

# **LABOUR'S COVENANT**

**A PLAN FOR NATIONAL  
RECONSTRUCTION**

Labour Together

# **LABOUR'S COVENANT**

**A PLAN FOR NATIONAL  
RECONSTRUCTION**

London 2022

---

First published 2022  
© Copyright Labour Together

[designbysoapbox.com](http://designbysoapbox.com)

---

# Contents

About Labour Together	4
About Labour's Covenant	5
Acknowledgements	6
Labour's Covenant	8
References	45

---

# About Labour Together

The UK is living through a time of extraordinary change. No part of the old political settlement, including what was the centre, remains unaffected. The three political creeds of Liberalism, Conservatism and Social Democracy which dominated politics in the last century have lost their power to explain the world and to offer solutions to the problems our country faces.

Labour Together was formed in 2015 to address Labour's political crisis in this broader context. We are a network for people from all traditions of the Labour movement, organised to explore new ideas and thinking on the left. Our purpose is to help build a winning Labour coalition. We believe that the answers to the deep and difficult problems we face won't be found at a political podium or through name-calling on Twitter. Our aim is to create the opportunities for people to have difficult but necessary conversations face to face. It is only by talking together that we can make the changes we need.

Labour Together has supported analysis and debate about why Labour lost the 2015 general election. We have helped to form networks of activists to rethink the practice of campaigning in the light of new technology. In 2020 we published our analysis of Labour's 2019 electoral defeat, supported by a broad coalition that reached across the whole of the Labour Party. Our work with thinkers, social entrepreneurs, campaigners, Labour politicians and policymakers is contributing to renewing Labour's politics for the decades ahead.

---

# About Labour's Covenant

Following the 2019 general election, Labour Together published its *General Election Review* analysing the causes of Labour's resounding defeat. The report called for Labour's political renewal and outlined the scale of the challenge. It offered the party an option for building a national coalition that could win a general election. A big change economic agenda rooted in people's lives and communities, combined with the values of family, work and community, could bring together both Labour's liberal metropolitan support and former pro-Brexit Labour voters.

In June 2020 we decided to follow our own advice and take on the task. We set up the Resources for National Renewal programme to develop Labour's national story. We believed that the 2008 financial crash and the 2016 Brexit vote were preludes to the demise of the neo-liberal political order of four decades. Our guide has been Antonio Gramsci's words: 'the old is dying and the new cannot be born'. And we took careful note of his warning that in trying to understand the complexity and contradictions of the changing political order, a common error is to confuse electoral issues of the day with the long-term secular trends causing them.

Historical understanding and analysis are vital and necessary parts of political renewal. *Labour's Covenant* draws on an historical analysis to outline a new approach to Labour politics for the coming decades. It is a call for the Labour Party to face the future and help create a new and better country.

---

# Acknowledgements

The Resources for National Renewal programme invited an eclectic range of over 100 policy experts, academics and journalists to take part in more than forty webinars, where they engaged in discussion with Labour Mayors, Councillors and MPs.

During an eighteen-month period, from June 2020 to December 2021, working groups were set up around ten central themes: History and Analysis; Politics and Philosophy; Covenant and Politics; The National Economy; The Everyday Economy; Governing for Change; The Politics and Economics of Belonging; Land and Nature; Geopolitics and the Role of the UK in the World; Culture and Identity. Over fifty papers have been written and this pamphlet is the first published product of the ongoing work.

We'd like to thank all those who wrote and introduced papers (their participation does not imply affiliation to the Labour Party, nor endorsement of *Labour's Covenant*):

Richard Beardsworth, Kerry Brown, Christopher Coker, Graeme Cooke, Dan Corry, Jon Cruddas MP, John Denham, Patrick Diamond, David Edgerton, Miatta Fahnbulleh, Arianna Giovannini, Maurice Glasman, Jack Hutchinson, Calvin Jones, Sunder Katwala, Hans Kundnani, Shabana Mahmood MP, Lisa Nandy MP, James Meadway, Clare McNeil, Geoff Mulgan, Peter Nolan, Adrian Pabst, Nick Pearce, Tobias Phibbs, Jessica Prendergrast, Luke Raikes, Harvey Redgrave, Rachel Reeves MP, Carys Roberts, Dani Rodrik, Aris Roussinos, Philip Rycroft, Rory Scothorne, Jess Studdert, John Tomaney, Karel Williams, Jon Wilson.

And we'd like to thank all of those who took part in the discussions (again their participation does not imply affiliation to the Labour Party, nor endorsement of Labour's Covenant):

Claire Ainsley, Zoe Billingham, Andy Burnham, Trevor Chinn, Ian Christie, Hilary Cottam, Bernard Donoughue, Jamie Driscoll, Nick Garland, Scott Hames, Mary Harrington, Clive Hollick, Joe Jervis, Marcus Johns, Stephen Kinnock MP, David Lammy MP, Tess Lanning, Mathew Lawrence, Adam Lent, Toby Lloyd, Barry Lynn, Luke Murphy, Parth Patel, Anthony Payne, Andy Pike, Harry Quilter-Pinner, Steve Reed MP, Joshua Simmons, Florence Sutcliffe-Braithwaite, Colin Talbot, Adam Terry, Chris Thomas, Helen Thompson, Jessica Toale, Jane Wills.

Our special thanks go to Bernard Donoughue for his generous support.

Jonathan Rutherford, *Labour's Covenant* author;  
Hannah O'Rourke, Director, Labour Together.



---

# Labour's Covenant

## Introduction

The Labour Party began life to represent men and women united by their status as workers. It gave working people a voice in the government of the country. It defended the poor against the rich, and campaigned against racism. Since its founding, Labour has achieved three historic victories, in 1945, 1964 and 1997. In these election victories it combined a pragmatic competence with a set of social values about fairness and decency. Most of all, it told a story about a better future for the country: one which was more compelling, just and hopeful than the one offered by the Tories.

Our history teaches us what we must do to win: unite as a party behind a convincing and hopeful story of national renewal.

Labour today is beset by a deep, historical problem. It has lost its post-war heartlands in Scotland and England and it has lost a consensus-building politics of the future. It is trapped in offering either an impossible utopia or dull technocratic reform. It is not alone in its predicament. Across western democracies, globalisation, new technologies and demographic change have disrupted social order and created new political conflicts around class and culture. Parties of the centre left have struggled to respond, losing voters to green parties on the left and populist parties on the right.

The liberal political consensus of the last few decades has contributed to popular discontent. Westminster democracy had been dominated by a managerial politics of transactional offers, state administration and market- or judicial-based reform. Two institutions have dominated politics: the market and the state. The Conservatives prioritised the market and Labour the state. Both presided over a national politics increasingly monopolised by a civil society of NGOs, judicial decision making, and the media. Popular disillusionment led to a widespread belief that ordinary people have little control over their government and their own lives. The cause of democracy has been undermined and it has led to a collapse in respect for – and trust in – British democratic institutions.

*Labour's Covenant* is not intended to be a manifesto. It is not attempting to prefigure Labour's political communications with voters, nor is it offering policy for a pledge card. Its aim is to lay the foundations on which these will be built. The Resources for National Renewal programme was set up to confront Labour's existential crisis. *Labour's Covenant* is the first step toward creating a consensus-building politics of the future that will resonate with people's everyday lives. Who and what does Labour stand for? What is its purpose? What kind of politics will build a broad coalition of voters and beat the Conservatives? Twelve years after the electoral defeat of New Labour in 2010, the party has still not found answers to these critical questions.

*Labour's Covenant* places Labour's crisis in the broader context of the UK's recent past. During times of crisis, concepts considered redundant or outdated can take on a new relevance. Covenant – a term which means a reciprocal agreement and relationship – is such a concept and we believe

it is a useful framework for renewing Labour's political philosophy, political economy and practical politics.

We outline a plan for national reconstruction around five themes and their principles of change:

- the national economy,
- the everyday economy,
- democracy and belonging,
- land and nature,
- and the UK's role in the world.

In conclusion we argue that Labour will need to build a coalition of voters that supports a national economy across the nations of the UK. This will demand a new model of economic growth and a step-by-step change to our constitutional arrangements.

## **Labour's crisis**

It has often been said that Labour has a mountain to climb before it can contest the next election. But even this does not acknowledge the scale of the problem. The Labour Party does not have a shared understanding of the causes of its predicament. Without this, it is unable to develop a strategy to navigate this turbulent period in the country's history. While Labour acknowledges the need to change, it has resisted doing so. The full weight of its institutional conservatism has created inertia. And it has repeated its mistakes, believing that new policy offers, firmer ideological commitments, condemning 'the same old Tories' or trashing Boris Johnson's

character are solutions to its predicament, rather than symptoms of it.

In the last decade, the party has suffered defeats in four consecutive UK general elections and two European elections, and was on the losing side in the 2016 EU referendum. The consequences of its efforts to overturn the referendum result are still to be fully understood in England. In Scotland, where Labour once formed the political establishment, the party returned only one MP to Westminster in 2019 and has fallen into third place in elections to the Scottish Parliament. Only in Wales and the English Mayoralities is Labour a successful political force.

