

New Labour in Britain: The “people’s party” image begins to crumble

5 February 1998

The carefully cultivated image of the British Labour government as the “People’s Party” is crumbling.

The closing weeks of 1997 saw police manhandling wheelchair-bound protesters who had chained themselves to the gates of the prime minister’s residence at 10 Downing Street to protest cuts in the Disability Allowance. A few weeks earlier, single parents staged lobbies outside Parliament against attacks on benefits.

Labour’s imposition of an austerity program harsher than any carried out by the Tories is widely perceived as contributing to social inequality. Despite a long-running campaign against “welfare scroungers,” opinion polls recorded a significant majority against the benefit cuts and in favor of increases.

Last May, millions were prepared to accept New Labour’s argument that the devastation caused by 18 years of Tory rule would take time to put right. However, not only is Labour continuing with Tory spending cuts, it is adding its own. Labour’s so-called welfare New Deal adds a further £2 billion in cuts to the £3.5 billion already drawn up under the Tories.

For all the cuts made by the Tories, they were never able to significantly reduce the overall level of welfare spending. Every cut in benefit levels was eaten up by the millions of new claimants forced onto the unemployment lines. The National Health Service demanded ever-greater resources because of the decline in people’s health due to increasing poverty and the aging of the population. Housing Benefit bills grew as wages declined and rents spiraled. The money for Family Credit rose ever higher as a subsidy to employers paying lower wages.

The Blair government came to power determined to remedy this situation by eliminating the welfare state and replacing it with workfare, private pensions and health care.

The scale of Labour’s aims has provoked a crisis within the party. When it came to convincing big business that Labour should be their preferred vehicle for imposing these measures, the party leadership was happy to talk tough about the need for sweeping “reforms.” Now some have grown concerned at the political fallout these measures will provoke. A total of 47 Labour MPs voted against reducing single-parent benefits. Blair’s critics fear that Labour is setting out to destroy the mechanisms through which social peace has been maintained since 1945, and that it has nothing substantial with which to replace them.

Blair’s image as omnipotent party leader was delivered a blow with the publication of an authorized biography of Chancellor of the Exchequer Gordon Brown. In it Brown made clear that Blair only became leader at his expense, and that he still harbors ambitions to win the party leadership. There are no questions of principle involved in this dispute; Brown merely senses that Blair is increasingly vulnerable. But for a sitting Chancellor to publicly criticize the prime minister is unprecedented.

However unpopular these cuts are, Blair has made clear there can be no retreat. In January he visited Japan in the midst of the collapse of the “Tiger economies.” He told an audience of 350 corporate heads that Britain would remain the best investment location in Europe due to the slashing of the Corporation Tax and its plentiful supply of cheap labor: “Have no doubt, this government will not be deflected by short-term considerations. When it comes to putting our economy on a secure footing for the long term we intend to go, to use the vernacular, for the Full Monty.”

Blair issued his reassurances in response to concerns in ruling circles that the collapse of the Southeast Asian economies would reverberate across the globe causing severe economic and social dislocation. Leading

economists have warned of a significant slowdown in the British economy. Five successive increases in mortgage and interest rates have hit retail sales, while the high level of the pound has driven up the cost of British exports. Combined with the turn by European governments to major privatization programs and cuts in public spending, this has eroded the competitive edge Britain had built up through its low-wage economy.

The City of London faces the prospect of Japanese finance withdrawing large investments to cope with the banking crisis at home. Some 40 percent of Japanese investment in Europe goes to Britain, along with significant investment from other Asian countries, such as South Korea. Not only will this investment dry up but austerity measures demanded by the International Monetary Fund for the “Tiger economies” will intensify competition in already glutted markets. In the last two months alone Britain’s trade gap increased from £539 million to £816 million.

Labour’s “modernization” program was based on two premises: first, that the capitalist market economy reigned supreme, and, second, that the working class was no longer a social force. Blair held up the “Tiger economies” such as Singapore and Thailand as the example to be followed in building a “New Britain” because they supposedly proved that unfettered exploitation could be combined with social stability.

The problems facing the British ruling class are as great as those confronting the Southeast Asian regimes. The New Labour government possesses neither a viable economic strategy nor a stable social base.

The more perceptive sections of the ruling class are concerned with the implications of this situation for class relations in Britain. The Observer newspaper recently cautioned the Labour “left”: “One hundred and fifty years after the publication of the Communist Manifesto, Marx’s predictions look ridiculous but his underlying diagnosis holds up. Unbridled capitalism provokes inequality and insecurity; it shatters traditional social bonds; it denies people and even countries the power to control their destiny. The Left has abandoned its dream of replacing capitalism, but it need not abandon the aim of moderating it: to act as a buffer between citizens and the market.”

The Observer’s hope is that the political vacuum opened up by Labour’s rightward lurch can be filled by

a reformist protest movement. Yet the Labour left has hardly risen to the challenge. Since Blair came to power only two Labour MPs, Hugh Kerr and Ken Coates, have broken with the party and announced they would stand as independent candidates.



To contact the WSWWS and the Socialist Equality Party visit:

wsws.org/contact