

Britain's general election: The disenfranchisement of the working class and the need for a new socialist party

By Socialist Equality Party of Britain
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The campaign for the June 7 general election has revealed the deep sense of alienation from the parliamentary process felt by broad layers of the working class. Media commentary focuses on the probable size of Labour's victory and the scale of the Conservative (Tory) defeat, yet the contrast between the optimism generated by Labour's victory in 1997 and the indifference towards this year's poll could not be more stark.

Should Labour win a sizeable majority, this will have more to do with the continued decline of the Tory party than any popular enthusiasm for Tony Blair's government—indeed there are as many predictions of record low turnouts as there are of record Labour majorities. None of the big business parties presently enjoys a mass base. Voter participation in local elections and parliamentary by-elections has fallen consistently, particularly in the inner-city areas. Amongst the youth there is little party loyalty, and the average age of the membership of all the mainstream parties is over 50.

Labour Prime Minister Blair has promised yet again to prioritise essential public services, such as education and health, and tries to emphasise his party's differences with the Conservatives. But this rings hollow for millions of people whose lives are blighted by hardship and economic insecurity. Labour has had four years in office, during which it has succeeded in dissipating the reservoir of goodwill that greeted its election in 1997.

Throughout the 1980s and early 1990s, four Conservative governments pursued a political offensive on behalf of big business against the working class. Tory policies of “rolling back the frontiers of the welfare state”, opening up Britain to global investors and corporations and creating a cheap labour economy polarised society between a handful of the super-rich and the vast majority of the population, who suffered from falling living standards, financial uncertainty and the impact of deteriorating social services.

Labour won its largest-ever parliamentary majority due to a deep well of anti-Tory sentiment that wiped out the Conservatives as a political force in large areas of the country. Nevertheless, this victory was built on a political fault line.

Labour had come to power with the backing of dominant sections of big business, who demanded that it continue former Conservative Prime Minister Margaret Thatcher's pro-business agenda. But it had to do so without stoking up the type of class antagonisms that had destroyed the Conservative Party.

To this end, Blair pledged “New Labour” would be a “people's government,” which would unite Britain by keeping what he claimed was positive in Thatcher's legacy—a commitment to a dynamic market economy and the curbing of industrial strife—while tempering her overzealous defence of business interests and disregard for the fate of the most vulnerable in society.

Labour pledged to heal the social divide created by 18 years of Conservative rule, promising, “things can only get better”. Blair even went so far as to state that his party would not deserve re-election if it had not reduced inequality by the end of its first term. By placing greater importance on securing national unity and implementing policies to help the “socially excluded”, Labour would prove that it was indeed possible to reconcile the drive for profit with protecting the social interests of working people.

This would not be accomplished through a return to what was derided as old-style “tax and spend” policies. Instead, Labour espoused a political “Third Way”, which was meant to signify a break with its historic commitment to a programme of social reforms.

Blair insisted that Labour would not function as a narrowly class-based party, proclaimed to be the chief political error of the Tories. Indeed, Labour's split from the Liberals nearly one hundred years ago, and its founding as a party based on the trade unions, was declared a historic mistake. Blair boasted, “The class war is over”, even as he ruthlessly imposed the dictates of his big business backers.

The full significance of Labour's political evolution cannot be overstated. The party formed by working people as a vehicle to defend their own interests has become the favoured party of the super-rich and the major corporations. Official politics has become the exclusive preserve of big business, the media barons and a narrow, privileged layer of the upper-middle-class to whom all the major parties cater.

The central task posed by this election is the political rearming of the working class in order for it to secure its independence from the parties of big business and take up a struggle in defence of jobs, living standards and democratic rights. At the start of the new millennium the working class has been effectively disenfranchised and stripped of even the most rudimentary means of opposing the predatory encroachments of capital. As a result, millions of workers have suffered an unprecedented reversal in their social position.

In all the electioneering of the next few weeks, the one thing that will not be discussed—the issue that, in fact, defines the record and policies of the Labour government—is the unprecedented growth of social inequality in Britain.

Under Labour, the richest fifth of the population has increased its share of national after-tax income to 45 percent. Within the first two years of Labour coming to power, the wealthiest 10 percent of the population recorded their highest share of national income since 1988, during the Thatcher regime.