In 2019, Labour's vote fell across all social classes, most sharply in English towns. Forty-seven per cent of voters in social grades D and E voted Conservative, a 13 per cent lead over Labour. Only two significant electoral groups, the university educated and ethnic minorities, resisted the anti-Labour trend.<sup>1</sup>

Labour has lost the trust of large parts of the country. People do not believe the party speaks their language or stands up for their values and interests. The party talks a lot about Labour values but there is no agreed understanding within the party about what those values exactly are. The electorate are none the wiser. It is only by resolving this ambiguity, and by understanding the causes of the party's estrangement from England and Scotland, that Labour's leadership will be able to develop a political strategy with a credible chance of winning a general election.

We believe the resources for this task can be found in Labour's own history. The party can renew itself on the basis of its traditions.

## The rise of the Labour nation

The labour movement grew out of the popular reaction to the new factory system of the industrial revolution. It grew out of the mass organisation of mutual self-improvement and self-help: the health schemes, burial societies, friendly societies, cooperatives and trade unions. When the trade unions formed the Labour Party in 1900 it was to give organised working people a voice in Parliament. It built political power regionally and locally by providing libraries, wash houses, housing, utilities and parks.

In 1940, the political strength of the labour movement brought Clement Attlee, Ernest Bevin and Arthur Greenwood into Winston Churchill's War Cabinet to fight Hitler and defeat appeasement in the Conservative Party. And because Labour had built its movement in the inter-war years, proved itself competent in government throughout the war, and had a vision of the country's future, the party won by a landslide in 1945. The victory consolidated Labour's industrial heartlands.

In *The Rise and Fall of the British Nation* (2018), the historian David Edgerton describes how between 1945 and the 1970s, British nationalism flourished, manifested in what he calls a 'developmental state' and the internal rebuilding of the nation. Edgerton recognises 'the extraordinary importance of nationalism' to the Labour Party in this period and associates it with an 'unusually strong' labour movement and the integration of the working class into the democratic system.<sup>2</sup> Labour was, in effect, a popular nationalist party, in opposition to the free market and imperialist politics of the Conservatives. Its 1945 manifesto *Let us Face the Future* offered a programme of economic development with a 'nationalist critique of free enterprise British capital'.

Labour stood for a rebalancing of power between capital and labour, and international cooperation between democratic nations. National economic reconstruction established a covenant between government and citizen. A Labour government would hold the welfare of all those who had contributed to the war effort 'as a sacred trust'. In return a 'tremendous overhaul' and a 'great programme of modernisation' would fairly share national wealth and income.<sup>3</sup> Capital and labour, business and the unions would cooperate for national renewal and full employment. British capitalism would support the national interest. Such a political settlement was only possible because of the shift in power to working people.

Alongside its economic nationalism, Britain was experiencing the beginning of the end of empire. Britain's post-colonial future had begun during the war. In 1948, the historian Arnold Toynbee wrote that 'our non-Western contemporaries' understood that their history would become a vital part of 'our own Western future'.<sup>4</sup> Looking ahead, he predicted that the descendants of the colonised and the colonisers would share these islands and it would be necessary to forge a new common national culture together.

## **Marginalisation of the labour interest**

Labour's developmental state was partial in its achievements. By the 1970s, Britain's economic nationalism was struggling to adapt to the shocks of the oil crisis and the declining value of the British pound. Jim Callaghan's Labour Government, faced with a substantial public sector deficit, attempted to enforce pay restraint. This was thwarted by a dispute

at Ford Motor Company. The ensuing widespread strikes in the private and later the public sector became known as the Winter of Discontent. In 1979 Margaret Thatcher won the general election for the Conservatives.

The Conservative Party exploited public disquiet about the influence of the trade unions. In a 1977 strategy document for the Conservatives, John Hoskyns and Norman S. Strauss described the unions as the cause of Britain's 'Sick Society'. They said trade union leaders were proponents of 'socialism', and the role of the unions needed to be reformed in order to allow a 'sea-change in Britain's political economy'.<sup>5</sup> Margaret Thatcher's government, re-elected in 1983, followed up on this strategy, defeating the miners in the 1984/5 miner's strike. Capital now had sovereign power in the economy and the result was the degradation of work and the political marginalisation of the labour interest.

Tipping the balance of economic power further away from organised labour was not sufficient to achieve hegemony for Conservative rule. The realm of national culture and identity had to be won too. The groundwork had already been prepared by Conservative politician Enoch Powell. He believed that the 'self-delusion of empire' had to give way to a renewed English national sovereignty. Powell set himself up as a champion of the people and accused the liberal intelligentsia of being an 'enemy within' that was betraying the country. In a speech in Birmingham in 1970 he claimed that the 'common factor' uniting 'the operations of this enemy' was race.<sup>6</sup> Powell's romanticised ideal of England was a combination of liberal market economics and white, ethnic absolutism. By exploiting grievance against newcomers, he helped to destabilise the post-war class

alignments of British politics and laid the ground for the eventual collapse of Labour's post-war covenant.

## **From a national to a global economy**

The Conservative Government now had a free hand to create a new kind of 'neoliberal' economy that combined a return to the laissez faire and free trade of the Edwardian era with a new role for an interventionist state. The national economy was integrated into the growing global economy. Conservative policy created a highly centralised state and undermined the independent powers of local authorities. A liberal social contract of a property-owning democracy with everyone a shareholder was promised. But advancing a globalised liberal economy when Britain was no longer a world power had inevitable consequences. Without protectionism, British capitalism and domestic industry struggled to survive.

In the following decades a new political consensus was established. Liberal free-market values held sway in economic policy. Production was switched overseas and successive governments downgraded UK jobs and gave up control of key strategic manufacturing capabilities. Scotland's capacity to control its economy was steadily undermined. The offshoring of production exposed the country to ever greater dependence on just-in-time foreign supply chains. Economic growth was in services and manufacturing lost jobs as services gained them. Contractual relations based on self interest displaced ties of mutual obligations between classes, generations, nations and regions.

These changes concentrated power in the market and the state. The associations and institutions that underpinned



stable and durable communities began to disappear. Social disintegration hit the poorest hardest. In the worst-affected areas, secure family life and the norm of regular work collapsed. Alongside increased rates of poverty, crime and chronic illness rose new social evils, such as loneliness, depression, anxiety and drug addiction. The availability of benefits was squeezed and their value reduced. Old class solidarities atrophied and were overtaken by the brash new culture of individualism. Personal consumer choice expanded at the expense of collective economic security and the common good.

## **Good times**

The political impact of the sea change in Britain's economy was profound. The economic growth that had built up the post-war national economy had been driven by industrial production and wages. It slowed and became uneven across the country. The coalition of voters that had supported this model of growth fell apart. Scottish and Welsh disaffection encouraged a growth in Celtic nationalism. Conservative power was now secured by a new model of growth driven by inflows of financial capital, the extraction of rents, and household consumption supported by private debt. Government policy increased the return on assets such as equities, housing, land and pensions, outpacing the rise in wages. The new model of growth was underpinned by a cross-class electoral coalition of interests including the financial sector and asset-wealthy citizens, who would become increasingly concentrated among home-owning, older generations.<sup>7</sup>

But economic change also brought new opportunities, as well as insecurity and inequality. Despite the hardship inflicted on the poorest areas of the country, a great many people experienced affluence for the first time, and this prosperity secured the Conservatives in government. The foundations of economic growth however were shallow. Private incomes were being sustained at the expense of public goods. Financial speculation and rent seeking replaced value creation and shared prosperity. The country was living off the sale of public assets built up over generations.

Under the Conservatives' liberal model of economic growth, water and energy utilities, rail franchises, ports, airports, food and drink businesses, chemical, engineering and electrical companies were sold off, many eventually ending up with overseas buyers. Public buildings, school playing fields, public housing and land were also turned into private commodities. Public services, from probation to care homes to children's homes, were privatised and outsourced.

These changes were driven by concentrations of corporate power and an increasingly centralised state that was itself being privatised. Outsourcing led to a shadow economy of crony capitalism. Revenue streams from public sector contracts were passed to directors and shareholders, and financialised in secondary markets. Company directors' pay soared even while productivity failed to improve. The banking crisis in 2008 was caused by banks borrowing too much and gambling too much as they sought higher returns for shareholders who included their own management.

When Labour defeated the Tories in 1997, Tony Blair's government introduced the minimum wage, reduced poverty, raised skill levels, and introduced the Sure Start programme to support children's development. Labour presided over

a long period of economic growth and started to repair the country, improving the lives of millions. Britain became a far better place to live. The party should celebrate and promote its achievements.

## **Deregulation brings stagnation, loss and distrust**

Today's Labour Party needs to learn from the New Labour years – and then move on, because times have changed.

