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Britain

New Labour's collapse

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Britain's New Labour, initiated in the 1990s to break decisively with the 'old Labour' of Keynesianism and the welfare state, is in its death agony. It is sure now that Gordon Brown's party will lose the next election disastrously, possibly with its lowest share of the vote since the 1920s. A recent poll put Labour on 16%, alongside the UK Independence Party; others hover around 22%.

David Cameron's Conservatives will be elected with a sweeping majority. Hundreds of Labour MPs will be turfed out of their seats. This is an ignominious end for the political project that swept to power in May 1997, winning nearly two thirds of all parliamentary seats and setting off a wave of euphoria focused on its charismatic young leader, Tony Blair. All that seems an age away.

Even so, when Brown replaced Blair just 18 months ago, it seemed as if Labour might easily win a 'snap' election. Relief at the departure of Blair was palpable and most workers and many middle class people were still suspicious of the Conservatives. Brown chose not to go for that option, probably on the basis that if he lost an early general election he would have gone down as the shortest serving Prime minister ever, with just a couple of months in office. Subsequent events have made that reluctance seem foolish.

Part of New Labour's unpopularity is absurd political decisions seemingly designed to enrage as many people as possible, notably the decision to go ahead with the environmentally catastrophic third runway at Heathrow and the refusal to grant British residence to former Ghurkha soldiers.

Another part is the way that Labour MPs are caught up in the expenses fiddling crisis, a scandal that of course hits the governing party worst. People expect the Tories to steal and swindle, and they expect that of bankers too; but Labour is supposed (at least in the minds of many of its voters) to be about social equality, not personal career, advancement and luxury.

It is of course the onset of the world economic slump that has shone a spotlight on the character of Labour's central economic and social policies for the last 14 years. These have worsened social equality, and while benefitting the wealthy and sections of the middle class, have punished the poorest section of society. The bottom 10% of wage earners are worse off absolutely than they were five years ago, mainly because of downward pressure of wages caused by the world-wide low-wage economy vigorously promoted by Labour. And in particular Labour wholeheartedly promoted deregulation of the City and financial sector, enabling London to become a centre of finance capital that poured in and could as easily pour out.

Trade Minister (Lord) Peter Mandelson famously quipped that Labour was "very comfortable with some people becoming filthy rich". The problem was they did it at the expense of others becoming dirt poor.

Why the central mechanisms of Labour rule have collapsed

New Labour did have an idea of 'fixing' the decrepit public services and ending child poverty. But the way it was done undermined real improvements. The New Labour plan, with which Gordon Brown was particularly associated as Chancellor, was this. The City would let rip and Britain would become along with the United States the centre of

finance capital. Huge tax revenue would then accrue that could be invested in public services and in tax credits for the poorest families. This plan was indeed put into operation but failed to achieve the desired results. And now, with the government being indebted to the tune of hundreds of billions of pounds, this flawed mechanism cannot be repeated for generations – for it will take 20 or 30 years for the government to pay back what it borrowed to save the banks from collapse.

New Labour's tax and spend plan didn't work because of the way it was done. It's core was 'public-private partnerships' (1); in other words projects like building new hospitals had to be done in concert with private companies, who were given vast sums to bring in projects that would have cost much less if done by local or national government. These 14 years have been the era of the 'consultant' and the 'advisor' – the myriad teams of middle class professionals paying themselves mountainous salaries to be the go-betweens among companies and public agencies. And – here is the beauty of it – much of that tax income taken from the financial sector was recycled back to them as major investors in the private side of public-private partnerships.

Classic cases are the privatisation of the railways and the London tube. Real improvements have been made of course, there's not doubt about that. But in both cases the price is some of the most exorbitant fares anywhere in the world, major grants to the companies concerned to stay afloat and huge profits and salaries for top personnel, all coming from the public purse.

Work regimes

All the public services have been plagued by targets which involve crushing work regimes. Using methods imported from the American human resources industry, target setting and checking – and the mountain of paperwork it involves – have become central to the life of teachers and health workers. Everyone has to work harder and longer, but real benefits in terms of education and health, come second to fulfilling the plan – in an eerie echo of the '5-year plans' in Stalin's USSR. New Labour conferences became parodies of the Soviet Communist party congresses, as minister after minister read out a list of statistics proving that things were getting better – while everyone knew that few significant improvements were occurring.

But it's also on the issues of poverty and social inequality that New Labour's system of rule has come unstuck. Labour introduced a very low level of national minimum wage, and provided tax credits for poorer families and for childcare.

But New Labour's cuddling up to business and the ultra-rich has meant these improvements have made little impact. When the privatised utilities take a huge percentage of the income of poor people, and especially when food and fuel prices rise, it's job security and the overall level of income that matter. But in Britain and the USA the demand by finance capital – the stock market – for ever more impressive short term profits means cost cutting has been a permanent feature. Cutting the number of workers, cutting their rates of pay, cutting their employment rights and benefits – all these have been permanent features of the labour market under New Labour. This has been policed by New Labour's refusal to repeal Margaret Thatcher's anti-trade union laws.

Irregularly employed workers in casualised industries rarely build up enough resources during their work periods to break out of the cycle of poverty, especially as unemployment benefits are cruelly low in Britain – an attempt to make people seek jobs at any rate of pay (2).