The millionaires club is now growing at a rate of 17 percent a year. Last year's *Sunday Times* “Rich List” recorded an increase of almost £31 billion (\$43.4 billion) in the collective wealth of the richest thousand people in Britain—the highest surge since the first annual list was compiled

12 years ago. In all, the wealth of the top one thousand now totals almost £157.7 billion (\$220.8 billion).

Those involved in corporate mergers and acquisitions have been some of the greatest beneficiaries, with individual bonuses and share option payouts alone of up to £10 million (\$14 million). The market in luxury goods has experienced an unparalleled boom. According to the *Economist* magazine, "Not since the late 19th century has there been such a rush to build new stately homes. At the moment one official body responsible for vetting these new buildings is receiving two or three applications every month".

As well as the super-rich, a narrow layer of the upper-middle-class has benefited from the speculative boom on the stock markets. The ranks of what are somewhat disingenuously termed the "mass affluent"—those with more than £50,000 (\$70,000) of liquid investments—rose by half between 1995 and 2000. The economic and social interests of this layer, which comprises just six percent of the population, have largely shaped Labour policy. Less intolerant than the Tories on lifestyle issues and questions of race and sexual orientation, Labour is hardly less authoritarian on law-and-order matters, or less eager to see public spending cut and direct taxation curtailed. Above all, they are enthusiastic supporters of the "free market".

In contrast to the vast accrual of wealth at the apex of society, the working class has experienced a levelling down of its living standards. The Organisation for Economic Cooperation and Development (OECD) estimates that more than 55 percent of the British population has experienced poverty at some time over a six-year period. Almost 15 million people, including four million children, live on less than half the national average wage. Almost half of all single parents live in poverty, and 80 percent of children in single parent households are officially classified as poor.

The child poverty rate in Britain is the third highest of all industrialised countries, outstripped only by Russia and the US. Low birth weights in the UK are on par with Albania and are behind countries such as Singapore and Slovenia.

The majority of the working class—those who do not fall below the government's criteria for poverty—endure a hand-to-mouth existence. Most families are dependent on two salaries coming into the home, with women now constituting almost half the country's workforce. Despite longer working hours, there has been a significant increase in the ranks of the "working poor". The service sector is Britain's major employer, accounting for more than 70 percent of the working population, in jobs that are often characterised by low wages and temporary contracts.

Inequalities in income are directly related to inequalities in health. The incidence of premature death, obesity, high blood pressure, accidents and mental health problems is higher among the poor and unskilled than among the well-off. In the early 1970s, the mortality rate for unskilled men of working age was almost twice that for professional men; today it is almost three times higher.

Labour has honoured its commitment to big business to continue the economic agenda of the Tories. It gave the Bank of England independence in setting interest rates, freeing monetary policy from direct government control. Corporation tax has been slashed to the lowest level in Europe, and the Tories' tight restrictions on public spending were maintained during Labour's first two years in office.

Labour has also pressed ahead with a further series of privatisations, and the Private Finance Initiative (PFI) is being expanded into hospitals, schools, the courts and other areas of public administration. Labour's early public spending squeeze and the revenues from the sale of state assets helped it last year to accumulate a £16.5 billion (\$23.1 billion) budget surplus—the largest on record—and to make a net cash repayment of £34 billion (\$47.6 billion) for the national debt, more than the combined total repaid by all governments over the previous 50 years.

From the standpoint of big business, however, Labour's most significant

initiative is its continuing effort to reshape social policy in Britain.

From 1945 until the late 1970s, British politics and social policy, regardless of whether Labour or the Conservatives were in office, was conditioned by their common desire to defuse social tensions between the classes. To this end, the welfare state model was adopted to ensure that certain social rights were made available to all and no one fell below the minimum needed to survive in modern society.

Paralleling these measures was a deliberate attempt to cultivate a relatively privileged layer of administrative personnel and middle managers to act as a social buffer between the ruling elite and the working class.

The upper echelons of "white collar" employees, as well as the more skilled workers in industry, were encouraged to view themselves as a distinct social stratum—often with interests distinct from and even antagonistic to those below them on the social ladder.