New Labour accommodated itself to the liberal market politics established by Margaret Thatcher. It did not change it and sometimes it extended it further. Labour's 2006 Companies Act encouraged the financialised business model by putting shareholders in the driving seat and squeezing out the interests of employees and customers. Similarly, its use of the Private Finance Initiative disaggregated public assets and reintegrated them as commodities into newly constructed markets. The social values of public service were displaced by commercial law, secrecy and technical efficiency.

More than other OECD countries, British governments relinquished democratic control of national economic development and turned the levers of power over to unaccountable corporate interests. The country was left vulnerable to the disruptive forces of uncontrolled capitalism. The 2008 financial crash was the first hammer blow to the credibility of the liberal market growth model, but not an end to its domination. In the 2010 general election, Labour was defeated and we have not won since.

Beneath the surface of a booming consumer culture, society was breaking apart. The British economy functioned in the interests of the already wealthy, concentrated in the

South East of England. English politics was dominated by the university educated. The growing demand for Scottish independence was putting the Union under ever greater stress. Among the governing classes there was a failure to recognise the widespread feelings of loss, disorientation and humiliation created by the speed and scale of demographic and economic change. Many experienced what politicians called progress as the destruction of their way of life and their country. Wage stagnation, along with the growing distrust of the Westminster government, led to the inevitable backlash of an anti-elite populism.<sup>8</sup>

## **The national covenant broken**

Liberal market economics did not lead to entrepreneurial wealth creation. There was no Thatcher miracle, no national economic revival, no sustained bursts of innovation, and no rapid increase in productivity. Instead, GDP growth consistently fell below post-war levels. In many sectors wages flatlined. Many low-productivity firms chose immigration and cheap labour over training and technological innovation. The burdens of flexibility and risk shifted from business onto workers, creating widespread economic insecurity. Casualised work re-emerged and there was an extraordinary expansion of 'very, very low tech jobs'.<sup>9</sup> Welfare benefits started to subsidise low wages, and people resorted to borrowing, increasing levels of personal debt.

The disproportionate growth of a rentier economy undermined productivity. The academic Brett Christophers defines this form of non-productive wealth extraction as 'income derived from the ownership, possession or

control of scarce assets under conditions of limited or no competition'.<sup>10</sup> In the aftermath of the 1986 'Big Bang' of City deregulation, these rent-producing assets multiplied to include housing, land, public sector contracts, privatised utilities, digital platforms, intellectual property rights, and a proliferation of financial assets.

By 2008 the modest growth in GDP had become detached from any sustained increase in living standards.<sup>11</sup> The promise that economic growth would be translated into rising prosperity for working people and their families proved false. In contrast, older owners of assets, in particular housing and pensions, had seen remarkable increases in unearned wealth.

The British national covenant established by Attlee's government held the Union and its social classes together in a sense of unity. Often contested, that unity is now broken. As Scotland lost its heavy industry and became more integrated into the wider UK model of economic growth its demands for independence grew. Following the 2008 financial crash, the Conservatives responded by rewarding the bankers and punishing the poorest with a decade of austerity. In reaction to the 2016 vote to leave the EU, the liberal and business establishment made persistent attempts to overturn the result.

With the onset of the COVID-19 pandemic – which disproportionately hit those who lived in poorer areas and belonged to minority ethnic groups – Conservative fiscal policy, combined with low interest rates and quantitative easing, turbocharged the returns on private assets. At a time when society needed to be united, the gulf between wealthy asset owners and wage earners grew wider and deeper. The whole national edifice of class and cultural power had failed to honour its part in the covenant.

## Political consequences: a country divided

The transition to a post-industrial, consumption-led growth model has had acute demographic and electoral consequences. A combination of globalisation and government policy has turned the UK into a dual economy, divided between the globally integrated metropolitan cities and university towns, characterised by extremes of wealth and poverty, and the urban hinterlands, small cities, towns, coastal and rural areas which are experiencing forms of economic 'undevelopment'.<sup>12</sup> Here economic productivity is on a par with communist East Germany. As the economic geographer Philip McCann puts it, 'on many levels the UK economy is internally decoupling, dislocating and disconnecting'.<sup>13</sup>

Another faultline lies in the changing class nature of the electorate. The long-term decline of the industrial working class and its fragmentation into low-skilled, often insecure work has been accompanied by the increasing cultural and political influence of the higher-educated professional and managerial class, which has expanded with the growth of health and education services, NGOs, and the media, digital and communications industries.

Labour's electoral coalition once united these two groups, but no longer. It has been split by the faultline between those with a degree, who have cultural capital and status, and those lower down the cultural status hierarchy, with lower wages and fewer prospects. Many voters view Labour as the party of London and of the higher-educated middle classes who behave as arbiters of cultural taste, language and values. Labour has been unable to overcome this negative perception of its cultural exclusivity and self-righteousness.

The EU referendum campaign intensified differences between England and Scotland and ignited this English class cultural divide, which then determined the outcome of the 2019 general election. In order to consolidate its position, the Conservative Government has promised a 'levelling up' of its new constituencies in the Midlands and North. At the same time, it is also prioritising the material interests of older home and asset owners over people of working age who depend on their incomes and rented accommodation. Public spending priorities, plans for funding social care, energy price rises funding the transition to net zero, taxation, housing and planning reform all reinforce the asset economy and the unprecedented age-based inequality it has created.

Despite this, voters continue to identify the largest divide in the country as the one between rich and poor.<sup>14</sup> The ties that bind generations together through family life, inherited culture and shared memory are a counterbalance to the Conservative-engineered clash of generational interests. Labour however struggles to gain advantage from a politics based on work and material interests because it has been unable to navigate its way through the culture wars around identity.<sup>15</sup>

To defeat the Conservatives, Labour needs to develop a credible plan for national reconstruction across the UK that prioritises work and wages, families, and the places people live. The object is to build a new economic model that shifts growth from assets and rent seeking to wages and productivity in order to increase working people's share of national income.<sup>16</sup>

National reconstruction would involve reshoring key manufacturing capacity, undertaking the major structural changes required for regional regeneration, and the mitigation of and adaptation to climate change. These will require reform

of the failing British state and deepening and extending democracy, starting with the involvement of City Mayors and the smaller nations of the UK in national reconstruction. England has to be recognised as a political nation within the Union through constitutional reform. And Labour's priorities must include both older and younger voters, linking the generations together in a new national covenant, and so reviving intergenerational optimism.

## From contract to covenant

One of the most pressing issues facing Western democracies is the restoration of domestic public consent for democracy and government authority. Unless nation states regain the trust and support of their disaffected citizens, none of the most intractable problems of this age – from environmental degradation to social care to high levels of chronic ill health – can be resolved.

The liberal answer is to establish a 'social contract', an agreement between rulers and ruled that defines their rights and duties and provides the consent of the governed. Following John Locke's *Second Treatise of Government* (1689), social contract has become the basis of a liberal political order – the consent of every individual to form a community 'with a power to act as one body, which is only by the will and determination of the majority'.<sup>17</sup>

However this kind of social contract excludes too much of human social life to provide a framework for Labour's political renewal. As its original purpose was to secure individual property rights, it ignores the social relationships and asymmetries of power between groups, identities and



individuals. The meanings of custom and culture elude it. Nor can it address the impact of the economy on the natural world, nor the breakdown of public trust in authority.

Social contract lacks what the socialist thinker R. H. Tawney called the 'common foundation'. 'The liberty of the weak', he wrote, 'depends upon the restraint of the strong, that of the poor on the restraint of the rich'. Everyone should have the liberty 'to do unto others as he would that they should do unto him'.<sup>18</sup> This is the common foundation of reciprocity, which can be best expressed in the idea of covenant.

Unlike a contract, a covenant involves relationships based on reciprocity between individuals and groups. It does not have the law or property rights as a court of appeal. Political relationships have to be brokered by negotiation and compromise. Different identities, values and interests must be given recognition. No one party in a covenant dominates the others. Each accepts an agreed idea of political justice and public moral behaviour and an obligation to uphold both. And each is essential for the functioning of the covenant, because it is based on mutual respect and shared power, responsibility and accountability.

Unlike a contract, a covenant endures over time. The 18th century politician Edmund Burke called society a partnership 'between those who are living, those who are dead, and those who are to be born'.<sup>19</sup> Thomas Hobbes in *Leviathan* (1651) described a covenant as both requiring trust and being enacted over time with no necessary closure. As such, it involves the moral dimension of the keeping of promise.<sup>20</sup> A covenant provides a guide to how individuals might live together, run the economy and structure the ways political power operates. It offers a framework for the social integration of different identities in a common national life,

and establishes forms of authority, rooted in democratic consent, which can inspire and deserve trust.<sup>21</sup>

And covenant extends to the relationship of humanity to the natural world. Human society has become detached from nature, but is still dependent on it. Environmentalism recovers the idea that human beings are and remain part of nature. An environmental covenant recognises that human beings are both of nature and have responsibility for it.<sup>22</sup>

A Labour politics of covenant is not simply a deal or an agreement. It is not imposed, nor a form of top-down government, nor a demand for conformity to a particular way of life. It is a way of making political relationships and exercising consensual power that is consolidated in legitimate and sovereign institutions. These reinforce and uphold individual mutual rights, responsibilities and benefits. Covenant is about securing a balance between individual freedom and social order. It asks something of individuals over and above their self-interest. Paradoxically it is a constraint which establishes social order and so extends the realm of human freedom.

