People's frustrating engagement with the state in all its forms is at the core of the crisis in democratic participation we're now living through. People who feel demoralised by politics have the worst experience of public institutions. The Fabian survey showed that UKIP or BNP voters were far more likely to feel powerless. Even more strikingly, only half as many non-voters felt public services 'belong to everyone' compared to people who voted.

Difficult economic times makes political decision-making harder. The economic situation means there's less money for public services. The coalition government's answer seems to focus more narrowly on delivery, and continue to lock people out of the decisions that affect their lives. It plans to tighten central command over those things Whitehall thinks it can directly control, and leave everything else to big business and the unfettered market. Cameron's idea of a conservatism rooted in social relationships and neighbourliness has been annihilated with the obsession about 'delivering' macho big projects, whether NHS Reform, HS2 or a third runway at Heathrow. Cameron and Osborne want to go to the electorate in 2015 with a list of 'deliverables' they've ticked off. The trouble is, few make a difference to people's lives.

With its crazy combination of the *grand projet* and free market, the coalition hasn't confronted the fact economic crisis forces us to think about government differently. 'Delivery' is the politics of the past not the future. People understand public spending is tight. But when it's tough to make ends

How public money is spent needs to be determined in institutions that people have a relationship to

meet, people need more say in what they do receive. Relationships are more important in difficult times. We can't afford to have public workers dehumanised, or citizens excluded from the way public services are run. How public money is spent needs to be determined in institutions that people have a relationship to, not by tiers of administrators and managers we can't afford, and who have no understanding of the lives of the people they administer.

Of course, less money means big arguments. Tension and antagonism are going to be part of the landscape of Britain's public sector for some time. But instead of politicians blocking their ears and imposing commands from on high, our politics needs to be able to turn resentment and protest into a productive argument.

The answer seems simple, but hard to make a reality. We need a state that treats people as people, not as statistics or units of management. That means public institutions which are better at cultivating relationships, where reciprocity and mutual responsibility count. This pamphlet argues that professionals, users and local citizens need to have real authority .

How can we can make that happen?

First of all, national politicians need give up their attempt to meddle and micro-manage. Politicians, particularly in this coalition, speak fine words about localism. But unless they curb their instinct to control, people in local institutions won't end up with more power.

This requires us to think differently about accountability, organising public institutions so they are held to account in places where people with different perspectives and purposes can discuss, agree and take collective responsibility for their own sense of the common good. That means conversation, assembly and negotiation not command and control. Different groups of people must voice their interests, but be able to compromise and create common purpose through the continual challenge of their rivals. We need schools where parents challenge teachers and teachers challenge parents; hospitals where doctors have power but have to account to patients for the decisions they make; a police service free to do its job but forced to involve the people it serves. In practice that means turning local public institutions into membership institutions guided by negotiation between people elected to represent different interests with a stake.

The largest proportion of our taxes are spent on public services which are based on the quality of the relationship between public worker and citizen: schools, social services, job centres, surgeries and hospitals, as Table 1 shows. These are what used to be called the 'social services', now the welfare state.

Table 1

Type of spending (2011–12 year)	Total UK expenditure (millions)	Average spending per person £3,945.65	% Total government spending 36.8%
Relational services education health personal social services Job Centre +			
Protection defence police, fire, prisons environmental protection	£82,636	£1,327.23	12.4%
Transfer payments pensions benefits tax credits	£178,765	£2,871.17	26.8%
Other spending, including: housing infrastructure overseas aid cultural services central government public debt	£159,752	£2,565.86	24.0%
Total government spending	£666,812	£10,710	100%

Data for the whole of the UK, from Public Expenditure Statistical Return, 2012

It's impossible to make the kind of relationships the welfare state relies on into commodities that can be bought and sold. As Fabian research suggests, people don't want public institutions to be run like businesses. To turn the institutions that form the core of the welfare state into profitmaking businesses risks annihilating their caring purpose. Labour needs to make a strong case for the social ownership of our public services, and oppose Conservative efforts to hand over public assets to big corporations.

Labour should not abandon its faith in the state. Indeed, that faith needs to be renewed, because our public institutions embody Labour's sense of the purpose of politics, to protect and care, and provide a basis for us to lead good lives together. But the argument we make in favour of the public sector should be an argument for local control and popular ownership.

Too often Labour policy-makers get the argument the wrong way round. Too often they think the state only consists of the central government's power to control, and assume that equality and social justice are best served by a concentration of power. In fact, as Labour politicians understood in the 1940s, it's big corporate capitalism, and the kind of government that gives corporations greater power, which forces everyone to act the same way. A top-down obsession with 'delivery' comes straight from the mentality of big business, with its need to produce large numbers of identical products. It's an approach more productive, creative firms have long abandoned. Our mistake is to imagine that the managerial techniques of an outmoded form of market economy are able to 'deliver' social justice.

Labour needs to abandon the bossy administrator and management consultant, and become instead a movement about collective decision-making and common action, care not command. Political leadership is not about telling people what to do, but bringing people with different interests together, creating and leading institutions that support people to run their own lives. Labour needs to be the true party of the 'big society', by showing that we trust the organised power of people to guide big public and private institutions not just the village fete. By thinking differently about how it governs, Labour can show that the Conservatives are the party of centralisation; and we're about putting people in charge.

To create public institutions that have relationships at their centre, we need to get people talking. A Fabian pamphlet can only make a start. Instead of waiting to be elected into government Labour should see itself as a power in the land now. The shadow cabinet needs to begin a national conversation that gets workers and unions, national and local politicians, public sector managers and citizens together to argue, negotiate and agree a new settlement for Britain's public institutions now.

But for that conversation to happen, for public institutions to be guided through local democratic negotiation rather than the doomed effort to centrally manage, Labour politicians and progressive administrators need to challenge some of their most deeply held instincts.

First, is the idea that a tiny group of people in Westminster and Whitehall can be trusted to decide what's best for the rest of us on their own. In the last few decades, the national leadership of the Labour party has gone into alliance with a small group of people who believe their managerial expertise and superior moral values allow them rule without any kind of relationship with the people and institutions that make up this country. Over the last hundred years, that elite has reproduced itself through the public schools, civil service, social

sciences and management profession – and yes, the Fabian Society - all of which endorsed the idea that a better society can only come if an enlightened elite possesses unbridled power.

Too often the legitimacy of unilateral power is taken for granted. 'Progressive' administrators don't see that there's a problem with directing others without any kind of dialogue because they don't notice that's what they're doing. In reality, the attitude of many civil servants, policy wonks and management consultants is based on an imperial mindset, which presumes that a disconnected elite can know and manage the interests of their subjects better than the people it is trying to rule. Over the last 60 years, the habit of unbridled authority which ran the British empire returned home, and gave civil servants, politicians and even business leaders a false idea of their virtue and power. The imperial mentality is all around us. It is present in the pages of guidelines that civil servants write to instruct our schools or hospitals what to do. It's there in the arguments of social democrats who imagine the quantity of national regulation indicates the extent to which social justice has been achieved, but have no room for popular democracy in their account of the good society. But it's also there in the idea, fashionable amongst supposedly anti-statist Conservatives, that you can nudge citizens into doing what's best without them knowing.

Labour was meant to make sure things were different. Our movement was founded to organise working people to challenge the administrative hierarchy. It wasn't about decapitating the ruling class or even being anti-elitist, but making sure no group of people could rule unilaterally. Whether they are bankers or bureaucrats, those with authority should only have power if they're forced to negotiate with those they rule. Yet too often now, Labour politicians' passion for social

justice and the language of egalitarianism veils a belief in their unilaterial right to direct and control the rest of British society without challenge. Real, practical democracy is the only answer to people's massive sense of disempowerment.

Labour needs to return to its old purpose of challenging the unilateral authority of the people who run the organisations that dominate our lives, whether they are in the private or public sector. No-one with authority should be able to act without having to negotiate with the people their actions affect. A reformed capitalism will mean employees being

represented on the boards of big firms, as Ed Miliband has suggested. A reformed state will take authority from unaccountable officials (quangos, regulatory bodies, government departments) and give it to institutions where big decisions are only taken after public argument. That means a big cull of the statutory guidelines that Whitehall issues to direct public institu-

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tions, and all central regulations properly debated in parliament. The shift would be obvious if the leaders of local institutions were elected by annual popular assembly. Schools and hospitals could hold an annual shareholders meeting where citizenship, not money, buys you a vote.

