

**The Civic State
re-moralise the market , re-localise the economy re-capitalise the
poor**

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It is now clear that we are at one of those epoch changing moments in British political history. Just as the 'Winter of Discontent' in 78/79 marked a paradigm shift, an utter and complete reversal of the pre-existing order and the arrival of something new, something revolutionary and something transformative – so the present unprecedented debt crisis of 2008/2009 is doing the same.

1979 brought an end to the welfare state, 2009 will see an end to the market state and the next election will, with the election of a conservative government = usher in the birth of the civic state.

We know what was wrong and what was right with the welfare state, it is right to provide a floor through which people cannot fall, it is right to have a safety net which catches and supports people who for reasons of health, wealth or market fluctuation cannot sustain themselves in the interim. Finally it is right to secure the general well being of all through a universal account of the common good and the necessity of full participation in it.

However we also know that welfare is a far more effective ceiling than it is an adequate floor – it traps as many as it helps and condemns therefore a whole class to permanent poverty and dependence. Furthermore welfare dis-empowers its recipients – the philosophy of entitlement destroys consciousness of mutuality and it fragments

working class culture and permanently disables the associative drive that alone can make communities and foster the development of wealth and independence. Finally welfarism was the Faustian bargain that the left struck with monopoly capitalism, it ensures a kind of permanent ascendancy of the middle over the working class and creates an antagonistic feudal structure – where any genuine extension of power and ownership to the poor is resisted by the liberal middle classes who fear mostly for their own status and their sole assumed inherited right to social mobility. (Just look at British schooling)

Similarly we know what is right and what is wrong with the market state. Clearly the market is a more effective and efficient mechanism for the distribution of many resources than the state. Evidently if one can enter the market place and if one has something to trade – the market creates wealth, prosperity and independence. Finally there is the manifest good of liberty and unless this has an economic reality – one would exist under the permanent subjugation of the state, or the private cartel.

Yet we also know what is wrong with the market state – too often it replaces a public monopoly with a private cartel. In the name of breaking up the state too little attempt was applied to breaking up the market. Under the dispensation of the market state, private replaced public monopoly and market entry was effectively and progressively denied to newcomers. The majority of Britons having being denied entry to the market lost any access to investment capital. Thus the ability to transform one's life or situation steadily declined as wealth flowed upwards rather than downwards and a new oligarchical class,

asset rich and leverage keen, assumed market freedom was synonymous with their complete ascendancy. Market fundamentalism abandoned the fundamentals of markets. Prudent Chancellor's promised no more boom and bust, the state sanctioned monopoly capitalism and sat happy on the tax receipts of unrestrained global gambling. As Labour stoked the engine of inequality – it abandoned the rest of the economy for the receipts of city speculation and the redistributive power of welfarism. Thus the market and the welfare state merged into one as they both colluded in a system whose bankruptcy is now ongoing and self-evident.

The welfare state and the market state are now two defunct and mutually supporting failures. The real merit of the current conservative renaissance has in some way escaped notice. Those on the now bankrupt left argue that the new Toryism is but a cover for Thatcherism Mark II, while those on the bankrupt right secretly agree and seem to want nothing more than a return to monopoly capitalism and the dominance of their kind of people.

Modern conservatism rejects both dispensations as it seeks to replace the welfare and the market state with the civic state. The civic state aims to blend the benefits of welfare and the market mechanism not by favouring one or the other but by exceeding both. The Conservative's new civic settlement privileges the associative above the alienated, the responsible over the self-serving and (*yes I know this is shocking*) the communal over the individual. As such Cameron's political agenda is far more radical, far-reaching and transformative than the majority suspect. It offers a way out of the failed class based

politics of the past, it would offer through expanded notions of ownership a way to escape the conflicts between capital and labour. It could inveigh with equal vigour against the public monopolies of state and the private cartels of the market – in order to break down the barriers to market participation and individual capitalisation. Finally it could undo the ruinous consequences of state sanctioned multiculturalism and the lazy moral and social relativism of the liberal middle class. By injecting a new moral purpose and political culture into Britain – Cameron could and should fashion a new compact of mutual responsibility and binding social ethic. As such modern Conservatism could be the foundation of a new commonwealth and a new and better way to live our lives

But if politics is real, if it intervenes and makes a difference then progressive conservatism must tell us how it gets there from here. How does Cameron's conservatism realise the civic state that is so needed and so desired.

In the face of the current collapse of credit engendered and state sanctioned monopoly capitalism, the most urgent need is for Conservatives to craft an entirely new political economy and a refigured paradigm for markets and trade. This new progressive conservative economics would pursue three interrelated goals: the remoralisation of the market, relocalisation of the economy, and recapitalization of the poor.

Only markets located in and shaped by a moral architecture are sustainable, as Adam Smith understood. Without law, morality, custom

and conscience we would have anarchy in place of exchange, and extortion in place of contract. Economic output needs to pass a series of social tests, and the Conservatives need to tie economic policy to the social outcomes they favour. For Conservatives it must be the extension of wealth, assets and the benefits of ecological and social well being to all. Freedom from the monopoly dominance of state bureaucracy and market power would allow independence for the formation of community and autonomy and a rebalancing of the demands of work, family and childcare.

Second, more attention needs to be paid to the health of local economies. Labour's 'market state', subservient to big business, has generated a nation of 'clone towns' and 'ghost towns' where retail outlets are either identical or absent. Blair and Brown's worship of monopoly markets produced the paradox of competition without competitors, an almost exclusive favouring of the big box retail model, and the permanent dominance of supermarkets. Small business are squeezed out by the monopolistic power of trans-national enterprises, and the barriers to market entry that their economies of scale represent. Small wonder that the UK has one of the lowest percentages of small and medium businesses in the OECD.

But small and medium businesses are how millions ordinary people own and secure the wealth for themselves and their families. The present market dispossesses them and re-categorizes them as permanent members of the low-waged shop serving, rather than shop owning, class. By toughening planning laws and reforming local tax bases, Conservatives can restore local economies and local capital, so that

the benefits of trade flow downwards to all participants rather than upwards to the tax-avoiding off-shore aristocracy of Brown's Britain.

The third goal of modern, progressive conservatism is the recapitalisation of the poor. Under the reign of the monopoly market, the poor have been wholly dispossessed. In 1976 the bottom 50% of the population owned 12% of the nation's liquid wealth; by 2003 they had just 1%. In the same period, the share enjoyed by the top 10% rose from 57% to 71%. Even when property is included, the bottom half of the population still only owns just 7% of the country's wealth. Savings rates have declined to levels last seen in the 1940's, wages at the bottom have risen slowest, and the poverty gap - both relative and absolute - has widened while the elite lectured us on the universal benefits of global capitalism. A new conservative agenda of ownership extension and security is therefore urgently required. If the most vulnerable victims of Labour's debt-financed depression are to be saved from re-proletarianisation and permanent subjection to an inadequate welfare state, a new popular philosophy of asset extension and stakeholder equity capitalism is required.

To conclude, the new conservatism is accused of being shallow or extreme – of being vapid or a sinister covert Thatcherism of the most insidious intent. It can't be both – since in fact it is neither. On the contrary it is something new and unrecognised – it represents a deep and profound critique of the pre-existing extremes and a restoration of something close to the real heart of Britain : an organic conservatism that cares for all.