## **Time for a new covenant**

Labour's post-war covenant was based on an industrial policy that harnessed the centralised state of the war economy as its instrument of reform. Public services were modelled on a one-size-fits-all provision. Nationalised industries excluded their workers from participation and retained power in the state and in a stratum of top managers and technocrats. Women workers were treated as dependent on their husbands and so paid less for the same work. Labour politics was characterised

by state bureaucratic control that did things to and for people. Labour needs to rethink industrial and competition policy.

*Labour's Covenant* is a plan for the reconstruction of the national economy across the UK, which takes into account the diversity of local and national conditions, and the regional inequalities of productivity, wealth and income. The focus on the national economy requires state-led action but also social and economic development from the bottom up. This will mean deepening and extending devolution and democracy, notably in England. A precondition will be capacity building, not just in the English regions and localities but within the failing institutions of the British State, whose dysfunction was revealed by the COVID-19 pandemic. And it will mean recovering control over essential strategic manufacturing, services and component parts. National reconstruction and foreign policymaking will work together to mobilise resources to promote geopolitical interests in foreign, environmental, trade, defence and security policy.

Our covenant covers five areas: the national economy, the everyday economy, democracy and belonging, land and nature, and the UK's role in the world.

## **The national economy**

The COVID-19 pandemic exposed the consequences of four decades of government policy that liberalised the UK economy and left public safety highly vulnerable to external shocks.

The state's administrative capacity, institutional memory and ability to pass on knowledge and expertise have all been decimated. Markets have been structured to allow monopoly corporate control, to the detriment of the national interest.

Just-in-time supply chains stretching across continents expose society to the risks of sudden shortages of medicines, food and essential components. The economy has no spare capacity. Nothing essential is stored for the kind of ‘high-impact, low-probability events’ that have become more frequent.<sup>23</sup>

The offshoring of industrial manufacturing, some vital to the national interest, has resulted in dependence on unfriendly governments, notably China, or reliance on risky geographical concentrations of manufacturing, such as Taiwan’s outsized role in making semiconductors. And globalisation has transformed trade agreements, integrating domestic economies and services into global markets and undermining national control.<sup>24</sup> The UK’s industrial policy simply disregards the impact of the logistics of global capitalism on national safety.

Governments around the world are increasingly alive to the risks. China is pursuing an industrial policy worth trillions of Renminbi. Japan, India and others are forging their own industrial policies as counterweight. The US is reviewing all its foreign supply chain dependencies with a view to boosting domestic manufacturing. Even the EU is discussing strategic autonomy and reducing reliance on Chinese pharmaceuticals and foreign-produced semiconductors. In the UK, the Conservative government, pursuing its Global Britain vision and a contradictory model of economic growth, risks any number of national crises.

Safeguarding the UK means avoiding high levels of dependence on foreign sources. Labour’s plan for national reconstruction will ensure the economy produces enough of the supplies essential to national security and health emergencies here in the UK. A set of decentralised institutions can help boost national self-sufficiency in necessities, reverse regional inequalities, and repair and update the national

economy by increasing productivity and strengthening supply chain security. Institutions are the basis of a covenant because they embody the practices, rules and customs that structure social and economic life. The economist J. M. Keynes advised that the ideal size for the unit of control and organisation of the economy is a semi-autonomous body that lies between the individual and the state and whose criterion of action is the public good.<sup>25</sup>

The endowment of regional banks which lend exclusively inside their area would be a vital part of this institutional framework. The redistribution of assets to localities would enable the emergence of regional economies and allow them to take their own form and build their own relationships and expertise.

The stress on labour and production will require a new national system of skill formation and sharing. At its heart will be apprenticeships and vocational colleges, bound by a social partnership between unions, employers' associations, local authorities and ministries. In combination with industrial policy, a move from transferrable to vocational skills will put the economy on a more secure footing. This approach should be extended to management, the poor quality of which has been an enduring problem in the UK economy. To rectify this over the longer term will mean a concerted drive to improve leadership in business and public services. In the decades ahead, national reconstruction will need excellence and first class professional training.<sup>26</sup>

A plan for national reconstruction will tie in with the green imperative. The global climate is heading towards irreversible tipping points. A 1.5°C rise in temperature is likely by 2040. Pollution continues to damage human and animal health, and ecosystems are collapsing due to deforestation, agribusiness

and urbanisation. There are already limits to what prevention can do. Adaptation and lessening the impact of climate change, alongside a strategy for pro-worker and pro-nature farming, will be a central part of national reconstruction.<sup>27</sup> Instead of outsourcing the externalities of production, a national economy will manufacture more of the goods, like steel, that are currently produced in carbon-intensive ways abroad, at home, to higher environmental standards. Nature's constraints on economic activity will be a spur to greater national self-sufficiency, market innovation, and democratic oversight of the national economy.

Corporate governance needs reform so that the labour interest is included in industrial decision-making. In companies with more than 50 employees, at least two elected employees should sit on the board, with similar representation on remuneration committees. Trade unions have a major role to play in improving workers' lives by building membership across the private sector, including in the gig economy. There is already a growing debate in the business community about re-evaluating the role of company stakeholders. A new Companies Act is overdue.

Government must ensure free and fair competition in the national economy. The monopoly of big tech platforms on information and news, and their re-engineering of human communications and consciousness, demand oversight and regulation. The remit of the Competition and Markets Authority needs reform and government should work internationally to break up the power of big tech monopolies. This includes the way patent monopolies are exploited to limit rivals' access to essential technologies.

Putting working people at the heart of the political economy raises the question of immigration and who

has access to the labour market. Labour must define the expectations that UK citizens can have within the labour market and set out a policy on immigration which balances the needs of the country with respect for, and the rights of, migrant workers.<sup>28</sup>

Taxation is a symbolic expression of a covenant between citizen and government, each contributing according to their means for the wider common good. A new covenant will mean reforming the current system. Over half of the UK's wealth is owned by just 10 per cent of adults, with the top 1 per cent owning 20 per cent.<sup>29</sup> Asset wealth rather than incomes should be prioritised for taxation. Council tax bands, which are based on 1991 valuations, need revision – a power which could be devolved to local government. And capital gains tax should be reformed, and paid at income tax rates.<sup>30</sup>

These institutions and reforms taken together would comprise an enduring system of long-term partnerships, rooted in place and prioritising work and family life. They would move the national economy from a contract to a covenant model and build in environmental sustainability, fairness and resilience.<sup>31</sup>

## **The everyday economy**

The primary purpose of the economy is to secure the supply of basic goods and services that sustain everyday life: the food we eat, the homes we live in, the energy we use and the care we receive. This approach has been pioneered by Karel Williams and the Foundational Economy Collective. It has been developed by the Welsh Labour Government and by the Labour Shadow Chancellor, Rachel Reeves MP, in her pamphlet *The Everyday Economy*.<sup>32</sup>

The everyday economy is made up of the private, public and social sectors and includes transport, childcare and adult care, health, education, utilities, broadband, social security and the low waged sectors of hospitality, retail, food processing and distribution. It employs at least 40 per cent of the workforce in England and Wales.

Everyone, wherever they live, regardless of income, participates in the everyday economy.<sup>33</sup> And yet industrial policy to date has had little to say about it. The everyday economy has been dismissed as low-productivity activities which can provide low-paid jobs for the low skilled. But this stereotype is unjustified and misses the point. The emotional and cognitive qualities of flourishing, caring and learning are often not captured by productivity measures. Reforming adult social care is concerned with addressing the needs of individuals who are people's mothers, fathers and grandparents, not whether their home visits can be done in fewer minutes. The low pay of the care workforce reflects the low status society attaches to care work and its inadequate funding and poor working conditions.<sup>34</sup>

The utilities, health, education, housing and care sectors are there for everybody and they depend on social investment. However collective consumption in housing has been privatised. Homes have become financial assets rather than simply a place to live. For many families, their home is the primary source of wealth, entrenching the interest of property owners in continuously rising house prices. Restoring the security of the everyday economy will involve new social housing, land reform and a better regulation of the private rented sector to reverse the privatisation of housing policy.