In contrast, for the past two decades successive governments have been implementing policies designed to promote the enrichment of a privileged few at the expense of the vast majority. Ever broader layers of the working class, including those who would once have considered themselves middle-class, have been thrust into financial insecurity, while any reliable social safety has been net ripped from under their feet.

The Conservatives carried out a systematic policy of slashing the value of welfare entitlements and pensions, while at the same time running down state-run education and the National Health Service. The ruling elite viewed such measures as essential for British capitalism to compete in the global marketplace and attract investment from the transnational corporations.

But their attempts to cut overall public expenditure failed, in large measure because the mass unemployment engendered by their policies, coupled with the demands of an aging population, meant that ever greater numbers were placing demands on the depleted social welfare system. The nettle that had to be grasped, and which Tory Prime Minister John Major felt he could not tackle after he replaced Thatcher in 1990, was the ending of the universal right to welfare benefits and state-financed pensions.

It has fallen to Labour—the party most associated with the formation of Britain's welfare state—to seek the elimination of the complex system of economic and social measures upon which millions of working class families have relied for the past fifty years.

Blair's so-called "New Labour" government denounced the post-war system of universal welfare provisions for promoting a "culture of dependency." In its stead Blair proposed a two-pronged approach: the introduction of "targeted assistance," supposedly aimed at overcoming the "social exclusion" of the poorest members of society, and measures to move the majority of benefit recipients off of welfare and into the workforce.

Blair insisted that there were "no rights without responsibilities." Only those unable to work for reasons outside of their control—the "deserving poor" of Victorian times—were entitled to state assistance. The majority of claimants should be made to work, no matter how poorly paid. To this end, Labour introduced the "New Deal" scheme of compulsory workfare for all unemployed aged 18 to 50 years old, and extended it at on a "voluntary" basis to lone parents, the disabled and those over 50. Labour has, in addition, replaced many universal benefits with means-tested "tax credits", paid via the wage packet.

The thrust of Labour's changes in benefit policy is to expand the reservoir of cheap labour available to big business, presenting a harsh choice to the unemployed—work or starve. Its introduction of a minimum wage was set at just £3.60 (\$5.04) per hour, and although a small section of workers benefited marginally, its broader impact has been to set a low benchmark to which the existing wage rates of many workers have been depressed.

Like their Tory predecessors, Labour has found that it is impossible to

make significant inroads into public spending without tackling the state retirement pension, which consumes 47 percent of all benefit expenditure, the single largest amount, compared to 5.3 percent given to the unemployed.

Almost 11 million pensioners rely on the basic state pension, yet Labour has refused to restore the index linking of pensions to average earnings, a provision that was ended by the previous Conservative government. Consequently, more than half of all single pensioners receive less than £90 (\$126) a week, and those retirees primarily dependent on state pensions account for more than three-quarters of the 500,000 extra people thrown into poverty between 1997 and 1999.

The erosion of the value of the state pension lowers overall state expenditure and simultaneously, together with various government incentives, forces people to join private retirement schemes. Labour trumped the Tories by announcing it intended to replace the universal state pension with a "stakeholder pension". This will be overseen by the government, but run by the private sector, with the value of benefits determined by the level of contributions made during a person's working life.

Two other areas of the public sector that have proved most problematic for Labour are education and health, precisely because of the extraordinary degree of public concern over their fate under the Tories. But despite the assurances Labour gave in 1997, it has continued the Tories' squeeze on spending in these areas, and extended the drive towards privatisation—turning vast parts of state provision into an arena for generating profits.

To date, the government has signed more than £13 billion (\$18.2 billion) worth of Private Finance Initiative deals, where corporations are given the job of building and running public sector projects, and it has committed more than £84 billion (\$117.6 billion) over the next 30 years to servicing PFI deals. Many Local Education Authorities have been handed over lock, stock and barrel to private "edu-businesses". As a result, the private education services sector is growing at around 30 percent per annum.