Mondeo Man

While the people at the top enjoyed lavish lifestyles when Labour reduced tax rates for the best off, those at the bottom foundered. But many sections of the middle class and regularly employed workers, felt they weren't doing too bad. Most people had to work longer and harder, but real spending power seemed to hold up. This, celebrated by Tony Blair as 'Mondeo Man', was the real social basis of New Labour – permanent employment, a house, a car, children and foreign holidays, not to mention cheap Chinese-made electronic goods, could be supported on the basis of the income of two adults. Of course Mondeo family was an average that millions did not achieve, but millions did – except it was all an illusion.

The illusion was based on inflated house values against which millions of British workers borrowed large amounts on credit cards. The depressed level of income that the international low-wage economy had imposed on even employed British workers, did not justify the lifestyles enjoyed on it. Debt was rolled over in most families because it seemed that it always could be, a fatal illusion.

Now that house values have slumped and credit is tight, spending has also slumped. The results are well-known: unemployment once again becomes a social catastrophe, all-round consumption is cut back to pay off debt, foreign holidays are ditched for the wonders of the British seaside or no holiday at all. Worse, everyone knows that after the 2010 general election the new government will sharply raise taxes to service its new astronomic levels of debt. The vicious circle of deflation is deepened: in terms of unemployment and consumption, the worst is still a long way ahead for the British working class.

Gordon Brown finds himself politically defenceless against the Tory accusations of having presided over the accumulation of the debt mountain and the run-down of British industry. New Labour should be able to say – look it was Margaret Thatcher who deregulated the City of London, Margaret Thatcher who smashed up manufacturing in the early 1980s with her 'lame ducks' philosophy and Tory ideologues who hatched the plan for Britain to become a European 'Hong Kong' based on finance and service industries. But of course they can't – because it was these central tenets of Thatcherism that Blair and Brown picked up, lovingly polished and promoted with religious zeal. David Cameron's charges against Brown and New Labour on these issues are hypocritical, but undeniable.

New Labour's greed and corruption

In this dire economic and social situation Labour MPs are caught up in the parliamentary expenses row. How could it happen? Of course corruption is everywhere in capitalist societies. But New Labour has been particularly prone to it because of its ideological and practical enthusiasm for the rich and powerful. Wealthy business people are the natural social milieu for Labour Ministers. They compare themselves – very important people you understand – with people getting giant salaries in the private sector. It's galling as a government minister on only Â£140,000 a year to be regularly dealing with people earning multiples of that. In an ideology-lite party with few central beliefs except business and management efficiency, politics becomes simply a matter of prestige, career and personal gain – hopefully topped off with a period as a minister, and then hopefully some nice juicy directorships in private companies, especially those you helped while a minister.

Ordinary people expect Labour to be something better than that. They also notice that while MPs can explain they made 'mistakes' in their claims, mere mortals get sent to jail for fraud. This is leading to a general feeling that all the main parties are 'in it for themselves' and not to be trusted.

As Labour's links with its working class base atrophy, who gains?

In truth Labour's political situation had started to decay long before the crash and the corruption scandal. Blair was deeply discredited over Britain's role in the Iraq war. Millions are deeply worried by the trend towards authoritarianism, notably is mass surveillance by the police and security services and aggressive policing methods.

The objective basis for a strong challenge to Labour from the left is there. But it is not likely to happen in the short term.

First, because of the electoral system and because Labour is the incumbent government, it is almost certain the Conservatives will win the next election. In general it is the right who are on the offensive, in the form of the Tories, but also the fascist British National Party (BNP) and the right-wing Tory UK Independence Party (UKIP). No similarly effective left wing party or front has been formed.

In part this is due to the still low level of class struggle. It is also the result of the intransigence of the left trade union bureaucracy and its intense suspicion of the far left, particularly the SWP. Among some the best left trade union leaders, hostility to the SWP has become an irrational, obsessional fixation.

At the same time left wing infighting fatally undermined the Socialist Alliance and Respect, and weakened the SSP. It will take some time to put the pieces back together again. The Green Party will do better than the left at an electoral level, but the British Greens are moving to the right.

One thing is clear. Cameron will lead a revanchist Tory government bent on massive downsizing of the public sector and shifting the burden of the crisis ever more squarely onto the backs of working people. While the battle over that is being fought, New Labour – as a political project - is as dead as Monty Python's parrot. It will fall ignominiously, in confusion and in disgrace. Having opened up the road to the Tories and the hard right. The bloodletting inside the Labour Party will be vicious, but it is an open question whether there is still enough of a left to make advances inside the party as a result.

Tony Blair, basking in the glare of the tens of thousands he earns from after-dinner speeches and the publicity he gets from his role as pro-Israel 'peace envoy' to the Middle East, must be having a quiet laugh at Gordon Brown's expense. Brown fought for years to get rid of Blair so his own limitless ambition could be fulfilled. Far from it being bad luck he is now up to his neck in brown stuff, it is a direct and immediate consequence of the pro-business, anti-working class core of his own New Labour policies.

1) For a detailed look at the way the public-private partnerships worked, see George Monbiot, *Captive State*, Macmillan 2000.

2) See Jenni Russell, '£64.30 a week. That's Dave's reward for 20 years of work' (Guardian 20 May 2009).

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