Families and households are at the heart of the everyday economy. Improving the security of family life and kinship



is a vital part of creating a more stable and secure society. A ten-year strategy can invest in family life, increasing opportunities for mothers and fathers to spend time at home, and developing a system of childcare focused on the needs of children. While the Conservative Government has assigned more money to the adult care system, the underlying problems remain and it requires structural reform and a partnership between the NHS and local authorities. There is an urgent need for a proper mental health care system to tackle the rise of chronic illnesses such as depression and anxiety. Adults and children with mental health problems or problems with family relationships should have access to talking therapies, with priority given to postnatal depression.<sup>35</sup>

Society would benefit from a new approach to corporate responsibility by both private and public corporations who deliver essential goods and services. Social licensing would establish a reciprocal relationship that gives firms or sectors privileges and rights to trade while placing them under obligations to offer social returns. These might include, for example, local sourcing, training or payment of the living wage.

Anchor institutions such as hospitals, universities, large businesses and schools have an important role to play in a local economy. They provide considerable spending and local employment, and they often have historic ties and relationships which contribute to local identity and pride in place. Local prosperity can be improved through their procurement policies and provision of a living wage. Universities have an important role to play in local economic development and innovation and should restore a balance between their focus on the global market in students and more local concerns.<sup>36</sup>

The everyday economy is not an alternative to a productive and wealth-producing market economy; it is a vital component of it. When it is neglected, it creates insecurity and undermines the resilience of the economy. When it is thriving, the national economy does well.<sup>37</sup>

## Democracy and belonging

The UK is emerging from the legacy of empire and its departure from the EU. The imperial and industrial class structures which once joined its countries and peoples together and underpinned the Union have gone. Without them, the asymmetries of power, the appeal of exclusive national identities and the stresses of national differences both ancient and modern are all amplified. British national identity has lost its political prominence. Labour can no longer rely on it to secure the Union, nor on control of the British state as its principal means of reform.

The machinery of the British state is both too centralised and too depleted in its capabilities to help facilitate national reconstruction. Its top-down policymaking and its silo approach to government cannot manage the complexity of modern society. And the state's over-reliance on large unaccountable private companies to deliver standardised services fails to take account of local differences. The results have been failure, at huge cost.

England has the most centralised form of government and has gone furthest in removing powers from local democratic influence. The Scottish Government has also centralised away from local councils. Creating local power and capacity building will need an all-encompassing shift in governance and a cultural change in Whitehall. Departmental silos must

be broken down by the establishment of a coherent machinery of government for England. The agreement between Labour in Wales and Plaid Cymru provides an example of collaboration between different parties in attempts to devolve power and create a more joined-up approach to government.<sup>38</sup>

The crucial assets of a national economy are strong local economies and cultures: the whole fabric of local histories, connections and shared values that make up a familiar way of life and give meaning and purpose to individuals. Local communities are primarily about relationships and attachments. These have been undermined by social disintegration and their loss has been the cause of anger and grief.

Repairing and updating the everyday economy will help to regenerate local cultures, associations and community leadership. The simplest intervention is investment in social infrastructure: the places, organisations and practices that encourage, embed and broaden attachments. Post offices, pubs, shops, community centres, art galleries, parks, nurseries, schools and hospitals can function as social infrastructure so long as they create opportunities for doing things together.

Building community, especially where it has been destroyed and people are fearful, takes time, energy and funds. Social relationships can be tightly bonded, exclusionary and tribal as much as they can be bridging, open and supportive. Communities of place only become communities of interest when people have shared ideas about the future they want. To achieve this, social entrepreneur Jessica Prendergrast argues for 'Connectors', those individuals and groups who weave together the untapped potential hidden in people and organisations.<sup>39</sup>

Local government can be an obstacle to community initiatives, thwarting them with bureaucratic demands

or attempts to take them over. Nevertheless it has a critical role to play in facilitating new forms of association, as well as using its procurement spending to build up local economies. Where it embraces a role as enabler and partner in community economic development there is real impact.

National reconstruction starts from the bottom up and this means reprioritising the productive economy locally and innovating ways of more closely aligning ownership and economic decision making with local communities. Partnerships between business and community could put the people most affected at the heart of industrial innovation. Profits could be split between business and the community to be reinvested in social infrastructure.

Local democracy needs sufficient economic powers to play its part in community wealth building, place shaping and the coordination of investment. It needs both fair fiscal distribution and local financial autonomy. At the same time, place-based investment can prevent social problems, saving money that would be needed to respond to them which can instead be invested into the locality.<sup>40</sup>

English devolution is part of a constitutional change in which English laws would be made by English MPs and an English democratic polity would be recognised. It requires a robust mechanism for intra-government coordination, which should extend to the involvement of political leadership from outside Whitehall and Westminster. The English Metro Mayors have a key role to play in national reconstruction.<sup>41</sup> Voters recognise that they have stood up for the places they represent. But first Labour has to recognise that it is a party of England as well as Scotland and Wales and it must speak to voters who identify as English. Only an English Labour Party can embrace the growing strength of an English local,

regional and national politics. The party in Wales has shown how to combine national sentiment and Labour politics.

## Land and nature

The environment has never been more prominent in UK politics. The inability to impose restraints on capitalism is leading not just to the breakdown of the climate and ecosystems, but also to great movements of people, geopolitical conflict, and challenges to democracy. The relationship between people and nature has come out of kilter.<sup>42</sup>

Debate around climate change and the environment tends to be technocratic, a matter of divisive direct action, or else expressed through ethical consumerism too trivial for the scale of the challenges we face. National political culture finds it near-impossible to talk about the good life, or what might constitute it, and so politics has failed to generate a larger vision of how individuals might live lives better in tune with their natural surroundings.

Labour has to develop an environmentalist politics in which participation is not contingent on subscribing to a progressive worldview. Green politics must have leadership from all sections of society and be based on collective self-interest and a vision of a better way of living. It will be conservative as well as radical, and capable of enhancing the richness of people's lives rather than being seen as dour or punitive.

Work is what most people do for much of their lives. It provides a sense of meaning, and it transforms the raw matter of the world into food, energy, landscape and civilisation. In its various forms, it is also the source of almost all greenhouse gas emissions and ecosystems degradation.

And yet when we think about the environment and nature, work rarely comes into the conversation. The response to climate change and ecosystems collapse must be about how work will have to change. This means putting green manufacturing at the centre of national reconstruction. Some will be high-intensity, high-value-added green industry. Some will be small-scale and artisanal manufacturing, with local materials and short supply chains. Both will help to galvanise the national economy.

People have become cut off from active engagement with the natural world. Labour needs to reimagine everyday life so that people once again have a vital and direct relationship with nature. A National Nature Service with a strong local input could help young and older people alike looking for purpose, providing them with a vocational education in jobs engaged with the land: building flood defences and peatlands protection, hedge laying and regenerative farming, and planting city gardens. And a National Nature Service would help alleviate the succession crisis in small farms by priming young new entrants for a future vocation in nature-friendly farming.

The homogenisation of high streets and loss of local character is turning places into non-places. The same thing is happening to housing. Re-cultivating distinctive places in which people have a direct relationship with nature will mean housing built at human scale, with local materials and in vernacular styles, so that the built environment has a harmonious relationship with its natural surroundings. Building housing is the most pressing domestic priority of any government. Giving local people some control over design, ensuring development is nature-friendly and generating the growth of local housebuilding companies can lay the ground for greater local support.

This is the green dimension to our plan for national reconstruction that is neither punitive nor about abandoning prosperity. It will re-shore supply chains, invest in green jobs and stop the outsourcing of externalities. A National Nature Service will provide everyone, from children to retirees, with opportunities to work and find solace in the countryside. It will create better towns and cities, with regulation and investment to reverse the homogeneity of high streets and make sure beautiful houses are built that give young people the chance to have a home. It is a politics that is both green and industrial, ancient and modern.<sup>43</sup>

## **The UK's role in the world**

The world today is radically different from the years when Labour was last in government. There has been a decline in multilateralism and a revival of the nation state, with a greater emphasis on national borders and national sovereignty. 'Great power' politics and the clash of overlapping spheres of influence have intensified. Alongside the rise of China and Russia, the newly dominant forces of surveillance capitalism, tech platforms and an atavistic ethno-nationalism are re-shaping international relations. As economic power shifts to the East, and the US loosens its ties with Europe, the time when Europeans determined the course of world affairs has passed.

Western liberal universal values are not only contested but also seen by many powers around the world as subordinate to their national cultures or civilisations. From identity politics in the West to the backlash against Western hegemony in much of the non-Western world, culture has become a major currency of international politics. The West

itself is deeply divided over what it stands for and how to respond to the new threats of climate change, monopoly tech platforms, pandemics, mass migration and the cyber war waged by Russia and China. In this unstable world, Labour needs to reassess the UK's strategic strengths and weaknesses.

The UK was and still is a major European power. Along with France, it is Europe's main military force. It retains considerable global influence as a permanent member of the UN Security Council and the G7. The country has the ability to convene world gatherings such as the 2021 UN Climate Change Conference (COP26), and offers a leading example in its reductions of carbon emissions. The UK is respected for its constitutional monarchy, the rule of law, parliamentary democracy and a spirit of tolerance – though all these institutions and practices are under strain – while its civic institutions, the BBC, universities and schools are widely admired.

