

# **The State, Markets and Civil Society**

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Ladies and gentlemen, sisters and brothers, comrades and friends.

It's a real pleasure to be speaking with you all today and I would like to thank the John Cain Foundation and John himself for this and all the opportunities the Foundation has given me.

I want to start with something Antonio Gramsci wrote in the 1920s: he said that the past was nearly dead and that the future was conceived but not yet ready to be born.

The Labor Party finds itself in such a time.

The labour movement came into being in a society of mass production: large workforces, mass consumption and long term housing tenure.

But we are now in the middle of a de-industrial revolution that is tearing apart the communities it once created apart.

A post-industrial economy is developing around new industries and more precarious relations between capital and labour. The shift to a services economy is changing management structures and patterns of work.

Digital technology is unseating whole industries and workforces.

The changes we are witnessing are arguably greater than at any time in living memory. The institutions and communities working class people created to defend themselves against the power of capital have disappeared or are at risk of becoming out-dated and ineffective.

The Labor movement has lost its social foundations and has no place in the lives of ordinary people.

This past is dead and along with it the intellectual frameworks that have informed Labor politics.

Command and control Keynesianism is no longer viable. Governments no longer have the levers of the economy within their reach. Politicians no longer control interest rates, the exchange rate or prices. Industries that were previously owned or protected by the state are now exposed to international competition.

At the same time the public appetite for the redistribution that underpinned the post war settlement is waning. Resentment towards tax and transfer has grown as social solidarity has evaporated with the institutions that once sustained it.

The dominant political force over the last 30 years has been the ideology OF neo-liberalism: the belief that there is no such thing as a society; only the individual, endless competition and the economy. To its shame, much of the Australian Left has fallen for its seductive claims.

This has resulted in a centralizing and authoritarian state, an economy driven by individual greed and an astonishing return to the kinds of social inequality last seen in the 19<sup>th</sup> century.

When financial markets crashed and neoliberalism should have been in its death throes, the Australian Left had no compelling alternative. Instead of offering its own vision of a good society, it offered stimulus and business as usual.

The promising news is that there is increasingly a move away from the false dichotomy between the market and the state that has characterised our political economy for so long. As Maurice has observed, there is a third type of power—democratic, accountable and reciprocal—that can be nurtured.

As a social worker, I work with young people who have experienced homelessness. They are socially marginalised, shut out of the economy and often displaced from family and friends.

For these young people, the job market is a place of alienation and often humiliation. Jobs are hard to come by for all young people but especially those with low social capital.

The jobs they can get are casual, unpredictable and often they are paid off the record and below the award rate.

A housing market where affordable accommodation is geographically distant from job opportunities compounds this.

The market is doing them very few favours.

Social democrats would then argue that, in instances where the market fails, like what I describe above, the state needs to step in. And it often does.

The state provides the young people I work with welfare payments transferred to them fortnightly or weekly. They still live below the poverty line, but they survive—just.

They are expected to make any number of visits to bureaucrats, some employed by government, some outsourced to the private sector, to prove that they are looking for work.

Their life becomes an endless cycle of filling in online forms and applying for jobs they know they won't get.

The complaint I hear repeated over and over: "they just don't care."

The state, distant, impersonal and unresponsive, provides little solace for these young people.

There is little scope for dignity when social solidarity has been outsourced to the state and reduced to tax and transfer.

So I believe that we need to ask ourselves: what kind of society are we building when the only help we give to the marginalised and alienated are cheques in the mail?

The Brazilian political philosopher, Roberto Mangabiera Unger, proposes a simple but radical remedy.

He suggests that every able-bodied adult in a society that is both solidaristic and democratic should have at least two positions: a position in the system of production or of learning; and a responsibility to take care of other people for part of the working year or part of their life as an aspect of our membership in society.

Without such an engagement, Unger asks us, how can there be real solidarity?

Some may argue that this is an unacceptable encroachment on individual liberties.

But in a country that accepts voting as compulsory and taxation inevitable, why should we not make the argument that we owe some of our time to the exercise of basic human solidarity?

I believe that this proposal has the ability to foster community solidarity and put the onus back on us as citizens to revitalise our democracy and rebuild our communities from the ground up.

The young people I work with begin to flourish when they are involved in sporting clubs, schools and faith communities. And when they feel they are valued in their community they are more capable of making a productive contribution.

I started with a quote from Gramsci so I will finish with one a little closer to home that I think captures the spirit of what I have argued today.

This one is from Australia's first Labor Prime Minister Chris Watson:

"No one can claim that success has attended all the Labor Party's efforts, but it may at least be said generally that it has advanced the cause of humanity by another step. It has taught the rank and file to know their strength, and stressed that the golden opportunities existent in Australia have never-ending responsibilities as their necessary accompaniment."

Thank you.