Equality needs to be reaffirmed as Labour's core principle. But equality isn't the same thing as the kind of statistical egalitarianism social scientists obsess about. It certainly isn't about measuring those limited things the state hands out which it can count. Equality can only be assessed through

people's experience. An equal society is one in which the institutions we interact with (whether our workplace, supermarket, school, bank or hospital) recognise that we're autonomous, dignified human beings who shape our lives together with those we love and who live near us. That means equality can't be created centrally.

Yes, we need a state that is willing to tax and redistribute. But where money is redistributed, it needs to be handed out along with the authority to control the institutions which spend it. Labour's historic commitment to equality means we need to give up the instinct to control, command and deliver. It should be Labour's task to build institutions that expand popular participation in both our public services and market economy.

2. RELATIONSHIPS, INSTITUTIONS AND THE COMMON GOOD

Te, the people, are the greatest resource we have for the renewal of Britain's public services. But we need to start with what we, as people, actually are, with the way we actually live our own lives. Managerialism and marketisation are both based on the wrong-headed idea that each individual is an isolated unit. What's missing is something everyone already knows: the centrality of relationships to being human, and the importance of reciprocity to the way we get on with other people.

We don't need to be brain scientists to see this. Interested in neurons not experience, neuroscience can't understand who we are. Let's start by thinking about how we grow up. We emerge into relationships. People are not born fully formed. We grow through nurture. Children thrive when they're surrounded by love and conversation, through a testing, constantly changing mix of autonomy and dependence. In the family, we are neither independent machines constantly calculating our best interest nor passive recipients of another's concern. Our wellbeing depends on the feeling that we can order our activity for ourselves. But that feeling depends on the way we've been cared for by others, and mingles in turn with our concern for other people. Our power to act in the world is not something we possess by right. Our "agency" is, as Michael Sandel puts it, "an object

of continuing attention and concern", for ourselves and others. We're willful beings whose will only means anything within relationships that exist beyond ourselves.

Our existence with others comes before our independent sense of ourselves. More than that, our existence with others gives us our sense of who we are and what we want to do with our lives. When we act in our households, in neighbourhoods, in workplaces, it is impossible to separate independent self-interest from a broader sense of the common good. The old philosophical debate between the primacy of self-interest and benevolence is based on a false opposition that doesn't connect to the way people actually live their lives. It's about reciprocity. In so many spheres of life, our flourishing depends on our recognition of the flourishing of others. When those relationships are nourished by the society around us, when, as Sandel puts it again, "politics goes well, we can know a good in common that we cannot know alone".

Of course, our economy is full of people and organisations which pretend otherwise, and try to convince us that satisfaction is about the individual acquisition of things and money. Sometimes the pretence works. A car is a way of connecting and travelling with others, but the automobile market successfully pretends it is a consumer choice that satisfies individual desires. We buy bread to feed the people we live with and love. But the market makes buying the loaf seem as if it's an act based on our individual rational choice. In each case, modern economics imagines life is a series of impersonal acts of exchange between asocial individuals. We think we can consume without being dependent on others. Labour politics is about recognising that everyone is dependent, but none should be dominated.

For some things like bread or cars, the myth of market individualism works well. But there are some 'goods' where the pretence that we live as isolated individuals is obvious. Teaching, childcare, social services, getting the unemployed into work, broadcasting, even maintaining law and order are all public services. They have something more important in them than the fact they're all paid for by taxpayers. The quality of the relationship between user and provider is an essential part of the 'service' being offered. In fact, so much of the time, the relationship *is* the good being provided. Teaching, for example, isn't only the delivery of a lesson plan, but the creation of a supportive and challenging relationship between teacher and pupil.

Most of the activities we rely on the state to provide are what the resurgent Italian school of civil economy calls *relational goods*. For Luigino Bruni and Stefano Zamagni, two central members of that school, relational goods have a number of qualities.

First, who provides them matters. We remember the name of the motivational teacher or caring home help. The benefit we receive has something to do with the personality of the provider. However much higher authorities try to define them, teaching or social care can't be the anonymous performance of routine tasks. They embody forms of virtue and good practice that rely on trust and an honest relationship.

Secondly, relational goods are mutual and reciprocal. They involve the active participation of the person receiving them. The point of teaching is for students to learn, and learning is an active process. Health and social care are about restoring or preserving the capacity of the patient for autonomous action; the patient's action is essential for recovery. Policing needs civilians to help keep the peace.

Third, relational goods happen face-to-face, in complex, creative moments of interaction. The benefit that emerges from the interaction between producer and user is what the 19th century philosopher G.H. Lewes called an "emergent property" of the relationship. The result of teaching for example, can't be predicted by just looking at the component parts that come together. However clearly learning outcomes are defined, a good teacher doesn't know where pupils will take them in a particular lesson. They certainly don't know what students will do with what they've learnt later in life.

When people complain about feeling frustrated or powerless with public services, it is because they feel these relational qualities have gone missing. So how do we put what's missing back into public services and place relationships at their heart?

We need to start by trusting people's instincts about how public institutions should be organised. Three ideas particularly resonate. First, the idea that professionals need to be able to get on with their job. Second, that people who use public services should be listened to and involved more. Third, the fact people love strong, independent, local institutions they feel proud of.

The relational character of public services makes the professional standards and status of public workers crucial. Public services rely on practical inter-personal judgment, on skill in dealing with other people. Skills like teaching, medicine, the law, nursing or policing need specialist, vocational education. But it's only by working in a community of other practitioners that people learn how to apply the knowledge they learn in college. Government guidelines can't tell a teacher or physiotherapist how to do their job well. Only another teacher or physiotherapist can.

Relational public services create what Alastair Macintyre calls "internal goods", in which both the standards of excellence and benefits of a practice are defined by doing the practice itself. For an advanced skill like teaching or social care (it's the same with games like chess or cricket) we only really know what's going on when we become participants in the practice ourselves, when we begin to share the language and practical capacities and skills that are learnt through doing. Outsiders can assess whether a practitioner is doing something well by its external consequences. A good chess player wins games, a good teacher has happy students who do well in life. But the outsider doesn't practically understand how those external goals are achieved. Judging the practice by externally set targets misses the fact the job done well becomes part of the workers way of life.

Take physiotherapy for example. Getting people walking, running, into work, playing competitive sport again is something that can be measured. But how the physiotherapist does that involves a combination of both scientific knowledge and practical skill that is learnt by doing, alongside expert practitioners. It's about learning the kind of pressure that a therapist or the patient can apply to a muscle; but also knowing when a patient needs compassion, and when a tough approach. Results are partly about the physios ability to motivate the patient to put work into their own recovery themselves. It's about relationships between people who are different. Satisfaction comes from the kind of success that everyone can measure, more people back on their feet and in work. But as importantly, it's about the satisfaction that comes from a good relationship with the patient, in the process taking pride in the practice not just its external effects. Physiotherapy isn't just a job but becomes a way of life and so can't be reduced to a series of tasks that can be

given a price or connected to a target. The physiotherapists I know are physically and mentally disciplined people who find it hard to reduce what they do to a financial transaction.

As Macintyre argues, internal goods only happen when practitioners are supported by others doing the same activity. Good public services rely on practitioners who care passionately about what they're doing. Doctors, teachers, social workers, physiotherapists, police officers need to work and organise in institutions so they can share thoughts about what they do and collectively guard common standards of excellence.

But professional autonomy is only half of the story; there are two sides to every relationship. Being a public professional means being part of a shared world with users and citizens, who need to have a role guiding public institutions if they are to work well. It's knowing how to respond to the free actions of the children and adults being taught and cared for. There is nothing new about 'co-production', to use current management jargon. Sometimes that means giving citizens choice, allowing 'users' to exit the bad hospital and have their treatment elsewhere. But every public institution recognises that the authority of the professional limits choice. That isn't because citizens shouldn't get what they want, but because their freedom only makes sense as part of a relationship with others they are dependent on. As citizens seeking the support of caring institutions we aren't individual consumers looking for immediate satisfaction from a commodity which we can define and price at the outside. We're looking to be nurtured, supported and sometimes challenged so we can flourish throughout the whole of our lives. Sometimes the teacher or doctor needs to tell us things we don't want to hear.

What Albert Dzur calls "democratic professionalism" needs strong, independently organised professional bodies to protect and nurture professional standards. But it also needs public services to be guided on a small enough scale for dialogue and negotiation to occur between managers, workers and citizens. That's why good public services rely on the existence of strong local institutions, which have a sense of their identity and are ruled through face-to-face negotiation between the different interests that have a stake. The good local school, hospital, sure start centre, university are places different people have a common affection for, despite their different backgrounds and interests. It's that affection which makes them work.