The UK's strategic weaknesses include a dependence on the US for its nuclear capability. It has an overreliance on foreign investment in critical infrastructure, especially on China. Fragile overseas supply chains and offshore warehousing and manufacturing of essential goods leave the country vulnerable to social disasters. The City of London has been a harbour for too many unethical practices and has provided too favourable a treatment to monopoly tech platforms. And following the country's involvement in the Iraq War, parts of the electorate no longer trust the motives of government foreign policy.

Conservatives have responded to this tumultuous world by pursuing their idea of a 'Global Britain' and aligning the UK with the Anglo-sphere of English-speaking nations. The absence of any larger geopolitical strategy has been exposed by their trade deals, which further dissolve national control



over the economy, and the hasty retreat from Afghanistan on the coat tails of the Americans. The new AUKUS security pact, which damaged relations with France, is symptomatic of its neglectful approach toward Europe.

Labour must take a longer and more strategic view of the UK's role in the world. Labour has always been the party of patriotism and internationalism, its foreign policy growing out of a realism that aligns national and international interests. The principles of its future policy will be shaped by its history of nation- and institution-building and its representation of the labour interest.

The 'special relationship' with the United States is a sentimental one. In reality, it is transactional and rarely reciprocal. So be it. Britain must use the genuine affection of the American people and find its points of leverage and use them profitably. The country cannot simply be an add-on to US military strategy.

For centuries, Britain has defended its national interests by taking a leading role in the politics of the European continent, always seeking to enforce a balance of power so that no one state became dominant. Europe will remain the UK's primary relationship, including a special responsibility for building alliances with the eastern arc of accession countries whose membership of the EU was championed by the British Government. Britain's intelligence-gathering capacity remains indispensable and, as a military power, the UK will remain a vital part of Europe's security.

The UK should develop its soft power as a social connector, an ideas maker, and a culture creator in support of democracy and the self-determination of nations. The country's greatest assets are its culture and history. British football teams, sports and popular music attract global

audiences. The English language unites billions in its universal currency and its openness to adaptation by local cultures.

The UK's geopolitical position is at the interface of three interlocking circles: Europe, North America, and the countries of the Commonwealth and beyond. This means prioritising security in Europe, a bond of friendship with the United States, and agility in building alliances with emerging blocs of nations. These require a strong, ready military capability and a continuing global pre-eminence in soft power. A Labour foreign policy would also enhance the country's security by reducing its dependence on untrustworthy foreign powers.

Above all a Labour foreign policy would link trade and foreign investment to domestic priorities of reducing UK regional disparities by supporting the everyday economy, re-localising supply chains and aligning with the plan for national reconstruction aimed at green re-industrialisation, and national self-sufficiency in critical supplies. This is vital in terms of the UK's response to global climate change, which must be practised at the national, regional and local levels to make the international governance of climate change possible. In turn, national reconstruction will mobilise resources and assets to promote geopolitical interests in foreign, trade, defence and security policy.<sup>44</sup>

The UK can help to shape a better international order if it leads by example and aligns the values of national self-determination, the rule of law, and the principles of liberality with national interests.

## Labour's future

The Conservative election victory in 2019 did not happen overnight. Labour's crisis has deep sociological

and demographic roots in the transformations in work, production and class relations which have been underway since the 1950s. The class base that sustained the party and its covenant in the post-war years has gone, and it won't be coming back. Labour has to build a new coalition of voters around a compelling story about the country and its future.<sup>45</sup>

It is a story about Labour's plan for national reconstruction which will involve partnerships between business, government, workers and local communities, across the nations of the UK. It forms the basis for re-founding the Union of nations and rebalancing regional power and wealth. It will begin restoring a proper balance with nature, mitigating the impact of climate change and adapting the economy and society to the changes that lie ahead. And it will provide the stability on which the UK can establish its place in the world. The priorities of work and wages, families and local places are the building blocks for a more secure and fairer society.

Covenant is the heart of this story. It puts the practice of reciprocity at the centre of political economy and social reform. It opens the way to taking power from the unrepresentative political, cultural and business elites by increasing opportunities and nurturing new forms of leadership, locally and nationally. Conflicts around culture, race, religion and identity need not descend into culture wars. They can be resolved with a democratic politics of the common good. Bringing people together, building bridges, creating partnerships and making relationships does not mean avoiding the real political conflicts that exist. Nor does it mean enforcing conformity to an ideological norm. Conversation and creating relationships are essential to politics. Issues get decided through the negotiation and

compromise of democratic decision-making. Consensus has to be worked for.

What are the prospects for such a Labour politics? There are three fundamental changes which will shape the character of national politics in the coming years. The first is a more robust role for the nation state in the economy, to rebuild the covenant between government and citizen. The second is that the working class plays a far more significant role within national politics than was thought possible under the liberal market settlement. The third is that place – local and regional – matters more than was assumed under the old settlement.

The Conservatives have captured the national agenda with their levelling up programme, and while it has widespread public support, few understand the practical detail and many are sceptical of its chances of success.<sup>46</sup> The Conservatives' ability to make real differences will be stymied by their electoral strategy of concentrating economic and political power among asset-wealthy, older voters at the expense of younger workers. And government trade deals fail to protect the non-market spheres of life from commodification, so compromising their control over the national reconstruction. The result is a levelling up that is a potpourri of high spending and liberal market policies: freeports, more infrastructure, planning deregulation, relocation of civil service jobs, research and development investments, a focus on towns.<sup>47</sup>

The Labour Party has struggled to grasp the political realities of the emerging era. And yet its traditions of organising working people and standing up for the country as a whole, against vested interests, provide it with a significant political advantage over the Conservatives.

*Labour's Covenant* offers the party a way of renewing itself on the basis of its traditions. Labour was founded on

the principle of justice. It stood for decency in how we treat one another and fairness in how we share out the advantages and burdens in society. Throughout its history it has always been a paradox of both liberal and conservative values.

A Labour covenant will give people in the UK an opportunity to regain faith in democratic politics as a means to changing their country for the better and providing their children with a bright and promising future.

---

# References

1. See Matthew Sowemimo, 2020, *Labours Last Stand? The centre left's long road map back to power*, Compass, [www.compassonline.org.uk/publications/labours-last-stand-the-centre-lefts-long-roadmap-back-to-power](http://www.compassonline.org.uk/publications/labours-last-stand-the-centre-lefts-long-roadmap-back-to-power); and Labour Together, 2020, *The 2019 General Election Review*, [www.labourtogether.uk/review](http://www.labourtogether.uk/review)
2. David Edgerton, *The Rise and Fall of the British Nation*, Allen Lane, 2018, see pp xxi, 218–219
3. The Labour Party, 1945, *Let us Face the Future*, [www.labourpains.group.shef.ac.uk/wp-content/uploads/2016/06/LetUsFacetheFuture.pdf](http://www.labourpains.group.shef.ac.uk/wp-content/uploads/2016/06/LetUsFacetheFuture.pdf)
4. Arnold Toynbee, 1953, *The World and the West*, Oxford University Press
5. John Hoskyns and Norman S. Strauss, 1977, *Stepping Stones*, [www.margaretthatcher.org/document/111771](http://www.margaretthatcher.org/document/111771); see also Jon Cruddas MP and Peter Nolan, 2021, 'Labour and the Politics of Production: Reassessing Thatcher's Legacy', *History and Analysis Series*, Webinar 1, 29 April 2021, [https://docs.google.com/document/d/1EaUlZivTFoLL3\\_F83W9ZnJWJ8Ir6inHB/edit](https://docs.google.com/document/d/1EaUlZivTFoLL3_F83W9ZnJWJ8Ir6inHB/edit)
6. Enoch Powell, 1970, 'Enemy Within', Speech, Birmingham, 13 June 1970, <http://enochpowell.info/wp-content/uploads/Speeches/May-June%201970.pdf>. p46

7. See Nick Pearce, 'Notes for Discussion', *History and Analysis Series*, Webinar 3, 27 May 2021, <https://docs.google.com/document/d/1s1yLZqUwEdRTuHEh4QAegwb1JX7qdYOg/edit>
8. Thomas Piketty, 'Brahmin Left vs Merchant Right: Rising Inequality & the Changing Structure of Political Conflict (Evidence from France, Britain and the US, 1948–2017)', *World Inequality Database*, March 2018, <http://piketty.pse.ens.fr/files/Piketty2018.pdf>; Amory Gethin, Clara Martínez-Toledano and Thomas Piketty, 'Brahmin Left versus Merchant Right: Changing Political Cleavages in 21 Western Democracies, 1948–2020', *World Inequality Database*, May 2021, <https://wid.world/document/brahmin-left-versus-merchant-right-changing-political-cleavages-in-21-western-democracies-1948-2020-world-inequality-lab-wp-2021-15/>; Erzsébet Bukodi and John H. Goldthorpe, 'Meritocracy and Populism Is there a connection?', *UK in a Changing Europe*, 4 March 2021, <https://ukandeu.ac.uk/wp-content/uploads/2021/02/Meritocracy-and-its-problems.pdf>
9. David Edgerton, 'Thinking with the Nation', *National Economy Series*, Webinar 2, 5 March 2021, <https://docs.google.com/document/d/1mtWYSi5LGi60gLwep9ZKdBM CJYcyvSVP/edit>; and David Edgerton, 'Work, Production and Capitalism in the UK since 1970', *History and Analysis Series*, Webinar 2, 13 May 2021, <https://docs.google.com/document/d/1TrKC8UbPVgM7E7vE9IRc9Kxo-6z-WQU7/edit>
10. Brett Christophers, 2019, 'The rentierization of the United Kingdom economy', *Environment and Planning A: Economy and Space*, September 2019, <https://journals.sagepub.com/doi/10.1177/0308518X19873007>

