

Everybody now loves widgets!

Robin Ramsay

On the *Guardian's* Comment is Free site there is an interesting series of interviews with people working in the City of London, trying to show us how they see the world and what their jobs look like. In an item in February 2012 'a financial recruiter' hit a very important nail on the head.¹

'...the left seems lost. It insists on solidarity across the nation, with higher tax rates for rich people to help their less fortunate countrymen. But this solidarity is predicated on a sense of national belonging, to which the left is allergic; national identity comes with chauvinism and nationalism, and creepy rightwing supremacists.'

This is the central dilemma for the non-Marxist left: as we *are* going to return to the nation state – the bankers did, quick as a flash – after the collapse of banker-driven globalisation, how is the concept of 'the nation' to be cleansed of its right-wing smell? If you like: how is the concept of the nation to be detoxified of nationalism?

I could feel the sharp intake of breath across Guardianland when Ed Miliband referred in a speech on 6 March to a 'patriotic economic policy'. The phrase became the headline in the media which mostly didn't bother reporting the rest of it. (Not that economic speeches by the leader of the opposition would be high on the agenda of many news editors.) But the speech is interesting.² In it he rejected protectionism, twice.

'Governments of both parties have been right for decades to oppose protectionism – propping up lame

¹ <www.guardian.co.uk/commentisfree/joris-luyendijk-banking-blog/2012/feb/17/how-can-bankers-live-with-themselves>

² The full text is at <www.newstatesman.com/uk-politics/2012/03/british-business-government>

ducks or putting up trade barriers.'

And again, later in the speech:

'So patriotism is not about protectionism. I have no interest in going back to those days.³ What I want to do, however, is to ensure the British Government supports British manufacturing....The next Labour government will put British design, British invention, British manufacturing at the heart of our economic policy. When I talk about how we need to encourage productive forms of business behaviour to help those, it is you who I am thinking about. We need to back those who invest, invent, sell, make – the producers of this country.'⁴

David Cameron addressed the Confederation of British Industry (CBI) in November, and, though not quite so explicit, talked the same talk. He seeks:

'a fundamental rebalancing of the economy: more investment, more exports, a broader base to an economic future..... I'm not interested in ideological arguments about intervention versus *laissez faire*. I want an industrial strategy that works. We need government to get behind those high growth, high value sectors which will be the backbone of the new economy. Everyone agrees now that in the past Britain's economy had become lopsided - too dependent on debt, consumption and financial services.'⁵

These speeches are examples of the change of tack – at any rate change of rhetoric – which has taken place in British politics since we were banked in 2008/9. Take David Green's 'Three powerful reasons why British manufacturing matters', – complete with a genuflection to the blessed Margaret in his

³ Which days are those, Ed? I have no idea to what his speechwriter is referring.

⁴ The choice of Miliband's venue for the speech was as striking as its tone: he was not addressing the City but the first annual conference of EEF, the Engineering Employers Federation, now the clunkily self-styled 'Manufacturers Organisation for UK Manufacturing'.

⁵ The text is at <www.newstatesman.com/writers/david_cameron>.

subheading 'Margaret Thatcher spoke enthusiastically about regional aid' – in the *Telegraph* (24 November 2011). Green noted in his opening paragraph:

'Despite the hype, the City (financial services and insurance) contributed only £47 billion, less than a quarter of the export earnings of manufacturing.'

And he concluded that 'we need to be in the vanguard of re-industrialisation.'

Who is David Green? He is director of Civitas, a conservative (and Conservative) think tank.

The *Telegraph's* business pages have run many articles in the last year about manufacturing, past and present, some looking enviously at the German economy. For example Chuka Umunna MP, Labour's Shadow Secretary of State for Business, had a piece in the *Telegraph*, 'If we want the UK to grow, we should take lessons from Germany' (23 February 2012). The German lessons for Umunna are: more medium-sized firms, better education and a state bank – and an 'active government approach for business and industry', though quite what this would look like was not spelled out.⁶

Back to the future?

In his speech to EEF, Ed Miliband seems to be hinting at a return to the economic policy before the arrival of *laissez faire* in 1980; or, in Labour Party terms, before the big shift which began in 1988/89, which is discussed in 'The two Goulds' in this issue. We appear to be heading back to the 'producers' alliance', last sighted in 1979. But there are obvious difficulties. If Labour eschews trade barriers, Miliband cannot be proposing to *rebuild* manufacturing, because that cannot be done while the British economy is exposed to the goods of societies which pay their labour force a fraction of the British minimum wage. China, to take the obvious example, built its manufacturing base behind import controls and an artificially

⁶ He omitted one obvious one, of course: don't have the world's biggest offshore financial centre in your territory. But that is politically unsayable by a career-minded shadow spokesman.

low currency. All post-WW2 manufacturing bases have been created this way. And the UK remains part of the EU (and its rules) and the World Trade Organisation (and its rules) which exist to prevent the state doing much. The British state cannot even decide to simply 'buy British': EU competition rules forbid it.⁷ So what does Cameron's talk of the government 'getting behind' sectors, let alone Miliband's talk of putting 'British design, British invention, British manufacturing at the heart of our economic policy' actually mean?

Just how difficult recreating the lost world of industrial policy is going to be is suggested by 'Promoting Growth and Shared Prosperity: the lost origins of industrial growth' by Chris Benjamin, former under secretary in the Department of Trade and Industry, which opens with this blunt paragraph:

'Amid the clamour for a "plan for growth", or a "plan B", or even a "plan A+", it is generally forgotten that British industry has been losing international competitiveness for at least three decades. It is perverse to rely on the institutional structures and attitudes that have contributed to this decline to reverse the trend.'⁸

Welcome though the change of political rhetoric is, I'm going to get really interested when someone like Benjamin is given an office suite in Whitehall with a large budget and the government makes it clear that the WTO and EU and their fixation on international neo-con economics can take a running jump. And how likely is that?

⁷ Even in defence procurement. New regulations from the EU came into force last year. They are summarised by the MOD at http://www.mod.uk/NR/rdonlyres/0F3618D3-A07C-4B44-833E-DCA4D28EF65C/0/dsd_govt_awareness_guide.pdf Reporting on this, the *Financial Times* article was headed 'MoD will no longer favour UK companies'.

⁸ <http://m.ippr.org/publications/55/8240/the-lost-origins-of-industrial-growth>