People feel affection for public institutions because they exist for the long-term. They are places that endure through time and become part of the fabric of our lives. As a result, they validate our sense of purpose by providing a focus for our loyalty. If we know we'll be coming back to the same hospital

The central role local institutions play in the long-term life of a place is something people are willing to fight for

we're more likely to fight to make sure it improves. In the same way, a doctor who knows he will work in a hospital for ten years, and is going to face the same patient year in year out, is more likely to improve their experience – and time gives him a realistic sense about what he can improve. Headteachers who get to know parents over time are more likely to develop the trust that lets them tackle difficult behavior together. There's no better way of raising the aspirations of students than seeing a school's former students

telling them what they did later in life. The central role local institutions play in the long-term life of a place is something people are willing to fight for. It's only ever going to be painful seeing the hospital where you were born close.

A continual turnaround of different agency staff and the idea that public institutions are about the one-shot 'delivery' of a particular service not a long-term relationship corrode the commitment that's so vital for improvement. Once after waiting three hours after my allocated time at Guy's Hospital, I failed to persuade the specialist to fight for a better booking system because he was 'only' a registrar with no long-term stake in the institution he worked in. He didn't even have his own office.

The most important thing is that local public institutions create a stable space where arguments can happen. Parents and teachers, doctors and patients, police officers and the communities they serve have different ideas about what should happen and where public money is spent. But if they have collective power over resources, and come together in institutions that endure beyond an individual's connection, they need to negotiate, compromise and create a sense of common purpose. The best institutions are those where people are able to voice their frustrations. Yet, our institutions are often dominated by a managerial culture that imagines arguments can be avoided. Tension and a sense of injustice motivate people to participate. But where legitimate voices are silenced, resentment endures. If people are trusted with collective power locally, and can't blame distant forces for things they don't want to do, people negotiate a sense of the common good.

Good public services rely on the energy, commitment and sense of purpose that people who have strong relationships can develop together. People can only have a good relationship with strong institutions that have a sense of their own autonomy and power, and with professionals who are confident about their status.

The tragedy is that our national political culture is blind to professional autonomy, user involvement and the importance of independent, self-managed institutions that are capable of having and resolving arguments about the public good. There is no room for common organisation in the language politicians use to talk about politics. Our political culture makes politicians think they have a direct relationship with individuals. Paradoxically, the attempt to make life better for individuals ended up annihilating the conditions real individual autonomy relies on.

So what went wrong? In short, public service users—those who are taught, policed or cared for - haven't been trusted to stand up for their interests. People in the towns and cities of Britain haven't been trusted to put the wellbeing of the place they live first. Above all, Britain's metropolitan governing class doesn't think workers, users and citizens can argue and agree about how public institutions should work for the common good. The problem for social democrats isn't that people lost trust in us. It's that we lost trust in people.

The mistrust of ordinary people has run through British politics since the slow emergence of democracy in this country. For the 1997-2010 government, this mistrust took a particular form. Labour in power liked schools and hospitals, teachers and doctors, even parents and patients. But public workers and users were treated as abstract, idealised individuals. New Labour spoke of citizen involvement and 'double devolution'. But in practice, it was always suspicious of the organised effort of any group of public workers or users to improve their lot.

In place of trust, Labour politicians relied on the power of the politicians and administrators to manage public services. Sometimes this was coupled with state-led marketisation. Things went wrong because Labour vastly over-estimated

the power of central initiative to achieve the change it sought. Anti-social behavior is still a problem. Many schools are now ruled by a culture of 'continuous improvement'. But Labour's attempt to manage education centrally hasn't narrowed the gap in educational attainment between the wealthy and most deprived in British society.

Things could have been different. Before being elected to power, Labour politicians spoke warmly about the importance of relationships. Two themes were developed in succession by Tony Blair in the years before the 1997 landslide: the importance of community and the stakeholder society. These, in turn, gave coherence to Labour's attempt to distinguish itself from an amoral and authoritarian Conservative party. They connected the party to forgotten Labour traditions. They offered a chance Labour would think differently about power when it was elected. Tragically, that chance wasn't taken.

Before 1997 Labour was the party of responsibility and reciprocity. Tony Blair argued that people flourished when they acted together. He didn't think the central state was the only mechanism of collective power. Labour recognised that the good society relied on neighbourliness and solidarity. Will Hutton's idea of a stakeholder democracy briefly offered Blair the practical means to put this solidaristic vision into practice. Britain's economy would be reshaped and public services reformed by giving workers, consumers and communities, not just politicians and managers, control over public and private institutions. The aim was to rebuild people's faith in one another, and create a sense of the common good. "We need to build a relationship of trust, not just within a firm, but within a society" as Blair put it in January 1996. "By trust I mean the recognition of a mutual purpose for which we work together".

Control freakery wasn't hard-wired into New Labour. The problem was that community and stakeholding offered a story about the kind of society Labour wanted to create, not a practical account of how Labour would act in government. New Labour had no theory of the state, no clear idea of how it would wield power. Ruled by caution and an overwhelming concern to appear competent, it ended up accepting the idea of state authority it inherited from the previous regime. Labour failed to imagine the world for itself. As a result, it got stuck with a neo-liberal or new right conception of what the state is about. Labour thought it was possible to create better public institutions by imposing rules without strengthening relationships.

It is a dangerous mistake for Labour politicians to assume that Conservatives don't like the state. Before the coalition came to power at least, Tories feared disorder more than anything else. They instinctively believed the centralisation of power in their hands is the only way to guard against chaos. As a result, as Andrew Gamble puts it, "the most basic task of all Conservatives is to uphold the authority of the state".

It shouldn't surprise us that the Thatcher and Major governments witnessed the greatest attempt to centralise state power in British political history. Eighteen years of Conservative government saw a huge expansion in the quantity of state regulation and inspection, from the introduction of the National Curriculum and creation of OFSTED, to ratecapping and the prescription of detailed instructions to hospitals and health authorities.

The formal status of many public enterprises changed, as services were contracted out to private companies and executive agencies. But contracting out brought with it an attempt to control from an ever-greater distance. Britain's

public services were increasingly characterised by an attempt at scientific management. Contracts defined in tiny detail every function an organisation was supposed to perform. The idea emerged that public servants could be managed through an insanely long chain of command that began with the minister and ended with the frontline worker.

The new right's approach to the state was underpinned by a belief in the primacy of the individual and its mistrust of every form of collective organisation. They saw public institutions as the site for a battle between trendy teachers and radical social workers organised in powerful unions and backed by the Labour party, against individual users. OFSTED, rate-capping and the citizens charter were efforts to restore order and use central state power to stand up for the individual user or 'consumer' against organised social forces that had, it was argued, caused disorder, diminished the authority of the state and given sectional interests to undermine the public good.

In fact, public services ended up being accountable to no one other than a new tier of middle management. Margaret Thatcher loved management consultants. The Major years saw a massive growth in administration in every public body from hospitals to the BBC. The period from 1979 also saw growth in the use of statutory guidance, issued under powers given in statute to secretaries of state, to tell public institutions what to do.

The assumption that managers and centrally written rules were able to protect users against public sector professionals excluded the public from having any real voice. Chris Woodhead insisted that OFSTED was there to protect educational standards for parents. But parents were seen as too stupid to be trusted with any say over their children's education other than, often very limited, choice between schools.

The central state ended up being captured by technocrats with no expertise and little skill, and no commitment to anything other trying to hold other people to account with abstract guidelines.

Without an alternative story of how it was going to act in government, the managerial state quickly captured New Labour. As (very briefly) a parliamentary researcher in 1997, I quizzed the new head of the No.10 policy unit about the civil service's ability to make Labour's social vision a reality and was frightened by his lack of anxiety about the relation-

ship. Perhaps the lack of unease shouldn't surprise us. New Labour brought into government a band of smart, confident young men and women with little experience of the messy negotiations that real work in public services relied on. This generation of politicians believed ideas were more important than the real life of institutions. The new right state's belief in the

The new right state's belief in the power of the central state to hold public institutions to account overlapped with a longstanding Fabian belief in the superior knowledge of the man or woman in Whitehall

power of the central state to hold public institutions to account overlapped with a long-standing Fabian belief in the superior knowledge of the man or woman in Whitehall. More importantly though, a Conservative state's mistrust of local collective organisation connected with the profound anxiety New Labour politicians felt about the role trade unions played in ruining Labour's chance of long-term political power in the past.