11. James Meadway, 'National Reconstruction', *National Economy Series*, Webinar 2, 19 March, 2021, <https://docs.google.com/document/d/1yZPIF5cW-jUHV-EIFy7oBzVh-eCdQndp/edit>
12. Matt Bishop and Tony Payne, 'Is Britain 'undeveloping' before our eyes Part 1', Sheffield Political Economy Research Institute, January 2019, <http://speri.dept.shef.ac.uk/2019/01/29/is-britain-undeveloping-before-our-eyes-part-i>
13. Philip McCann, 2019, *Perceptions of Regional Inequality and the Geography of Discontent: Insights from the UK*, January 2019, UK 2070 Commission, <http://uk2070.org.uk/wp-content/uploads/2019/01/01-McCann-UK-Regional-Inequality-Debates.pdf>
14. Frank Luntz, *Britain Speaks*, Policy Studies Institute, July 2021. <https://drive.google.com/file/d/15aivisHXx0MVAOAqwFz0ccWzJk9oomd3/view>
15. Frank Luntz, *Britain Speaks*, Centre for Policy Studies, July 2021. <https://cps.org.uk/wp-content/uploads/2021/11/Britain-Speaks-by-Dr-Frank-Luntz.pptx-1.pdf>
16. See Nick Pearce, op. cit.; Graeme Cooke, Harvey Redgrave, 'From the intellectual to the political', *History and Analysis Series*, Webinar 4, June 10, 2021; <https://docs.google.com/document/d/17w2fq2hJ40EjQ0Ub9AJuBk59vOSlRFol/edit>. Andrew G. Haldane, 'Labour's Share' speech to the TUC, Bank of England, 12 November 2015. [www.bankofengland.co.uk/-/media/boe/files/speech/2015/labours-share.pdf](http://www.bankofengland.co.uk/-/media/boe/files/speech/2015/labours-share.pdf)
17. John Locke, 1689, *Second Treatise of Government*, Maestro Publishing Group, p37



18. R. H. Tawney, 1979, *Equality*, George Allen & Unwin, p173
19. Edmund Burke, 1790, *Reflections on the Revolution in France*, Penguin Classics, 2004, pp194–195
20. Thomas Hobbes, 1651, *Leviathan*, Penguin Classics, 2017, p109
21. Maurice Glasman, 2021, 'Covenantal thinking', *Social Covenant Series*, Webinar 1, 23 March 2021, [https://docs.google.com/document/d/1\\_GqojLPqcTf1EqRl3lqyctZcIW0zbUef/edit](https://docs.google.com/document/d/1_GqojLPqcTf1EqRl3lqyctZcIW0zbUef/edit)
22. Reinhard Olschanski, 'After Industrialism: Reviving Nature in the 21st Century', *Green European Journal*, 11 March, 2020, [www.greeneuropeanjournal.eu/after-industrialism-reviving-nature-in-the-21st-century](http://www.greeneuropeanjournal.eu/after-industrialism-reviving-nature-in-the-21st-century); See also Hans Jonas, 2001, *The Phenomenon of Life*, Northwestern University Press, USA
23. Bernice Lee and Felix Preston, with Gemma Green, 2012, *Preparing for High Impact Low Probability Events*, Chatham House, January 2012, [www.chathamhouse.org/sites/default/files/public/Research/Energy,%20Environment%20and%20Development/r0112\\_highimpact.pdf](http://www.chathamhouse.org/sites/default/files/public/Research/Energy,%20Environment%20and%20Development/r0112_highimpact.pdf)
24. See Dani Rodrik, 'The inescapable trilemma of the world economy' Dani Rodrik's weblog, 27 June 2007, [https://rodrik.typepad.com/dani\\_rodriks\\_weblog/2007/06/the-inescapable.html](https://rodrik.typepad.com/dani_rodriks_weblog/2007/06/the-inescapable.html); Dani Rodrik, 'Globalization's Wrong Turn And How it Hurt America', *Foreign Affairs*, July/August 2019, [www.foreignaffairs.com/articles/united-states/2019-06-11/globalizations-wrong-turn](http://www.foreignaffairs.com/articles/united-states/2019-06-11/globalizations-wrong-turn);

- Dani Rodrik, 'Presentation on globalisation and economics', *Phase 1 Series*, Webinar 4, 22 September, 2020, [https://docs.google.com/presentation/d/1ACTVElk5M0Y\\_E\\_vyIlZ-1ma23HNqwQWb](https://docs.google.com/presentation/d/1ACTVElk5M0Y_E_vyIlZ-1ma23HNqwQWb); also Adrian Pabst, 'Geopolitics and national economic development' *Geopolitics Series*, Webinar 1, 13 January, 2021, <https://docs.google.com/document/d/1bvoDJWXehk0tApkHxde3ATbU9aBEwdcF/edit>
25. John Maynard Keynes, 1926, *The End of Laissez Faire*, Hogarth Press, [www.hetwebsite.net/het/texts/keynes/keynes1926laissezfaire.htm](http://www.hetwebsite.net/het/texts/keynes/keynes1926laissezfaire.htm)
26. See for example Angela Rayner MP, 2018, 'Building Blocks', *Everyday Socialism*, ed. Rachel Reeves MP, Fabian Society, September 2019, p47, <https://fabians.org.uk/wp-content/uploads/2019/09/FABJ7429-Socialism-Pamphlet-0819-WEB-002.pdf>
27. Tobias Phibbs, 2021, *Popular Environmentalism: a manifesto for nature and re-enchantment*, The Common Good Foundation, November 2021, [www.commongoodfoundation.org.uk/our-work/popular-environmentalism-a-manifesto-for-nature-and-re-enchantment](http://www.commongoodfoundation.org.uk/our-work/popular-environmentalism-a-manifesto-for-nature-and-re-enchantment)
28. Shabana Mahmood MP, 2021, 'The National Economy', *National Economy Series*, Webinar 5, 23 April 2021, <https://docs.google.com/document/d/1XQJATFYscEGXiztZ4E1OpG3DSH5uSH34/edit>
29. Arun Advani, George Bangham and Jack Leslie, 2020, *The UK's wealth distribution and characteristics of high-wealth households*, Resolution Foundation Briefing, December 2020, [www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf](http://www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf)

30. See Rachel Reeves MP, 2018, *The Everyday Economy*, 2018, p4, [www.rachelreevesmp.co.uk/wp-content/uploads/sites/96/2020/09/374425087-Rachel-Reeves-The-Everyday-Economy-1.pdf](http://www.rachelreevesmp.co.uk/wp-content/uploads/sites/96/2020/09/374425087-Rachel-Reeves-The-Everyday-Economy-1.pdf)
31. Maurice Glasman, 'Labour and the National Economy From Contract to Covenant', *The National Economy Series*, Webinar 2, 5 March, 2021, [https://docs.google.com/document/d/1JPkn\\_qa40\\_1Y-WSvBYpLifzHFFMRGIQR](https://docs.google.com/document/d/1JPkn_qa40_1Y-WSvBYpLifzHFFMRGIQR)
32. See The Foundational Economy Collective at <https://foundationaleconomy.com>; and Rachel Reeves, op. cit.
33. Karel Williams, 2020, 'Liveability and the Household Economy', *Phase 1 Series*, Webinar 3, 12 September, 2020, [https://docs.google.com/presentation/d/1\\_SlYqjfwmbTNvPhTXyoGyaLeCnIq9jvH/edit#slide=id.p1](https://docs.google.com/presentation/d/1_SlYqjfwmbTNvPhTXyoGyaLeCnIq9jvH/edit#slide=id.p1); Karel Williams 'The Foundational Economy, implications for a Labour covenant', *Phase 2 National Economy Series*, Webinar 4, 9 April 2021, <https://docs.google.com/document/d/1GJPi3Zmn2VyupCReSnNp2hxlO8ERjlrM/edit>; and see for example 'The foundational approach' at <https://foundationaleconomycom.files.wordpress.com/2020/08/fe-approach-2020.pdf>; plus Rachel Reeves MP, op. cit.
34. Rachel Reeves MP, John Tomaney and Karel Williams, 'The Everyday Economy and why it matters', *LSE blog*, 8 April 2019, <https://blogs.lse.ac.uk/politicsandpolicy/the-everyday-economy>
35. Rachel Reeves MP, op. cit. p39
36. Julie Froud and Karel Williams, 'Adding Value: Social Licensing for the Common Good', *Everyday Socialism*, op cit, p23