Historically, comprehensive secondary education in mixed-ability schools was first introduced by Labour. Such schools were intended to be a more egalitarian replacement for the old two-tier system of grammar schools and secondary moderns based on selection at age 11. During the 1980s, the Tories made no secret of their intention to get rid of Comprehensives, return to selection and encourage the growth of the private education sector.

Blair indicted the Tories for neglecting education, attacking the notion that a cheap labour economy was enough to ensure economic success. He asserted that Britain also needed a skilled and educated workforce. This, however, did not mean that Labour sought a renewal of the state sector as it previously existed. Instead, in the name of "the pursuit of excellence" and equipping young people for the "challenges of the global economy", the government has refashioned education policy in order to promote academic selection, thereby heightening the inequities of the system.

The majority of pupils are to be educated to the minimum level of literacy, numeracy and Information Technology skills needed to function within the modern labour market. The more socially privileged layers, who generally record higher Standard Assessment Test results, are to be creamed off to schools specialising in subjects like science or math. Schools are also being encouraged to link up with one or another corporation, teaching a suitably modified curriculum and giving the sponsoring businesses a chance to headhunt the more gifted pupils.

Tory-inspired exam "league tables" have been used as a crude yardstick to declare poorly performing schools as "failed" and close them down, more often in the most deprived inner-city areas, while the number of private fee-paying schools, which currently constitute almost eight percent of Britain's education system, are being expanded through special government incentives.

At the same time Labour's policies have deepened the already pronounced class bias within Britain's higher education establishment. The introduction of student loans and £1,250 (\$1,750) annual tuition fees means that less than half the potential students from working class backgrounds are likely to apply for a university place, while the rising financial burden of study has increased the dropout rate. This situation is set to worsen, with the top universities already petitioning the government to allow them to charge tuition fees of anything from £7,000 (\$9,800) to £20,000 (\$28,000) per annum.

The fate of the National Health Service (NHS) has been no less tragic. Since its inception, the NHS has suffered from persistent neglect and under-funding, while the ruling elite and the better-off enjoy access to exclusive private health care facilities. In the 1960s, only one third of planned hospital construction actually took place, and after the International Monetary Fund imposed spending cuts on the Labour government in 1976, most health infrastructure development was brought to a standstill. As a result, at present some 50 percent of hospital beds are to be found in pre-1914 buildings.

Today, obtaining treatment from the NHS, the "jewel in the crown" of the welfare state, is routinely referred to as a "lottery", largely determined by one's postcode, where the losers face either long-term physical impairment or death.

Low wages and the development of a substantial private health care sector have left the NHS with 20,000 nursing vacancies; many junior doctors must currently work more than 56 hours a week. Waiting lists for hospital treatment are as long as ever, taking into account that an estimated half a million people are forced to wait more than 13 weeks for an outpatient appointment before they can even be placed on a list. It is not unusual for those awaiting life-saving treatment to have their operations routinely postponed. For some patients this has happened so many times that their condition has become inoperable.

Labour has expanded the internal market in the NHS introduced by the Tories. Hospitals have been encouraged to specialise in the treatments they offer at the expense of a comprehensive service, leading to patients being shipped from ward to ward in search of an operation, sometimes dying en route. Labour has sanctioned the rationing of health care, either on the grounds of so-called "life-style choices" or the claim that some treatments are too expensive.

Despite Blair's services to date in behalf of big business, as far as the ruling class is concerned Labour has only made a down payment on a bill they expect to be paid in full over the next five years. Blair has earned some criticism in ruling circles for being indecisive and overly concerned with his ratings in the opinion polls, rendering his government too irresolute to take forward the type of social offensive being demanded in Britain's boardrooms. Newspapers from the tabloid *Sun* to the *Financial Times* have insisted that the next Labour government must be far more radical in its efforts to eliminate welfare and slash corporate and personal taxes for the wealthy.

The running down of the country's welfare system, state education and health provisions is an exercise in social engineering that is taking the British ruling class into uncharted waters.

The initial impact of these changes has been an increase in the financial difficulties facing the mass of workers and their families. According to Patrick Stevens, a tax partner at accountants Ernst & Young, "a disproportionate amount of pain is probably being felt by people in the £12,000 to £30,000 (\$16,800 to \$42,000) a year income bracket."