Labour, of course, tried to use Conservative means for its own ends. It redirected the efforts of the managerial state to

further social justice rather than protect the middle class consumer. It issued regulations that gave public bodies new duties, and counted new sets of statistics – child poverty and value added in schools, for example. It tried to get public institutions to join-up their services, creating Public Service Agreements which forced different institutions to talk to one another, sometimes to good effect. Whilst Conservative rhetoric had attacked public sector employees as low status workers who could do their job with nothing but a bit of common sense, Labour rhetorically emphasised the importance of professional standards of excellence. But precisely how these public professionals were supposed to behave was still defined in detail in centrally written contracts and statutory guidelines written by civil servants. Labour certainly wasn't willing to increase the power of self-organised professionals. Doing that would have risked the weakening of central state power.

Labour politicians lacked the confidence to imagine how government could be done differently. The crisis came when limits on public expenditure were lifted, spending increased and then, with the financial crash, state revenues collapsed. Labour forgot that the system it inherited was designed only to control public workers and save money, not to care. It ignored the importance of relationships to public work. The instruments it used contradicted the ends it had in view. Governing with an idea of the state radically out of kilter with its rhetoric, Labour was a victim of the mistrust its way of working had spawned.

The idea of government shared by recent Conservative and Labour governments imagines there is a direct relationship between the central state and individuals. It's an idea rooted in fantasy. In fact, the machinery of government, the central state in Whitehall commanded by politicians and staffed by civil servants, does not have the power it thinks it does. As Margaret Thatcher put it "no government can do anything except through people". What she missed was that collective action relies on people being organised in local institutions. It is our schools and hospitals, community groups and businesses that actually get things done. In reality the state is a sprawling network of autonomous institutions that each has its own culture and lines of accountability. Labour's continual mistake is to confuse the institutions which get things done with the instrument of central command.

The commanding heights of government in Westminster and Whitehall do nothing on their own because, as the French philosopher Alain Badiou argues, they have no relationship with individuals. The central state can only act from a distance, by spending money and creating highly abstract rules. Yet the myth of the central state's power has allowed governments to create vast swathes of regulations telling local public institutions what to do.

Some of these are contained in legislation. The volume of legislation has expanded exponentially in the last thirty years. Far more instructions are in the 'guidelines' enacted through powers which statutes give the secretaries of state, or regulatory bodies. Sometimes these laid down procedures public workers were supposed to follow, in everything from how crime was reported or police complaints processed to the way schools admissions were handled. Otherwise, they insist that particular pieces of information were reported and targets were followed. Written by civil servants or quango officers with the barest input from elected politicians and are never the subject of a democratic conversation. They are usually a response to some perceived problem in the past. Attempts to make a general rule out of a particular case, they applied the lessons of a specific failure indiscriminately to

every new situation, however the circumstances are different in each case.

Let me give an example of the madness of statutory guidance, from John Seddon's work on housing. In the early 1980s, their dilapidated housing stock meant most local councils were behind with housing repairs. The Thatcher government set a target to ensure at least 70 per cent of all repairs were planned in advance, with no more than 30 per cent a reaction to specific problems. The rule meant tenants whose kitchens had collapsed needed to wait for the repairers to come to their area, while people with good kitchens were having them ripped out. Newly built houses were subject to the same rule, even though they didn't need any planned repairs at all. The solution is simple: recognise that housing repairs are about the relationship with the tenant. Give the housing provider flexibility to do repairs when tenants want them. Ensure tenants and workers are on the management board to hold the authority to account through a balance of power. But the central state's failure to trust local institutions to do the right thing meant anyone who applied common sense broke the rule.

Public services are about human interaction and personal relationships. It's a real, tangible process that can't be translated into the language of abstract regulations or rules. They are about dealing with diversity, with the extraordinary different problems which each individual or situation presents, and with people as people – who feel and bleed, and flourish through their relationships with other people.

The interpersonal character of life in public institutions gives workers discretion. It certainly doesn't feel like it to frontline public sector workers: but whether and how they comply with supposedly national norms and standards is a *choice*, a decision which local managers and workers make to

fit local circumstances. The rule does not dictate how it is to be applied – whether lovingly or in a perfunctory fashion. The system can always be gamed. One way of complying with the letter of the law on housing repairs would have been to do unnecessary and planned repairs quickly and badly. Most of the time, there is no consequence for non-compliance. The state simply does not have the power to enforce its commands. It is a diffuse culture of anxiety, not fear of real sanctions that makes people obey its orders.

But the idea central government is in charge, and the death of alternative sources of power have blocked institutions' ability to respond to the democratic sentiments of local society. The culture of national standards, of managing statistical 'outcomes' rather than taking care of people has been internalized by local public officials. As Philip Corrigan and Paul Sayer put it, the state is not something "out there". It is "internal and subjective, it works through us". As the educationalists Alan Cribb and Sharon Gewirtz suggest, "there is no clear distinction between teachers 'being controlled' and teachers 'being autonomous'" any more, for example. Even voluntary organisations and charities end up using the same out of touch language and procedures as government departments, talking about benchmarking, delivery and impact targets. We can see the process which Michel Foucault called "the governmentalisation of society" at work.

So even though public institutions still have a lot of real autonomy, they are more comfortable being told what to do than doing their own thing. When national guidelines are removed councils or schools don't know what to do without them, and continue to act as if the state commands. Starting to recognise the weakness of targets at last, Whitehall has massively cut the number of measures that local councils have to report. The insistence that 70 per cent of housing

repairs are planned, for example, has been removed. But the idea of central state control has so badly warped our culture of public management that many have stuck to the same old routines. Without the belief workers and tenants can together sort out what needs to be fixed, housing authorities continue with a one-size fits all repair regime.

The problem now is not simply that the central state tries to command too much. It's with a wider culture of fear in public institutions and beyond. Local public workers imagine that the solution to problems, whether dropped bedpans or discipline in schools, comes from directives issued from above rather than local initiative or professional expertise. Rules give comfort to stressed out public workers. Doing what someone else tells you is a good excuse when things go wrong. Rather than listening outwards, to what service users and local citizens are saying, everyone looks up to government or senior managers to tell them what to do. Blame is passed up the administration chain, while problems are pushed downwards. The result is a systematic evasion of responsibility in which everyone has followed the rules, but no one can cope with a massive crisis - Peter Connelly ("Baby P"), or the 2011 riots.

Changing all this needs national politicians to recognise the limits of the central state's ability to manage and make it clear local public workers have the power and responsibility to do what they do well. That doesn't mean abandoning individuals to the Tory fantasy of the free market. It doesn't mean abdicating responsibility for the public organisations that support so much of our lives. Instead it means building institutions that give public workers and service users the freedom to forge together their own sense of the common good. That needs our politicians to start, at last, to tell an authentically Labour story about what public institutions are about and how politicians can lead what they do.

4. LABOUR AND THE GOVERNANCE OF BRITAIN

The worst thing about the idea of delivery is that it gives politicians a delusory idea of how they wield power. 'Delivery' reassures politicians with the idea that they manage a vast, complicated machine, whose levers only need aligning properly to do the things politicians command. It is comforting to politicians to believe they are solely in charge of UK PLC. Yet 'delivery' demeans politicians by reducing political leaders into middle managers, making their role seem no more complex than allocating postal rounds. The creation of postal services in the seventeenth century was about reassuring the King that they knew what was happening in every part of the realm. Now, the idea of delivery supports the mythical, yet pervasive High Tory notion that the central state has total command, and can enforce people to act uniformly across the realm. But by making them into little more than postal supervisors, delivery allowed Labour politicians to abdicate all responsibility for the actual shape of the institutions that 'deliver' public services.

Labour politicians should stop talking about delivery and abandon the dangerous fantasy that the public sector is a single organism they can totally control. In place of delivery, Labour needs to begin by recognising the diversity of the society and institutions it aspires to rule. For figures from GDH Cole to Clement Attlee and beyond, the purpose of the

Labour movement was not to deliver a uniform set of 'outcomes'. It was to recognise and balance the different interests of the nation, giving workers the power to challenge management, and different regions the capacity to express their own individuality. "Labour does not seek to establish a drilled and dragooned community", Attlee wrote in 1937. "On the contrary, it realises that the wealth of a community is its diversity not its uniformity". Standardisation and homogeneity were bad words for the first generation of Labour ministers. Individuality mattered. For Attlee, "capitalism is today actively engaged in making the whole country uniform". Socialism would lead to a "wide decentralisation" allowing individual, regional and national differences to flourish and hold together in a larger whole.

