

The Blair government and the British working class

A year of New Labour's "third way"

The Editorial Board
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In appraising the first year of Britain's New Labour government, it is necessary to focus on the substance of what Prime Minister Tony Blair calls its "third way" in politics.

No one has a very precise notion of what this is, least of all the Labour Party leadership. Commenting on a recent seminar organised by a leading pro-Labour think-tank, *The Economist* noted wryly, "The government had decided that the third way was important, we were told, but ministers didn't know what it meant. So they were keen to encourage seminars like this one to help them find out."

Blair's essential message was that class was no longer a driving force in politics and the old left/right divisions were meaningless. The "third way," rather than being a coherent perspective, signalled the Labour Party's rejection of its old reformist programme and its connection with the working class.

Under the updated moniker "New Labour," the social democrats implied that the class struggle was over. A new political formation was needed that would stand up for the interests of the entire nation. To this end the Labour Party was refashioned as the natural home for "One Nation" Tories, i.e., conservative defenders of capitalism who had become disillusioned with Thatcher's legacy of social discord.

Why was it necessary to make these changes? The aim of the so-called "modernisers" grouped around Blair was to remove any discussion of the opposed interests of employers and workers from the political agenda, under conditions where this conflict had never been so stark.

For almost a century the Labour Party had worked to channel the aspirations of working people behind a reformist programme, and thereby soften class antagonisms. But today such a perspective is no longer viable. With the election of the Tories in 1979, the British ruling class signalled its intention to break with traditional policies of class compromise and social reform. Economic and political life was to be overhauled in order to compete effectively within the global economy.

The sweeping changes carried through have produced a sharp social crisis and polarised society along class lines. The destruction of living standards has plunged millions into poverty, while many professionals, skilled workers and small business people face rising debts, mortgages higher than the value of their homes and the omnipresent threat of unemployment.

One result of the erosion of living standards among broad layers of working people, including many traditionally categorised as middle class, was a pronounced decline in electoral support for the Tory (Conservative Party) government that increasingly left the Tories paralysed. After Thatcher's fall in 1990, her Conservative Party successor, John Major, sought to distance the Tories from their image as a party of big business. He even retreated from imposing the welfare spending cuts demanded by the City of London, in an attempt to establish a new political consensus.

None of this succeeded in restoring firm support for the government. Even worse, the Tories were hopelessly divided on the key issue of integration into the Single European Market. As far as the major

corporations were concerned, unrestricted access to the British market was of limited use if it did not provide an effective platform from which to penetrate Europe.

This situation was intolerable for big business. New Labour came to power by offering a way out of this political impasse based on its open disavowal of class politics.

Whereas in the past the Labour Party presented itself as the defender of working people, New Labour denounced the Tories for being a class party and counterposed a promise to be the "People's Party." While adopting the most essential elements of Tory economic policy, New Labour claimed to oppose the worst excesses of unbridled market capitalism. In the future, it proclaimed, everyone would be a "stakeholder" in a dynamic partnership between the private sector and the state.

Everything was done to demobilise and disenfranchise the working class. Blair mounted an ideological offensive against Labour's old reformist policies, culminating in the ditching of its constitutional commitment to promoting social ownership. The welfare state was blamed for encouraging personal irresponsibility and derided as an obstacle to economic success.

In its election campaign, no work was conducted in Labour's traditional metropolitan constituencies. Instead New Labour sought to forge a new social base for itself in the Tory heartland of "Middle England." In one of his last speeches before the election, Blair said that, "The middle manager needs to be able to count on the stability that comes from the opportunity to get another job if the previous one disappears, and the stability that comes from a secure home and family."

These layers took Blair at his word. The decisive swing to Labour that secured its victory came from former Tory voters, while its overall vote actually declined, as many abstained in former Labour strongholds.

What is the reality behind Blair's rhetoric? The New Labour government has proved to be a more open representative of big business than its Tory predecessor. By securing a popular mandate based on widespread anti-Tory sentiment, the government has been able to undertake measures that Major shied away from. The *Financial Times* quoted a senior company official as stating, "The new government has been doing everything I tried so hard to persuade the Tories to do over nearly 20 years."

For the first time in British history, leading businessmen have been directly incorporated into government and given responsibility for areas of policy in which they often have a vested interest. Labour has developed intimate relations with Rupert Murdoch, Richard Branson and others representing ascendant sections of the ruling class in the media, computer software, pharmaceutical and service industries. Their concerns are bound up to an extraordinary degree with the ability to penetrate global markets. New Labour translates the demands of these billionaires directly into government policy initiatives.

