

Labour's agenda for London: “Competitiveness at home and abroad”

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The Yes vote in the May 7 referendum on establishing an elected Mayor and Assembly for London provides Tony Blair's Labour Party government with the pretext to force through constitutional changes that have never been explained to those called on to endorse them.

A campaign in which all the major parties supported the plan to set up a Greater London Authority (GLA) produced one of the lowest turn-outs in the history of local elections—with barely a third of those eligible to do so casting their vote.

The 73 percent majority in favour of establishing some form of overall control of the nation's capital will nevertheless be hailed as proof that Labour is carrying out the “will of the people” and ending the so-called “democratic deficit.” Elections to the GLA will now take place in two years, roughly coinciding with the establishment of the Scottish Parliament and the Welsh Assembly.

The capital has not had a city-wide elected administration since the abolition of the Greater London Council (GLC) twelve years ago, along with the other Metropolitan County Councils that organised regional government in major urban areas nationally. These measures were taken by the Conservative Party government of Margaret Thatcher in order to push through sweeping cuts in public spending. Central government reined in the cash supplied to meet the costs of running local services and curtailed the limited powers of Local Authorities to raise tax revenue. The Rate Act of 1984 abolished the powers of local government to subsidise the shortfall by increasing local rates.

Since then there has been a protracted decline in the services provided to meet social needs. Public services have been farmed out to private operators and the tax burden to fund what dwindling services remain has been shifted from business to working people.

This has contributed to the growth of social inequality throughout Britain. London, the financial centre of the nation's economy, has seen the sharpest polarisation between rich and poor. The capital accounts for 16 of the 22 most deprived urban areas in England and has 64 percent of the worst public housing stock. Out of a population of seven million, 770,000 are dependent on housing benefits and 300,000 are long-term unemployed.

This social crisis finds its expression in widespread alienation from the political process. The average voter turnout in local council elections is 45 percent in London and 40 percent nationally—compared to 68 percent in France and 85 percent in Italy.

Will an elected London Mayor and Assembly redress the growth of social inequality and bring about a form of government more accountable to working people? The opposite is the case. Blair's New Labour government has a three-fold aim:

Firstly, it wishes to end the administrative chaos and minimise the bureaucratism that has hindered the smooth running of the capital and its ability to attract investment. The abolition of the Labour-controlled GLC ended any effective overall coordination of London, a situation without precedent in any other major world city.

Appointed government committees, known as “quangos,” were set up as a substitute for metropolitan county governments. London now has 272, with 1,675 members. This is in addition to the 1,900 local authority councillors that staff the 32 electoral boroughs into which London is divided.

Labour's second aim is to reduce public spending and divert government funds into providing tax-breaks for the major corporations. Its third is to promote inter-regional competition throughout Britain. These interrelated aims will exacerbate social inequality because they are designed to foster a competitive environment that rests on low costs for wages and social benefits.

The GLA budget will be set by the Labour government, which is committed to the stringent public spending targets of their Tory predecessors. The Blair government has dismissed widespread criticism that control of the Assembly's £3.3 billion budget by the newly elected London Mayor could facilitate corruption and intense business lobbying. The extraordinary power of control over the Assembly accorded to the Mayor is to ensure that an elected body of representatives cannot become a hindrance to implementing the demands of commercial concerns.

Neither is the Assembly a genuinely representative body. It will have only 25 members for a city of seven million. Only 14 of these will be directly elected. The rest will be drawn up from

lists compiled by the head offices of the Labour, Conservative and Liberal-Democratic parties according to their proportion of the vote. This means that the Assembly will be staffed largely by Blair loyalists. Steps are been taken to prevent independent political parties from contesting the elections. The Green Paper, *New Leadership for London*, states: "It is also important that at the ballot box, electors are not confronted with a lengthy list of candidates which will be cumbersome and difficult to understand. We will need to consider what steps might need to be taken to ensure reasonable candidate lists."

Expenditure on areas like transport, planning, culture, the environment and economic regeneration will be controlled by the Mayor and will have to conform to rigid criteria—the promotion of the international competitiveness of London and its ability to attract investment. The Green Paper explains: "London's competitiveness is vital to the continuing well-being of its own citizens and the nation as a whole."

"International investment is more mobile than ever and investors are able to compare the benefits of competing locations and respond accordingly. London needs to be able to ensure that it can compete effectively in international markets for mobile investment. London's democratically elected Mayor will have a key role in promoting London's competitiveness at home and abroad."

Two new boards are to be created—the Transport for London and the London Development Agency (LDA). Both will be appointed and run by the Mayor. The privatisations carried out over the past decade have plunged London's transport system into chaos and disrepair. Yet the first item on an agenda supposedly aimed at ending the gridlock on the capital's roads and cutting traffic pollution will be the piecemeal privatisation of one of the last remaining public transport networks in the capital—the London Underground.

The remit of the LDA is to compete both internationally and intra-regionally for inward investment. Labour's Green Paper explains that it, "will play a key role in co-ordinating a London-wide approach to economic development and regeneration..."

"Views are sought on the role of the LDA in the acquisition and preparation of land, financing business, co-ordinating business support, marketing the region, developing regional competitiveness strategies and partnerships, inward investment, training and cross boundary co-operation."

The involvement of voluntary and public sector organisations alongside the private sector in carrying through these objectives is held up as a model of local democracy and empowerment. As is the case in much of the language employed by New Labour, such "consensus" rests on deference to the profit motive.

The LDA will have to compete for inward investment with the Regional Development Agencies that are to be established in the other nine English regions, as well as the Scottish Parliament and the Welsh Assembly.

Far from representing a return to local democracy after two decades of Tory rule, this will foster an extension of the "free

market" economics championed by Margaret Thatcher. Whilst the Tories ruled from Westminster, Labour controlled the Metropolitan County Councils with their large working class constituencies. To the extent that the party was still committed to a reformist programme, it used the limited powers at its disposal to ameliorate some aspects of social deprivation. The centralisation of government under the Tories was aimed at removing this obstacle.

Once the ability to subsidise these services by hiking up local rates was removed and the Metropolitan County Councils abolished, the Labour Local Authorities fell into line. They became directly responsible for imposing cuts in social services and imposing the reviled Poll Tax and its successor, the Council Tax. This constituted a significant chapter in Labour's disavowal of its social reformist programme, and served as a testing ground for its new partnership with the private sector.

This is why Labour's plans for greater regional autonomy have the endorsement of key sections of big business. First, it will extend the process whereby funding for social services is diverted to private corporations and financial concerns in the shape of concessions to those who locate in the area. Second, whilst the GLA will have no significant tax varying powers, the growth of inter-regional competition promoted by Labour sets the stage for a national redistribution of tax funding for the regions.

Throughout the post-war period, nationally levied taxes were used to provide government grants to subsidise the poorest regions. In place of this redistributive function, competition for inward investment will be carried out by promoting areas of high unemployment as low-wage regions for the transnational corporations to exploit.

Already prospective candidates for London Mayor across the political spectrum—including the Tory hopeful, Lord Jeffrey Archer, and Ken Livingstone, the "left" Labour MP and former leader of the GLC—are calling for tax funding to be redirected from Scotland to the capital. Arguing that Scotland receives £2 billion from taxes paid in London, Livingstone stated: "In truth is there any reason why Brent East, where there is appalling poverty, pays more in taxes to support voters in Dunfermline East?" This type of demagogic is aimed at diverting legitimate grievances over social inequality into national and inter-regional strife that will be used to slash the wages and social conditions of workers everywhere.



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