For the 20th century's Labour ministers, the governance of Britain meant the rule of national public institutions that were locally managed and run. Britain's first two majority Labour governments were in the job of institution-building, not micro-management. Nationwide industries were controlled nationally, but - with one big exception - public services were locally managed. The 1945 government's expansion of social housing and social care was managed by locally elected councils. The same was true for education. As Minister for Education and Science in the 1960s, that supposedly most managerial of ministers Anthony Crosland noted "the high degree of autonomy of much of the education world - the fact that power and decision-making are not centralised in Whitehall but are dispersed among local authorities, universities, research councils and so on". Crosland spent most of his life as a minister negotiating with unions and education authorities and trying to find money to expand the number of teachers. With these new institutions, his aim was to democratise the character of England's

school's and colleges. Setting targets or dictating what teachers should teach would have been anathema. Britain had to wait until Kenneth Baker's 1988 Education Act for politicians to insist they knew best what should be taught in schools.

We often view the 1945 government as a regime obsessed with the national control of public services. That idea comes from the approach to nationalised industries and, of course, from the National Health Service. The NHS nationalised Britain's complicated network of local and voluntary hospitals, bringing them all – in theory at least – under direct control of the central state.

Remembering his time as leader of London Country Council, Herbert Morrison argued that hospitals should be locally controlled. Morrison's argument was about citizenship, not effective administration. "[I]f we allowed local government to languish by whittling away

For the 20th century's Labour ministers, the governance of Britain meant the rule of national public institutions that were locally managed and run

its most constructive and interesting functions", local government's role "as a school of political and democratic education" would be annihilated.

Morrison's comments about the civic consequences of central control were, perhaps, prophetic. But Aneurin Bevan won the argument for national control of hospitals. Bevan, of course, caved in to the formidable force of the British Medical Association in allowing GPs to continue as private businesses. But his argument for Whitehall's control of hospitals showed he'd been captured by another interest too. Bevan's case against a local approach to health was made first by the men who Rudolph Klein calls the "rationalist paternalists",

enlightened civil servants who believed in progress but had no regard for the power of ordinary people to run their own lives. These were men and women who had run the empire, and returned home to treat British citizens in the same disdainful way they treated colonial subjects. The bureaucrats argued for nationalisation because they didn't trust local councils with public money. The power of their minister needed to follow the money. But the reality, as Klein argues, was that the NHS could never be managed nationally. Just like the British empire, the British health service couldn't be run by a few 'progressive' despots. The Bradbeer committee made sure hospitals were run by the tri-partite partnership between doctors, nurses and administrators which had characterized voluntary hospitals. Writers thinking about welfare in the late 1940s and 1950s had no doubt 'the social service state' was managed locally.

Labour now needs to return to the spirit which, Bevan and the bureaucrats aside, ruled Labour's attitude to public services after the war. That means it must begin with a recognition of the reality of what politicians now call 'public service delivery'. It isn't the central state, but autonomous, local public institutions that care, teach and police, even sweep the streets and deliver the post. UK PLC does not exist. Ministers govern a diverse and sprawling collection of public institutions which each has formal autonomy from central state power, however much a sense of real power has been annihilated by a more recent national culture of central control. As post-war Labour politicians knew well, the central state has a very limited relationship with individuals. When it tries to create one, it doesn't work out very well. The Inland Revenue, as necessary as it, isn't the best model for government. Labour now needs to return to the idea that the central government's role is to coordinate and fund autonomous public institutions that rule themselves. The state can't deliver. People do.

Post-war Labour's mistake was to place all it's trust in managers, consultants and professionalised politicians to manage public institutions with no dialogue with or challenge from the users of public services or, in many places, employees. The story was different in different institutions. Workers were excluded from the management of nationalised industries. Teachers ran schools in tension with the education authority, but didn't listen enough to parents. Doctors and nurses initially had a big say in how hospitals were run. But from Enoch Powell's 1962 hospital plan onwards the power of managers increased and health workers marginalised. Too often though, public institutions were captured by what neo-liberal economists call 'producer interests'. Relationships, and an ethos of care were central to pre-Thatcher Labour's attitude to public institutions. But the state had too much faith in professionals to manage those relationships on their own.

Without targets and countless middle managers, the postwar state had the power to create the kind of institutions that were needed. It was able to deploy the two forms of power which institution-building required. Elected with strong majorities it had the power to make laws that remade the institutional fabric of Britain – which Labour in government needs to deploy again. It didn't try to micro-manage, but used legislation to create new institutions that brought people together for the common good – the NHS and comprehensive schools are the best examples. But it had something else. It had the moral leadership to bring people with different interests together to work together in the new institutions it created. That didn't just require technical policy-making ability. It involved strong politicians who

could tell a clear story about the kind of society they wanted to create, and the kind of institutions needed to make it a reality.

Labour's greatest tragedy was its failure to recognise that the interests of workers and users needed to be organised and involving in guiding public institutions. Like every left of centre party in the middle of the 20th century Labour believed too much in the authority of experts to know what people wanted; in the capacity of a supposedly enlightened elite to wield power unilaterally for the public good. The consequence was to undermine the local relationships which good public institutions ultimately rely on, and allow the political right to speak for citizens and 'consumers'. By the 1980s, the Conservatives could cast their combination of management and the market as a revolution which gave people power. In reality it was anything but.

Labour can't afford to make the same mistake again. We need to recognise the rage people feel about the way they are treated by public and private institutions, to channel and organise it. But we should be careful not to mistake public anger for a demand for short-term 'delivery'. It'd be a mistake just to demonise individuals – whether Fred Goodwin or Sharon Shoesmith – and then impose tighter central rules and force institutions to count more things.

The nature of our electoral cycle and our short-term media culture tempts politicians with the idea they have the power to get immediate results. They don't. Transforming public institutions so they're guided and held to account by the people who work in and use them will take time. But to believe the public don't have the patience to see our institutions really transformed is wrong. People don't have the same short-term attitude to time as Westminster's crazed spin cycle. Planning for the long-term is what most of us do

Labour and the Governance of Britain

in our everyday lives. Despite being stacked full of PR professionals, politics is not selling washing powder. A politics about building institutions for generations can be popular. We all know the mess immediate gratification has got us into. But it'll take courage for politicians to say they can't fix everything overnight, and that change will need us, the people, to take part.

But what about equality? Isn't central command the only way the state can ensure everyone has access to the same resources? Do people really want to have power over the institutions that make a difference to their lives?

For many on the left, two words are supposed to demolish the argument in favor of the local management of public services: 'postcode lottery'. The phrase demonstrates how central the idea of the post office is to the way we imagine the state, and how badly neglected relationships are to the way we think about politics. Of course, unequal treatment doesn't happen at random. But a more serious problem with the chimerical notion of the postcode lottery is that it assumes equality is just a question of distributing things.

The phrase erupted into the political consciousness of the nation in the mid 1990s to talk about the unequal distribution of two such things: Viagra, then drugs for cancer treatment. Never mind the way people with erectile dysfunction or cancer were treated by doctors and nurses, whether they were seen promptly and with skill, involved and given a say in their own treatment. For critics of the 'postcode lottery' from Polly Toynbee to the *Daily Mail* what matters is that the state deliver the same drugs to every one postcode equally.

There may be a case for particular drug treatments to be guaranteed nationally. Whether that's so needs to be decided through negotiation between politicians, health workers, hospitals and patients. It's the kind of thing the national convention I've proposed would determine. But we shouldn't reduce healthcare to drugs, and shouldn't imagine the distribution of medicine is a metaphor which helps us think about the way all our public institutions work.

Most of the time, problems in our public institutions are with the quality of care, not the quantity of the physical substances they provide. Instances where people aren't prescribed what they need are very rare. It's the relationship we have with medical professionals – whether they're skillful, listen and make the right diagnosis, whether they scare us or make us feel looked after - that makes the biggest difference to health 'outcomes'. Feeling happy, confident and supported gets people better more quickly. Research by Queen Mary Hospital in London shows that caring contact with health professionals plays a big role in determining whether women who've had unexplained miscarriages go on to deliver a healthy child. Sometimes relationships with people work when the drugs don't. But even when the drugs work, people need to be part of relationships for them to make a difference.

"Equality is a vital need of the human soul", as Simone Weil says. Equality is "the public recognition, in institutions and manners, that the same amount of respect and consideration is due to every human being". Equality is about how we're treated. It's the sense we have of being regarded by those around us as a dignified human being, a person with a story, a destiny and choices of our own. Of course each of us has a unique body and different capabilities, ideas and desires. We each have the capacity to do very different things. Equality

doesn't level out these differences. It's about each of us being treated as someone distinctive, each able to order the world around us in our own way.

Because it's about everyone having the same capacity to do different things in different places, being treated equally isn't something you can count. The only way equality can be judged is from people's experience, by listening to them talk about whether they feel they've been treated with the dignity due to every human being. Equality always relies on democratic conversation and negotiation.

