Britain: Labour Party conference pleases big business

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With a general election expected in May next year, the Labour Party's annual conference held this week in Brighton came at a critical time for Prime Minister Tony Blair.

The party is meeting just days after fuel tax protests by hauliers and farmers swept Britain and Europe, winning widespread popular support. High levels of indirect taxation have provided the means through which successive governments sought to shift the tax burden away from corporations and the rich onto working people.

Blair's efforts to "tough out" the protest, refusing to make any concessions and threatening the use of the army, met with widespread public hostility and helped strengthen backing for the action. According to opinion polls, Labour's support is reckoned to have fallen by as much as 15 percent, leaving them behind the Conservatives. Blair himself is almost universally decried as "arrogant" and "out of touch".

Just as disturbing for Labour, big business has made clear its extreme displeasure with recent events. Their fundamental concern was that the sight of pickets on Britain's streets sent out the wrong message to international investors. They were insistent that Blair must not be seen to give in to the blockades. The *Economist* warned that concessions made in the face of protests "would send the wrong signal to the throwers of bricks and the blockers of roads".

Government ministers have admitted that they were completely unprepared for the protests and the public sympathy they attracted. They then thought it would be possible to ride the crisis by relying on the favourable media coverage Labour has enjoyed for much of its term in office.

With his eye on the stock markets, Blair struck a Churchillian pose—thundering that he would "never surrender" to popular protest. But his statements only deepened public anger. By exposing the cynicism of Labour's claims to be in touch with "ordinary" voters, Blair raised far-reaching questions about whose interests his government does serve.

This set alarm bells ringing in ruling circles. The task facing the Blair administration—as with all of Europe's social democratic governments—was to continue and deepen the offensive against workers' living standards undertaken by its Conservative predecessors. However, to try and prevent a repeat of the backlash against these policies that had virtually destroyed the Conservatives, it was necessary to present them as something different.

Thus was born the "Third Way", with all its deliberate amorphousness. Under this slogan the Blair government has claimed to be tackling poverty, creating a better health and education system and raising living standards, whilst making sure that the demands of big business for ever lower corporate taxes, public spending and "competitive" wages were met.

Many commentators have noted that with the creation of “New Labour”, politics saw the triumph of style over substance. They are referring to the unprecedented reliance on the techniques normally associated with advertising and marketing in order to sell policies detrimental to the interests of broad masses of the population. Labour's real watchword was not “education, education, education”, as it claimed at the last election, but “presentation, presentation, presentation”. So long as one has a media friendly persona, plenty of focus groups and some positive sound bites, any problem could be solved.

Blair was adopted by a ruling class incapable of offering the type of social and economic concessions that had previously ensured a degree of social stability within Britain. An admirer of his Tory predecessor Margaret Thatcher, he concluded from the defeats suffered by the working class over the past two decades that the class struggle was now an outdated ideological construct. For Blair, the historic conflict between capitalism and socialism that characterised the last century was a tragic misunderstanding. As long as the necessities of the market were correctly presented, then all Britain's citizens could pull together in a new and unified nation.

The fuel tax protests showed that no amount of media hype could disguise the reality of most people's lives indefinitely. Under Labour, there has been a squeeze on public services and welfare, thousands more families and elderly people have been thrown into poverty and the gap between rich and poor has widened. Public support for the protests expressed the growing recognition that the circle cannot be squared.

It is not only the Labour government that feels threatened by this turn of events. Blair's "Third Way" was embraced by virtually the entire political establishment. Leaving aside the ideological decay that this reveals, for many there simply was no other option. Official British politics resembles a one-trick

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pony. With the Conservative Party reduced to an electoral rump concentrated in the southern shires and the Liberal Democrats remaining the proverbial "also-rans", all the hopes of the British bourgeoisie were vested in Blair. At the very least, given its huge parliamentary majority, Labour was meant to serve British capital through two terms in office, thus ensuring enough time for the Conservatives to regroup and rebuild.

The fear generated by signs that these calculations may now be thrown into question was expressed most openly by Rupert Murdoch's right-wing tabloid, *The Sun*. In a rare full-page editorial on Monday, entitled *Britain needs Blair to Succeed*, the paper concluded that the anti-fuel tax protests revealed that "the entire political and media establishment which bought into New Labour has been wrong footed by the national rebellion against it". Explaining that, “the mood of the country is vastly different from what is perceived in London's media village”, the editorial likened this situation to the fable of the Emperor's new clothes, and stated, "Ordinary people...feel excluded from power—and they are minded to give the entire new establishment a good kicking".

This could produce such a decline in Labour's popularity that, with none of the main parties able to command popular support, the next general election may result in a hung parliament. This would leave Britain "up the creek and without a paddle". The effect on international currency and stock markets would be "uncertainty", the impact on business confidence would be "potentially disastrous".

Politically, the *Sun* warned that “New Labour would be dead—Old Labour would be back. The unions could be strengthened.” In short, "All the structural changes that we have all fought so hard to bring about might be in jeopardy".

The standpoint of the Murdoch press can be summed up as fear of a return to the type of open class conflict that characterised the 1970s. Such concerns are shared by much of the political establishment, who this week urged Blair to show "humility" and "contrition" in his conference speech, whilst ruling out any significant concessions. Blair should “do a Clinton”, political commentators lectured, and make an "I feel your pain" speech whilst pressing ahead with unpopular measures.

Faced with a possible roasting by the media, it was not surprising that the Prime Minister was sweating profusely by the time he finished his hour-long remarks on Tuesday. Six times he told the conference that his government was "listening" to the people. Petrol was expensive and pensions were too low, "But I was elected to lead", he went on. That meant making "hard choices". In short, there would be no index linking of state pensions to increases in average earnings and no immediate cut in indirect taxation on fuel. Labour would continue as before, opening up welfare and public services to private capital and further eroding civil liberties in the guise of "zero tolerance".

The media pronounced themselves quite satisfied. *Times* journalist Peter Riddell described the speech as "unashamedly pro-capitalist in [a] way that past Labour leaders could never have been in public". Like a gushing uncle, *The Sun* wrote, "The young man on the podium had done the job. He had done just enough to make it all right. He had said sorry, but not backed down".

Yet within 24 hours, despite a largely subservient party membership and strenuous efforts to restrict debate, Blair was to suffer his first conference defeat for six years. A motion calling for state pensions to rise annually in line with average earnings, presented by union leader Rodney Bickerstaffe and backed by former pensions minister Barbara Castle, was carried by a 60-40 margin.

This was not the return to union militancy envisaged by Murdoch in his nightmare scenario. The union bosses made plain that they did not intend their resolution as a political challenge to the party leadership. Rather they were seeking to protect the government against the growing levels of disaffection and anger opening up against it. Just one week earlier, government statistics revealed that 100,000 more pensioners have been plunged into poverty over the past year while Labour increased the basic state pension by only 75 pence in this year's budget. With a public spending surplus, there was no way Labour could get away with holding down pensions any longer. Unless the government responded, the danger was people might draw the conclusion that some more “direct action” was needed on this question also.

Their efforts to convince Blair of this were in vain. The listening Prime Minister's ear was only cocked for the voice of business, which had instructed him to take the line of “no concessions, and verbal platitudes only”. Blair and Chancellor Gordon Brown both made clear that the conference vote would be ignored, with Brown overheard outside the meeting telling John Edmonds of the GMB union, “stop f*****g with my economic policies!”

Despite the praise heaped on Blair's performance, there was no evidence that he has learned anything new over the last weeks. The government is still bereft of a strategy to restore public support for its policies and remains just as dependent on “London's media village” and the City for its survival.

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