- 
37. Rachel Reeves MP, 2021, Speech to the Labour Party Conference, 27 September 2021, <https://labour.org.uk/press/conference-speech-rachel-reeves%E2%80%AFmp%E2%80%AFlabours%E2%80%AFshadow-chancellor-of-the-exchequer>
  38. The Welsh Government, 2021, *The Cooperation Agreement*, [https://cdn.nation.cymru/wp-content/uploads/2021/11/22131451/43954-cooperation-agreement-EN\\_WEB.pdf](https://cdn.nation.cymru/wp-content/uploads/2021/11/22131451/43954-cooperation-agreement-EN_WEB.pdf)
  39. See Jessica Prendergrast, 2021, ‘An Economics of attachment: everyday pioneers’, *The National Economy Series*, Webinar 5, 23 April 2021, <https://medium.com/onioncollective/attachment-economics-everyday-pioneers-for-the-next-economy-d0a9ac20080>; and John Tomaney, 2020, ‘The Politics and Economics of Belonging’, *Phase 1 Series*, Webinar 9, 17 November 2020, <https://docs.google.com/document/d/1EdPs52ILWt-gYjqf89Yujjm-taRzFFLj/edit>
  40. Jessica Studdert, ‘Politics, Power and Devolution’, *Phase 1 Series*, Webinar 8, 10 November 2020, <https://docs.google.com/document/d/1HyaI1LWBYJdO7Taxn8Xy9AAWKSbhSnZb/edit>; See also Patrick Diamond, ‘Labour and the State’, *Phase 1 Series*, Webinar 7, 3 November, 2020, [https://docs.google.com/document/d/1p\\_4u\\_p3iHppvMFwFZuV4g4SqRhHD5J8o/edit](https://docs.google.com/document/d/1p_4u_p3iHppvMFwFZuV4g4SqRhHD5J8o/edit); Geoff Mulgan, 2020, ‘Reforming Government – an agenda for a new government’, *Phase 1 Series*, Webinar 7, 3 November 2020, <https://docs.google.com/document/d/1o3rEAZoDLD1TNLKFxdfZVjjKV5rkqrB2/edit>; Nick Pearce and Jon Wilson, 15 March 2021, ‘Crisis of the UK State’, *Governing for Change Series*, Webinar 1, [https://docs.google.com/document/d/1a0PXoUkriiDC6\\_Rte7MMf0glQAeOiWiE/](https://docs.google.com/document/d/1a0PXoUkriiDC6_Rte7MMf0glQAeOiWiE/)

- edit; Arianna Giovaninni and Neil McInroy, 'The Local State we are in', *Governing for Change Series*, Webinar 2, 26 March 2021, [https://docs.google.com/document/d/1uQdhHSHKPASIYMJCIRKp\\_\\_yVK2eYwv-v/edit](https://docs.google.com/document/d/1uQdhHSHKPASIYMJCIRKp__yVK2eYwv-v/edit);
- Philip Rycroft, 2021, 'Whitehall and central government', *Governing for Social Change Series*, Webinar 4, 28 May 2021, [https://docs.google.com/document/d/1nrHnutQ\\_nWFW6mDU2Es2O7SGYmibAX\\_R/edit](https://docs.google.com/document/d/1nrHnutQ_nWFW6mDU2Es2O7SGYmibAX_R/edit);
- Dan Corry, 2021, 'Notes', *Politics and Economics of Belonging Series*, Webinar 1, 1 April 2021, <https://docs.google.com/document/d//edit>
41. Arianna Giovannini, 2021, 'The 2021 Metro Mayors Elections: Localism Rebooted?', *The Political Quarterly*, Volume 92, issue 3, July–September 2021, p 474–485, <https://onlinelibrary.wiley.com/toc/1467923x/2021/92/3>
  42. Ruth Davis and Tobias Phibbs, 'Nature, the Land and the Environment' *Phase 1 Series*, Webinar 5, 20 October 2020, [https://docs.google.com/document/d/1-mK4Y\\_0Y49-aXu7vc4DK-V\\_dXCcYST45/edit](https://docs.google.com/document/d/1-mK4Y_0Y49-aXu7vc4DK-V_dXCcYST45/edit)
  43. Tobias Phibbs, 2021, 'Nature and the Common Good', report of the work of the *Land and Nature Series* working group, June 2021, [https://docs.google.com/document/d/14OUItbIZAumw\\_PJxjZYc5oFLsV0aXnWd/edit](https://docs.google.com/document/d/14OUItbIZAumw_PJxjZYc5oFLsV0aXnWd/edit)
  44. Adrian Pabst, 2021, 'Leading by example – geopolitics and Britain's place in the world', report of the *Geopolitics Series* working group, October 2021; Richard Beardsworth, 'Climate leadership as a pillar of progressive foreign policy', *Geopolitics Series*, Webinar 8, 21 April 2021, [https://docs.google.com/document/d/1icVlx9MfZWovm4LdT7\\_k1ZbhZrPLY\\_bA/edit](https://docs.google.com/document/d/1icVlx9MfZWovm4LdT7_k1ZbhZrPLY_bA/edit)

- 
45. See John Denham, 2020, 'A National story for Labour', *Phase 1 Series*, Webinar 2, 16 July, 2020, [https://docs.google.com/document/d/17CfbiYIKy7GkhdGIzI0WT1m5\\_i6wRJf/edit](https://docs.google.com/document/d/17CfbiYIKy7GkhdGIzI0WT1m5_i6wRJf/edit); Sunder Katwala, 2020, 'Labour and the National Story: What should the leader say and do about national identities?', *Phase 1 Series*, Webinar 2, 16 July 2020, <https://docs.google.com/document/d/1sSmAnIzGNIoVl1qZeTjf6yeol205Mifu/edit>; See also Hans Kundnani and Jon Wilson, 'A new national story' *Geopolitics Series*, Webinar 5, 10 March 2021, <https://docs.google.com/document/d/1HjWtcps8REF5vU-gXPUIztyQqxDSf9hc/edit>; Shabana Mahmood MP, op. cit.; Jon Wilson, 'The Politics of Where People Live', *History and Analysis Series*, Webinar 5, 24 June 2021, <https://docs.google.com/document/d/1lpZ97Fc2iXvx7CqsqrQf910WUvRVDGdZ/edit>
46. See Public First, 2021, 'Levelling Up Poll data', November 2021, [www.publicfirst.co.uk/wp-content/uploads/2021/11/Levelling\\_Up\\_Poll.pdf](http://www.publicfirst.co.uk/wp-content/uploads/2021/11/Levelling_Up_Poll.pdf); and James Frayne, 2021, 'What voters want when it comes to the Government's levelling up strategy', *Conservative Home*, November 23, 2021, [www.conservativehome.com/thecolumnists/2021/11/james-frayne-what-voters-want-when-it-comes-to-the-governments-levelling-up-strategy.html](http://www.conservativehome.com/thecolumnists/2021/11/james-frayne-what-voters-want-when-it-comes-to-the-governments-levelling-up-strategy.html)
47. John Tomaney, 2021, *Localism and Belonging*, report of the work of the *Politics and Economics of Belonging Series* working group, July 2021, [https://docs.google.com/document/d/10lstyxL1\\_UlEdFdVPC7s0i0w2sExU8wA/edit](https://docs.google.com/document/d/10lstyxL1_UlEdFdVPC7s0i0w2sExU8wA/edit)

## **Labours Covenant**

### A plan for national reconstruction

The UK is living through a time of extraordinary change. No part of the old political settlement, including what was the centre, remains unaffected. In this new period, who and what does Labour stand for? What is its purpose? The Labour Party has struggled to find answers to these questions.

The party has to build a new coalition of voters around a story of national renewal. A plan for national reconstruction will include repairing and updating the everyday economy, reforming the state and the Union of the UK, creating strong local economies and communities, and mobilising resources to promote geopolitical interests in foreign, environmental, trade, defence and security policy. This will require a new model of economic growth, and social and economic development that is both state led and from the bottom up.

*Labour's Covenant* is at the heart of this story. It puts the practice of reciprocity at the centre of economic and social reform. A Labour covenant stands for fairness in how we share out the advantages and burdens in society. It is about securing a balance between individual freedom and social order. Dignity at work, a secure family life and a sense of belonging are essential for human flourishing and prosperity. And a Labour covenant recognises that human beings are both of nature and have responsibility for it *Labour's Covenant* offers the foundation upon which Labour can build its political renewal for the decade ahead.