Of course inequality isn't caused by what we think and feel, it's the result of social forces acting on a massive, sometimes global scale. The central idea of the Labour tradition is that capitalism leaves most of us feeling inhuman, humiliated and powerless if it's left unchallenged. Capitalism does that in part by trying to reduce the distinctiveness of each human being to the status of a commodity, an identical unit of labour that can be bought and sold for the lowest possible price. The worst thing is that the market for labour often pays us less than we need to live a decent life. We need money to exist. In our market society, it also gives us power over the world around us.

But that doesn't mean equality is just a matter of the things we possess, or can be created if the state changes the amount of money we have. Recently politicians have paid too much attention to political philosophy and, particularly after John Rawls, its obsession with 'distributive justice'. It's as if politicians have abandoned the world of real people and things, and believe instead they can change the world with theory alone. The result is politicians forget that equality is about our ability to shape the world we live in together with the people around us. It depends on having a say over the how our workplace or school is run, in the kind of buildings we

allow in the streets around us. It's about how public money is spent, not just the amount handed out.

As Amartya Sen argues, our wellbeing depends on "what the person succeeds in doing with the commodities and characteristics at their command", and that depends on relationships and institutions, not just things. Even if I'm a biological miracle, I'm only going to become a cycling superstar if I'm supported by family and school and have the right kind of coaching. More prosaically, my capacity to be the kind of parent I'd like to be depends on a local economy where there are jobs which can support my family financially, flexible childcare where my kids play with children their own age, playgroups, safe streets, local parks, perhaps also housing for

Because the 'delivery' state is their model of government, the denizens of the central state imagine problems are solved by allocating things that can arrive by post or through online transfer older people which my parents can move into so they can look after my children, and so on.

Politicians and policy-makers who don't understand this imagine that a more equal society needs to be engineered by the unilateral authority of central administrators and policy experts trained in social science. Because the 'delivery' state is their model

of government, the denizens of the central state imagine problems are solved by allocating things that can arrive by post or through online transfer. But the distance of the central state from our lives means it struggles to co-ordinate the local institutions and relationships which equality relies on. In fact it isn't even very good at enforcing uniformity in those things it can count. Britain has the most centrally managed state in

Europe, yet we also see some of the widest differences in the standard of local public services.

Forgetting the real conditions of equality, we end up with a state that fetishises transfer payments, but which doesn't care enough for the reality of human interaction. Tax credits are paid without serious effort made to change the imbalances in a local economy which mean there are no jobs; new schools are built, which don't change the life chances of working class pupils who study in them. Giving people things doesn't guarantee they'll feel better treated, or mean they're any better able to lead satisfying lives. And, of course, it costs more money than it needs to.

Redistribution is important. But thinking that the redistribution of money can create an equal society on its own is as misguided as imagining sending us all a bicycle gives everyone with good legs an equal chance of becoming the next Bradley Wiggins. It's our situation, the way our desires and inclinations connect with the relationships and institutions we're part of which makes the difference. It's not about delivering the statistical outcomes which administrators think matter. Labour politics is about creating a situation that supports people to flourish in common with those these live and work with. That means where money is redistributed, it needs to be paid in situations which people have power over. Public spending should augment rather than diminish people's sense of their capacity to shape the world around them. That brings, of course, a corresponding loss in the power of ministers to manage what happens to public funds.

For redistribution to increase the capacity of local people and institutions to shape their own lives in areas where currently they have the least power, money needs to be controlled locally. That means in an increase in the power of local authorities over public spending decisions. But where money is redistributed by the central state to invest in deprived areas, it should be by permanently endowing locally-run trusts. The central state needs to 'target' areas with the greatest need with the greatest capital. As discussed later later, endowment could be the next Labour government's greatest tool for tackling inequality. In doing so, it would ensure humiliation at having no control over public institutions isn't added to the inhumane way the poor are treated by their employers. It would allow the redistribution of money to create equality by enabling a real renewal in people's capacity to shape the institutions around them.

The argument here is that equality depends on participation, because equality is participation. We are equal if we have a sense that the relationships and institutions which we're part of give us as much capacity to to shape our own lives as anyone else. That's what the wealthy possess and the poor lack. The rich feel free because they are on dependent family networks that support their chosen path in life. They go to private schools that instill a sense of purpose and possibility, then universities and careers where professionals nurture excellence and provide the networks that allow them to thrive. Despite the pernicious arguments of the right, it isn't just about aspiration and the capacity to work hard - but aspirations that have a realistic relationship with a privileged world which shapes the rich and supports their capacity to shape the world in turn. Money courses through the veins of the institutions that give the elite power. But it's the use it can be put to, not the fact it exists which matters.

The left's response to arguments for participation and localism is often to say that people don't want to take part. The poor are supposed to be happier as recipients and consumers. Local democratic institutions will be captured by the middle classes. It's an argument wearily made by

Labour's elite to explain why they've had to possess unilateral power. It forgets something fundamental. People don't participate locally because they know they wouldn't have any power if they did. Research by Johnson Birchall and Richard Simmons shows that one of the most important reasons people don't participate is they haven't been asked. The desire for democracy is everywhere. The tragedy is that people know their vote counts more for the X-Factor than it does in most local consultation exercises. When something really matters, the closure of a local hospital for example, people aren't slow to get involved. We're not talking about everyone sitting in endless committees, but public institutions being run by a conversation that is knowable and local. We don't need to be a governor ourselves, just know that someone who shares our interests is.

Creating equality needs the central state to act in two ways. First of all, it needs to ensure some national standards. It needs to make sure everyone drives on the same side of the road; can post a letter and have it delivered the next day; and has their body and property protected by the criminal law. It makes sure every employer pays a minimum wage. We might want to guarantee the drugs people are entitled to have their doctors prescribe if they get ill, and insist that teachers teach a national curriculum. In each case the central state should ensure the standards it establishes are limited, can be implemented and are set through a democratic conversation with the professionals who'll deliver them and citizens who pay and receive them.

But a Labour state's second role is to create, fund and lead public institutions which nurture the relationships that allow us to thrive, and in turn allow us to create a local sense of common good we feel part of. As I've argued, that means the local control of funding as well as management of standards

and people. Above all, it means the state insisting that institutions are held to account by the interests that are affected by them, and refusing to fund organisations that don't listen to the voice of users, workers or local citizens. There can be no common good if professionals are allowed to control the system on their own; but in the same way workers are demeaned, demoralised and unmotivated if they have no power. Our politics needs to be about recognising the central place of a tense but creative balance of interests, about argument and then agreement happening face-to-face, in a way that allows relationships to emerge and a sense of the common good to occur. Equality depends on a deepening of our democracy. Democracy isn't only a way for each of us to express our preferences. It is the process of discovering what we can do together. It allows us to create a common good that reflects our individual purposes, but is greater than the sum of its parts.

Our present economic as well as political condition is a consequence of the erosion of people's democratic capacity to shape the world around them. Every recent crisis, from expenses to News International to the credit crunch, has had the same cause. They've been about ability of an elite who were distant from the rest of us using their unilateral control of a powerful institution to enrich itself. These crises haven't just been about a failure of external regulation. They've happened because there haven't been internal checks and balances, where institutions aren't guided by a democratic conversation between rival interests. In parliament, banks or newspapers, there was none of the face-to-face challenge which good politics, finance or journalism used to rely on. The problem is that we've treated each other as strangers, and haven't felt the responsibility to explain what we're doing to people with different lives and interests. Everyone

in power should be able to justify their actions in the eyes of those they cause to suffer.

Our crisis of capitalism happened because institutions central to our society were allowed to profit without being forced to account for their actions to the rest of us. If their account books said they were making money, and they told us we all benefited as a consequence, that was fine. To imagine inequality is just about the flow of money that can be traced on an economists spreadsheet is to fall for the same delusion which caused the financial crash – that the esoteric knowledge produced by one group of experts gives us a sound basis for managing the world around us. In public services, just as in banking the answer is the same. We need to have institutions that are close enough to our everyday lives that they can be controlled; to ensure, in every organized form of power, no one interest is able to predominate unchallenged.

This pamphlet argues that our public services are best run by a democratic conversation between people who work for and use them, not by centralised state management. That conversation requires people who already meet, talk, and trust each other in many walks of life, and in the process create common goals and work out how to pursue them together. It needs to give a public role to the unrecognised relationships that make good public institutions. That means strong local institutions, which can't be captured by one interest but are ruled by the tension between people who have different perspectives and interests. Those institutions need to feel as if they're part of the common life of a particular place. The role of national politicians is to shape and create institutions in every locality that respond to these democratic aspirations, not manage the detail by central command.