The longer-term impact of the destruction of welfare will be devastating. Entire generations have grown up relying on the system of state provisions into which they have paid for decades, only to see it run down to the point of collapse. The majority of ordinary working people have no possibility of financing the level of payments that would make private schemes a realistic option. Most people—and not just the very poor—are spending

almost every penny they earn just to meet their everyday living expenses.

According to the Institute of Fiscal Studies report *Ownership and the Distribution of Wealth*, "At the bottom of the wealth distribution there appears to be an increasing number of households with no wealth at all, while levels of readily accessible wealth (not tied up in housing or pensions) held by the majority of the population remain very low".

Britons save only 3 pence out of every pound earned—down from 10.5 pence in 1997. Ten million adults cannot afford regular savings of just £10 (\$14) a month, and half the population has £200 (\$280) or less in savings. The situation for those under 40 is especially precarious: some 80 percent of single parent families aged 24-35 do not have a savings account, and more than four in five people under 24 have not been able to save any money for the last two years.

Record rates of personal borrowing—now put at £657 billion (\$919.8 billion)—reflect the fact that for many, credit is the only means of keeping afloat. The average debt per adult—excluding mortgages—is around £15,000 (\$21,000).

Many ordinary families have long regarded home ownership as the way to provide some form of security in old age, and almost three-quarters of the population are buying their own homes. But this asset is only realisable after repayment of a mortgage, usually over 25 years or more, and once interest payments are taken into account the total cost can be more than double the original house price.

During the 1980s, an economic recession and high interest rates pushed mortgage repayments up from an average of 30 percent to 70 percent of total household income. This plunged hundreds of thousands into "negative equity," where the current value of their home was far below the mortgage they were repaying, leading to tens of thousands of repossession.

So far, Labour has enjoyed the benefits of a continued growth in the economy, falling unemployment levels and a boom in credit-fuelled consumer spending that has helped mask the growth of social divisions. But the storm clouds of world recession are gathering. A serious economic downturn will plunge millions over the edge into financial destitution and spark a period of intense social unrest, under conditions in which the bourgeoisie's traditional mechanisms of rule are in crisis.

The reputation of the monarchy is at an all-time low, as is confidence in the police and the legal system. Religious belief has collapsed, with Britain recording one of the smallest percentages of the "faithful" in the world. The devolution of certain powers to Scotland, Wales and Northern Ireland, intended to restore national cohesion by allowing for a limited form of self-rule, has only encouraged separatist tendencies. The Conservative Party, once advanced as "the natural party of government", has become all but unelectable, and is riven by factional infighting. It no longer has the ear of the dominant sections of finance capital on which it has historically been based.

The most fundamental political shift of all is in the Labour Party's relationship to the working class. In Britain, every major social and democratic advance over the past 100 years has been bound up with the efforts of the working class to mobilise its collective strength against the political monopoly of big business—through the trade unions and the political representation afforded by the Labour Party.

Despite being formally committed to socialism as a final goal, Labour and the unions have always defended the fundamental interests of big business. They won the loyalty of the working class by holding out the prospect of reforming the profit system to ameliorate its worst excesses.

Now Labour is setting out to dismantle the welfare state and reverse the social gains made by the working class. The trade unions, for their part, function more or less openly as instruments of corporate management. Their efforts are concentrated on suppressing industrial action or any other form of protest against the Blair government. This reached its high point during the recent fuel tax protests, when the Trades Union Congress

supported calls for the army to be mobilised against the demonstrators.

At first glance, it may seem extraordinary that despite enjoying an unassailable parliamentary majority, the Blair government has felt it necessary to implement a raft of draconian laws aimed at undermining democratic rights. This stretches from restrictions on free speech and assembly, to limitations on a suspect's right to silence, to the abolition of jury trials in some cases.

But this apparent contradiction reflects the fact that a national consensus cannot be sustained on the basis of policies that systematically undermine the living standards of the broad majority. Whatever the immediate outcome of the general election, the rightward trajectory of official politics has left a gaping vacuum on the left. With working people unable to articulate even their most elementary interests within the existing set-up, the conditions are emerging for a political break by the working class from Labour and the construction of a new mass socialist party.



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