This was epitomised in Labour's relinquishing government control over interest rates to the Bank of England. By abandoning the main mechanism

through which the national economy is regulated, Chancellor Gordon Brown made clear that the international interests of British capital, as dictated by an increasingly globalised and intensely competitive world economy, would dictate government policy.

Most important of all, New Labour has replaced the anti-European chauvinism and nationalist rhetoric of the Tories with a more pragmatic approach to monetary union. Britain did not join the first wave of countries signing up for European Monetary Union in 1999 in part because of fears that, with interest rates high and the value of the pound soaring, such a move would provoke a recession. But the government has made clear that it intends to join EMU when circumstances are more favourable.

Though Labour claims that its “New Deal” on welfare will heal the social divide, it is the cutting-edge of the government’s offensive on behalf of big business. The cost of welfare provisions—social benefits, education and health care—constitutes 40 percent of all government spending. For the major corporations, this represents an unacceptable drain on their profits. Moreover, they are hindered in their penetration of areas of the economy that have provided vast sources of profit in other countries.

By introducing US-style workfare initiatives, New Labour is providing further sources of cheap labour for business. Unemployed youth are already being forced into low-paid jobs or government training schemes. Next year tens of thousands of single parents and married women will be pushed onto the jobs market as mandatory welfare benefits are withdrawn in favour of tax credits paid via the workplace. The government warned that in future there would be “no excuse” for refusing to accept low-paid work.

The budget set a timetable for running down state-pensions, health and unemployment insurance in favour of compulsory private provision. Eventually Labour intends to end all universal benefits in favour of means-testing. Though it promised to safeguard education and health, the encroachment of the private sector in both areas is being encouraged and the privatisation of government services continues apace.

The net result of New Labour’s policies has been to promote even greater inequality. The annual *Sunday Times* “Rich List” published last month notes that the total wealth of the top 1,000 individuals and families in Britain is more than £108 billion, a rise of £10 billion since last year. Amongst those who have seen their fortunes increase most dramatically are Labour’s staunchest supporters, such as Bernie Ecclestone and Lord Sainsbury.

In contrast, the dismantling of the welfare state will leave families unable to provide for periods of unemployment, and will decimate public education, health care and pensions. The ranks of the working poor will swell, as wages are driven down. The impact of downsizing and computerisation will continue to drive substantial sections of the former middle class into the ranks of the working class.

New Labour’s 179-seat majority in Parliament and favourable opinion polls give it the appearance of mass support, but on a more fundamental level the government lacks any firm social base. Not only has Labour’s right-wing programme alienated broad sections of its former working class supporters; but the party itself is no longer a vehicle through which they can influence government policy.

Labour’s historic connection with the working class was through its base in the trade unions. Today the unions advance the same pro-business policies as Blair. Moreover, the bankroll provided by big business means that only a third of New Labour’s funds come from the political levy paid by union members.

New Labour relies on a servile right-wing press to conceal the real impact its policies will have and drum up popular support. Dissent within the Labour Party is stifled. Party conferences have become US-style conventions and Blair a presidential figure, issuing policy dictates drawn

up by advisory committees over the head of his own Cabinet.

New Labour does not face any effective opposition in parliament, yet Blair has brought several Tories into government positions and granted the Liberal Democrats seats on Cabinet committees. There is constant talk of a merger between New Labour and the Liberal Democrats. In this way Blair is seeking to create a de-facto government of national unity in the name of ending “outdated party politics.”

By these means Labour has succeeded, so far, in carrying out its programme largely unhindered. In the long-term, the closure of all the traditional parliamentary avenues for expressing dissent will have explosive ramifications. New political avenues will be sought through which working people can articulate their grievances and aspirations.

The impact of this will be felt not just in Britain, but throughout Europe. The coming to power of New Labour was only the first in a series of political overturns across the continent. Social democratic regimes like that of Lionel Jospin in France now dominate Europe after almost two decades of conservative rule. In the coming elections in Germany the Social Democratic Party is expected to repeat this trend, replacing Kohl’s Christian Democrat-led coalition, which has ruled for 17 years.

These new governments have continued the right-wing policies of the governments they replaced. The parties through which workers have historically sought to defend their livelihoods have been transformed into the main vehicles for imposing cuts in welfare spending, privatising state utilities and offering ever-greater concessions to the corporations.

Thus far the working class has been politically sidelined. From their own bitter experiences, workers sense that the old reformist nostrums based on national regulation of the economy no longer work. To the extent, however, that they mistakenly identify such policies with socialism, they are blocked from formulating an independent response.

The political reorientation of the working class requires a new international socialist strategy. It demands the construction of new parties that seek to eradicate social inequality through the reorganisation of economic life to meet social needs, rather than the drive for profit. This is the programme of the Socialist Equality Party in Britain and our sister parties throughout the world.

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