Rebuilding Britain's public institutions can't be done by issuing instructions from a Fabian pamphlet. It will take a real nationwide conversation between people, institutions and national political leaders. That means politicians being publicly willing to really listen – not a PR exercise where they learn the name of their interlocutor but then continue with business as usual. Labour's leadership of that conversation needs to be central to our story of being a credible party of

government, which does politics differently. The result will be a new settlement for Britain's public institutions. Practically, how does Labour make that happen?

A national convention

Labour needs to hold a national convention in the year running up to the next election to agree a plan for the future of our public institutions. Led by Labour's shadow cabinet, the convention would involve public workers and managers, unions, lobby groups, and users organisations, local politicians and the public more widely. It would define a new constitutional relationship between Westminster and schools and hospitals, local authorities and police services. It would determine which guidelines will be cut and what still needs to be issued from Whitehall, how public institutions would transform their working to involve workers, users and citizens in decision-making, and how they'd be funded to nurture better relationships. A recent precedent lies in the Scottish constitutional convention that led to the creation of the Scottish parliament. But the point wouldn't be to redefine the relationship between individuals and the central state, as if people have a direct relationship with Whitehall. It would recast the constitutional connection between government and the local institutions that support our real lives.

Convening a national convention would show that Labour has the competence, leadership and relationships that this coalition government is lacking. But it would mark a dramatically different approach to government from this and the last government, marking the end of a generation of command and control. Instead, it would put relationships at the centre of Labour's approach to governance, and demon-

strate our Labour belief in listening and negotiating not just imposing its will by command.

Public spending for the next Labour government will be tight. A convention would help public institutions be more comfortable with less money by giving public workers a say on how less money is spent, and listen to the ideas people who work on the frontline have about doing things with less.

The convention needs to be the culmination of a succession of smaller, more intimate conversations between politicians and public service heads, union leaders, users groups, front-line staff and users – not just lobby groups. Labour politicians need to build strong relationships with public managers, worker representatives and civil society groups with a stake in public institutions – organisations like Mumsnet and CarersUK for example. The result itself of strong organisation, the convention might act as a catalyst for new organisations of users and workers. It might spark the creation a professional body for teachers, or a parents union for example. For a convention to happen in 2014, we'd need to start talking now.

But the convention wouldn't just decide what a Labour government would do if elected to power. It would redefine the very act of making policy as a two-way process, in which the central state, local public institutions and people organised in a myriad of different ways make reciprocal commitments. One of the biggest problems in our political culture is the idea that politicians do all the actions and have all the answers. Instead, politics is about co-ordinating the action of people through the public realm, which needs commitments from public sector managers, unions, professional bodies, local authorities (at least those that are Labour run) and voluntary associations as well as politicians.

The shape of the new relationship that will emerge between central government, public institutions and organised people can't be prescribed now. It needs the conversation to start. But to provide themes for discussion and argument, I'd like to end this pamphlet with suggestions about what a convention could discuss.

Axe the guidelines, and transfer power from Whitehall to parliament

Whitehall needs to stop its ceaseless effort to instruct, threaten and cajole. That will take an act of disabling legislation, which states that only parliament has the power to tell public bodies what to do. The instructions which national government pass on to local public bodies need to come under proper democratic scrutiny. The power that exists in many pieces of primary legislation for the secretary of state to issue regulations and 'statuory guidelines' on an *ad hoc* basis needs to be limited. If something is so important public workers should be forced to do it, it should be discussed properly within our national democratic conversation, in parliament.

National guarantees, not guidelines or targets

No state, particularly not a Labour state, can give up its authority to centrally command. There are some things the state needs to tell people to do directly. The problem now is with targets and fuzzy guidelines that only managers can make sense of. It's with the state's attempt to manage every detail of what public workers do, not establish a framework for how institutions should work which everyone can understand. Where the central state does command, it needs to tell institutions to do things which means something to every

individual citizen. That means a series of national guarantees.

What we guarantee can only be decided by a national conversation, commanded ultimately by law passed in parliament. The limitations of parliamentary time will curtail the amount of things that can be guaranteed. The quality of service can't be guaranteed by the central state. Improvements in the relationship between public workers and citizens can only come from the pressure of people locally organized. But the basic operating rules for public institutions can. Guarantees could include things like the minimum wage, opening hours for GPs surgeries and childcare providers, perhaps the kind of drugs patients were entitled to. What is guaranteed needs to be determined by a collaborative conversation with the institutions that provide them.

A system of national guarantees would force politicians to focus on getting their priorities right. They would make sure they only do what matters, and remove the fiction that administrators can manage everything. Local public institutions would determine how they'd be met.

Institutions ruled by local democratic negotiation

But the release of local public institutions from the attempt at central control can only happen if there are alternative forms of organisation and accountability, which national politicians and local citizens can trust. Instead of being accountable to abstract regulations and ghostly central state power, institutions need to be rebuilt so public managers are challenged by workers and service users.

The landscape of local participation will look different for different kinds of institutions. But to start with, schools, hospitals and primary care trusts, care systems and police

services – every institution the public funds - need to be managed by people elected from the different interests with a stake. One way to do that would be to elect one-third users, one-third workers, and one-third representatives from the local community. A balance of interests is necessary for people to create a sense of the common good.

The point is to take the best from a mutual model, but make sure no single group can capture an institution. Instead, it's about allowing a sense of the common good to emerge from a local democratic conversation. That conversation will be tense. Respecting workers and users is about having the argument, but then recognising the sense of common good can emerge from disagreement.

Central to the renewal of local public institutions is the kind of commitment membership brings. Some of our public institutions, foundation hospitals and universities for example, are nominally membership institutions. But membership needs to be expanded and taken seriously. Membership shouldn't be something you can only find out about on an obscure part of a hospital's website, as is the case with foundation trusts now. Workers and citizens who use services should be automatically enlisted as members of local institutions, then given the right to elect representatives onto its governing body.

Electing an institution's leaders by popular assembly

Strong leadership lies at the heart of participatory democracy. Leadership is about listening to different interests, then telling a story about the direction an organisation is taking. The leaders of public institutions need to prove their ability to persuade, and only then be given the authority to manage and make the kind of short-term decisions only they can.

Public visibility is crucial. That means electing an institution's leaders annually by a public assembly. Headteachers, hospital chief executives, university vice chancellors and job centre managers would have to demonstrate their authority in practice, and show that responsibility is a condition of their response to the needs of local workers and citizens. The assembly would be a big democratic moment, which would create authority from a moment of tension. It would allow people to organise around different visions of the institution's direction. In doing so, it would visibly display the importance of democratic conversation to the way public institutions are run whilst giving managers the authority to lead.

Local authorities leading local participation

There are three elements to creating public institutions ruled by local people: the involvement of workers, the voice of service users, and their common commitment to a life in a specific place. Real accountability and innovation comes from conversation and conviviality, particularly from the tacit knowledge that comes from people doing different things, mingling in the everyday life of a village, town or city place. Public institutions work best when they aren't closed off from the rest of the world, but are part of a vibrant civic culture that spills out onto the street and other common places; and where they're collectively able to articulate a clear story about what it's like to live in a particular town, county or city. The most important conversations often happen when people run into each other randomly, when the headteacher and council leader run into each other in the supermarket, or social worker and police officer meet the pub.

This pamphlet argues that we need strong, independent, local public institutions managed through a democratic conversation between different perspectives and interests. That means schools and hospitals, social services, leisure services and parks – for example - that are independent mutual organisations, freed from the everyday management of both national government and local authority. But the role of local councils is crucial, as both the funders of local institutions, and the leaders of the people and institutions who live in a particular place.

It's only when funding decisions are made locally that services are co-ordinated in response to the needs of the local

National government should make it clear the leaders of cities and counties are responsible for funding decisions community. As much government funding as possible needs to be devolved to single tier local authorities. As the New Local Government Network argues, the administration of criminal justice, benefits, skills and regeneration could be localised, alongside areas that councils

currently fund. National government should make it clear the leaders of cities and counties are responsible for funding decisions. But in each case councils can only fund institutions ruled through a democratic conversation between workers, users and local citizens. Local authorities need to involve citizens in participatory budgeting.

Here, one might see a stronger role for local councillors. Councillors are not service managers. They are the trustees of the local public realm, and relationship-builders able to get people together to broker a local sense of the common good. Their most important role is to get institutions working

together to create a clear story what life should be like in a particular place. Councillors need to have ultimate authority over local funding decisions, and play a proper role on the boards of local institutions. But their greatest power often comes informally, through their unique capacity to get people from different institutions together – the local head-teacher and the youth service, the estate manager and park manager brought out of their institutions to talk about how they can work together. It's about being seen around their ward, and being able to informally encourage active citizens to play a bigger role in building local relationships. Councillors should see themselves as community organisers. To play that role, they need to be properly trained. They should also be properly paid, and be able to work full time in this crucial local role.

Local media subsidised by government

All this depends on the renewal of a culture of participation in our cities, counties and towns. The feeling that power only exists in Westminster has been exacerbated by the death of the local media. Local newspapers have been emasculated by their owners and the national media, and don't provide the accountability necessary for vibrant local democracy. A market economy dominated by big business, with the homogenising tendency the early Labour movement noticed, isn't going to support local media institutions on its own. Simply auctioning local cable TV franchises won't be enough. There's no level playing field now for the local press. National institutions are needed to invest in the local media. A local function needs to be a central part of the BBC's role. But alongside broadcasting, local newspapers and websites need to subsidised, both as a source of local accountability

and a school for people who work in the national media. Subsidies for local public service journalism have been backed across the political spectrum, from Louise Mensch to Alan Rusbridger. Labour should back it now.

There are different forms funding could take without introducing malign political influence into local reporting. An expansion in local TV and radio should form part of negotiations with the BBC over the licence fee. The National Union of Journalists has suggested a tax on profits across the media industry, as happens in a number of European countries. The Media Trust argues local newspapers should be given tax breaks. The state could endow a national institution to support the local media. An endowment would be managed independently, and draw on private support as well as public money. It could support local newspapers, and also a national trainee scheme which could subsidise the pay of keen young journalists learning their trade in the local press.

What justification is there for funding local media when public money is so tight? In some places, the lack of proper, local media scrutiny means local scandals are missed and some councils aren't forced to prove they're providing value for money in some places.

National endowments against inequality

Many on the left worry that devolving money to local institutions and authorities will exacerbate social inequality. The fear is legitimate, but the tools social democrats use – transfer payments and detailed national standards – don't recognise that equality is about our capacity to have power over the institutions around us. Labour's strategy of equality needs to combine redistribution with local autonomy. As I've argued, the endowment of local institutions in the poorest places might be the next

Labour government's greatest 'tool' for tackling inequality. The central state would hand over assets to meet the cost of public institutions needed to rebuild local society in areas ravaged by bad government and the relentless dehumanising of the market – schools, vocational training institutions, social housing, local investment banks. Up to now, asset transfers have tended to hand land or buildings from local councils to community groups. We need to see central government doing the same, but also the endowing cash, which could be put into an investment trust to provide resources from the long term – and liberate the central state from year-by-year financial commitment. The state now could take advantage of historically low interest rates to invest for the long term.

Trusts would be managed jointly by workers, service users, local citizens and representatives of the local council. They couldn't dispose or transfer assets without the permission of parliament.

Asset trusts were the way much of Britain's public infrastructure was built up: railways and railway stations, universities, schools and many hospitals. Some still survive: alms houses, boxing clubs and Oxbridge colleges for example. But because they aren't connected to the diversity of local interests, their role in local life has shrunk. Asset trusts need to be handed over in perpetuity, dissolved only by an act of parliament. The state would insist institutions it funds to be democratically run, through a conversation between users, workers, and local citizens. Having responsibility for the historical life of local assets would guarantee participation.

New national institutions

The people who renew Britain's local public institutions need national support. That won't come from Whitehall, but the

kind of independent national associations that have played such an important part in British life over the last 200 years. What the architecture firm 00:/ called Britain's national 'institution boom' happened when political power was localised, in the nineteenth century. A big increase in local civic participation and, eventually, municipal democracy occurred from the 1780s to First World War. But the era also saw the creation of national bodies from the British Medical Association and General Medical Council to the Royal Institution, the Football Association to the Scouts. The era of state centralisation has seen the demise of that national culture of institution-building.

The next generation of localism needs a new generation of independent, democratic institutions to support people working, running and using them. We need new and renewed self-organised, self-financing professional bodies to nurture excellence in the different fields of public work and organise and protect the autonomous status of professionals. It's currently tragic that the status of teachers is regulated by administrators in Whitehall not teachers themselves. It's catastrophic that the coalition is more interested in reducing the costs of regulation than increasing professional responsibility.

There needs to be a single national network of locally run vocational institutions, perhaps connected to universities, which develop the craft and professional skill of workers in both the public and private sector. Alongside the renewal of professionalism and vocation, we need the expansion of associations that organise citizens to hold the institutions they use to account – a confident Patients Association and perhaps the kind of national parents unions that have helped schools improve in parts of the USA. We also need new mutual lending institutions, able to invest in local businesses

and potentially also borrow money to public bodies when they issue bonds.

None of these institutions can be created by a Labour government, although Labour party members will be key to their growth. But by opening a space for them at the negotiating table, and sometimes recognising their role in statute, government can encourage their growth.

Civilising the administrators

A new settlement that puts relationships at the heart of our public institutions relies on politicians and civil servants changing the way they think about government. Whether they build, lead or – occasionally – command, the biggest shift is in the way politicians and civil servants relate to the people they employ and serve. The direct experience of workers and service users needs to be put at the centre of the working week of our national leaders. That shouldn't be mediated by statistics, or distilled by reports from junior underlings, or be a response to a crisis – it's about direct, face-to-face conversation about what people's experience of the state is really like.

We could start by insisting every minister and every official spends three hours a week having 45 minute, one to one conversations with workers or service users. We'll only end the ethos of detachment that rules our public sector if politicians and managers are forced to listen.

his pamphlet is about renewing the vocation of politics. It makes a simple argument. If you get people in a room together, if people have the freedom to meet, talk and argue, they'll make better decisions about the things that affect their lives than anyone else. Labour needs to become a movement rooted in people's experience, not be the party of the central manager or bossy bureaucrat. The politician's purpose is to lead people not manage things. The vocation of politics is to create and lead institutions where those democratic conversations take place, and only in the last instance to decide.

Our politics is ruled by conversation now. Political decisions are made by dialogue and negotiation. Politicians decide based on their ordinary instincts as human beings, when they get together with each other and the people they represent and who represent themselves to them. The problem is the conversation happens in too few places, involving too few people. It's most likely to be a discussion behind the security barriers of parliament's Portcullis House with lobbyists and journalists, in the media bubble of Westminster with its huge distance from what happens in people's everyday lives.

Labour people are ruled by compassion, by a fierce desire to act when people suffer. But that passion is often coupled

with a fantasy about the power politicians elected to national office have. Westminster imagines its ability to count and its capacity to write guidelines is the power to act to make a difference to people's lives. But the broken streetlight that makes a woman feel unsafe on the route home, the lack of jobs in a post-industrial town, the dropped bedpan in Tredegar are problems that can only be discovered and solved in the places where they happen.

Politicians need to trust people to do what they do themselves: get together in a room, to talk and negotiate, and find common solutions to common problems. That means overcoming the instinct to create general solutions to specific problems, to suppress the urge to respond to a particular crisis with a new abstract rule or guideline. The central state's problem is its inability to recognise that life is different and local, and its failure to see that democracy is the process of people discovering what they can do together. It fails to understand that people are the best authorities on their own lives. To change those instincts will take a generation. It needs to start by trusting people's experience. Trust is essential, but it is the hardest part.

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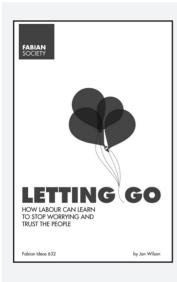
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Tell us your stories

This pamphlet is intended to incite conversation. We'd like it for Labour's nationally elected politicians to begin to negotiate about the future of Britain's public institutions. But it's a conversation we can play our role in starting.

What's your experience of our public institutions? Tell us your story, good and bad – about the way local institutions you work for or live near have nurtured a sense of public spirit and the common good, or how care and compassion have been frustrated. You don't have to agree with the argument made here. The point is that our public institutions need to be places where people can develop a sense of the common good from argument.

We'll publish short articles reflecting experience of public institutions from across Britain at www.fabians.org.uk. If you'd like to contribute, email debate@fabians.org.uk

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If you get people in a room together, if people have the freedom to meet, talk and argue, they'll make better decisions about the things which affect their lives than anyone else.

In 'Letting Go: How Labour can learn to stop worrying and trust the people' Jon Wilson argues that Labour needs to become a movement rooted in people's experience, not be the party of the central manager. Above all, it needs to trust people again. The politician's vocation should be to create institutions where those conversations happen, not determine what they decide.

This doesn't mean Labour should abandon its faith in the state. Indeed, that faith needs to be renewed, because our public institutions embody Labour's sense of the purpose of politics: to protect and care, and provide a basis for us to lead good lives together. But the argument in favour of the public sector should be an argument for local control and popular ownership.

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