

# Britain: Prime Minister Blair selects new cabinet for Labour's second term

**Julie Hyland****16 June 2001**

Britain's new parliament met for the first time on Wednesday, following the June 7 general election, with members of Parliament (MPs) swearing an oath of allegiance to the Queen. Labour now enjoys a 167-seat majority and Prime Minister Tony Blair lost no time in reshuffling his cabinet. Having pledged that his government would "hit the ground running", Blair announced the first cabinet changes on June 8, with the junior appointments following shortly afterwards.

A total of 22 have left the government, and six new members were brought into the cabinet. In all, Blair could decide the appointment of some 114 government members, from the chancellor of the exchequer down to his own parliamentary private secretary. The changes were meant to show that whilst Labour had been returned to office, it would not simply continue as before. Rather, a "new" New Labour government was taking over.

Beyond the spin, there is an element of truth in the message Blair hoped to send out with his reshuffle.

In 1997, Labour was the beneficiary of a massive backlash against the Conservatives. From 1979 successive Tory governments had carried through a right-wing offensive against the social gains and democratic rights of the working class. Large sectors of previously state-run industries—such as transport, steel and coal—were privatised and thousands of jobs destroyed. Efforts to slash public spending, combined with tax breaks for the super-rich and major corporations, saw significant inroads made against welfare provisions and social services. By 1997, Conservative support in the middle class had collapsed, whilst millions of ordinary working people, who had born the brunt of the Tory attacks, looked to Labour to make good on its campaign promise that "Things can only get better".

To win office in 1997, Blair was forced to face several ways at the same time. Whilst making clear to big business that he largely intended to continue where the Conservatives left off, Blair told working people that his government would redress the social injustices imposed by the Tories. In particular he claimed that Labour would safeguard and improve the state-run health and educational provision on which the overwhelming majority of the population rely.

In the main, over the past four years Blair has kept his promise to big business. Corporation taxes have been cut still further and public spending held down. As a consequence, social inequality under Labour has risen to record levels.

In two key areas, however—Britain's prospective adoption of the

European single currency, the euro, and a more overt policy of privatising health and education—Blair has been forced to hold back.

Blair had originally sought to resolve the issue of euro membership, which has caused deep divisions within ruling circles, by pledging to hold a referendum on the issue during his first term in office. Labour's more euro-friendly face was one of the reasons that sections of business switched their support from the Conservatives prior to the last election. However, the government also relies on the support of influential anti-euro business figures such as Rupert Murdoch, whose News International media group champions Blair as the next best thing to Margaret Thatcher, whilst making plain it will turn on the Labour government if it pursues a too euro-friendly line.

To avoid confrontation over the issue, the referendum pledge was dropped during Labour's first term, with Chancellor Gordon Brown saying Britain would only join when "five tests" were met, meant to show the convergence of the British economy with that in the eurozone. This caused dismay amongst those transnational corporations that have located in Britain as a cheap labour base for their operations in Europe, as well as increasing divisions over the issue within the Labour Party.

With the euro set to become fully operational throughout the eurozone next year, Blair cannot afford to postpone a decision much longer. Even if the prime minister were to set the date for a referendum, the government would have to allocate a relatively lengthy period of time to try and swing public opinion—currently overwhelming opposed to euro entry—in its favour, whilst trying not to incur the wrath of the anti-euro camp.

Similarly, although Labour has expanded the Tories' Private Finance Initiative (PFI), it has been cautious to play down the real consequences of this programme—which amounts to back door privatisation—because of the opposition it would meet amongst working people. Labour has presented PFI as a private-public sector "partnership", aimed at improving public services and as a "third way" between the present largely state-run provisions and wholesale privatisation.

But the government has proceeded more cautiously in regards to privatising health and education provision. Whilst certain areas of health care and school services have been given over to private operators, provision as a whole remains within the public sector.

Big business however, has grown impatient and is demanding that Blair grasp the nettle and open the National Health Service

and state schools entirely up to private capital to be run on a “for profit” basis.

Blair has thus selected his new cabinet mindful that it will be responsible for pressing ahead with these highly contentious policies, under conditions in which support for his government has slumped.

In the first place, out has gone anyone who has ever spoken out of turn. Robin Cook, former foreign secretary, was demoted to leader of the House of Commons—responsible for the parliamentary timetable. Never a personal favourite of the prime minister, the Times commented that “Blair decided to move Robin Cook from the Foreign Office because he did not want the early months of his second term dominated by an alleged split between the Foreign Office and the Treasury over the euro.” Cook was said to be shell-shocked by his removal, and was reported to have initially considered resigning rather than accept demotion.

Cook’s place in charge of Britain’s foreign policy has been taken by Jack Straw, the former home secretary, who, in that position, had introduced a raft of draconian legislation on criminal justice and civil liberties aimed at proving Labour’s commitment to be “tough on crime”.

John Prescott remains deputy prime minister but has been effectively sidelined by moving him from the Department of Transport to his own office in the Cabinet Office. Although a loyal enforcer of party policy, Prescott has been something of a liability. Not only has the former trade union bureaucrat faced angry criticism over the poor state of Britain’s rail and road network, he is given to somewhat vulgar displays. Nicknamed “two Jags” on account of his owning two luxury Jaguar cars, he takes open delight in his ostentatious living standard, and during the election campaign was recorded on camera physically attacking a protester who had thrown an egg at him.

David Blunkett, who pioneered Labour’s efforts to dismantle the comprehensive education system as education secretary, is promoted to home secretary. After his appointment, Blunkett is reported to have remarked privately that he would make former Home Secretary Straw “look like a liberal”. On Sunday, Blunkett appeared in the tabloid News of the World, which had previously run a campaign to publicly identify convicted sex offenders, pledging new legislation on paedophiles.

Estelle Morris, the former schools minister who, had won kudos in New Labour circles for her hard-line stance insisting teachers should be paid according to their “performance”, was promoted to take charge at the new Department of Education and Skills. Other Blairites promoted to the cabinet include Patricia Hewitt as trade secretary, Tessa Jowell as culture secretary and Hilary Armstrong as chief whip.

Gordon Brown remains as chancellor, but the changes made have reduced his influence within the cabinet, whilst strengthening Blair’s control over government policy. Besides being seen as a potential leadership challenger to Blair, Gordon Brown has been particularly cautious on euro membership, stressing that Britain would not join until the economic conditions were right.

Whilst the government has been at pains to stress nothing has changed regarding its euro policy, Straw’s promotion is being seen as a signal that Blair will now evince more open support for

single currency membership and prepare the way for a referendum on the issue within the next year. Although previously considered “euro-hesitant”, the Financial Times reported that some months before the election, Straw had told Blair he was prepared to champion euro membership if the conditions were right.

The appointment of pro-euro enthusiast Charles Clarke as party chairman tends to confirm this view. Clarke, who joins the cabinet, is said to be antagonistic to Gordon Brown and will be in charge of the party machine during any referendum. Nick Brown, an ally of the chancellor, was removed from the Ministry of Agricultural but remains in government as minister for work and retains the right to sit in on cabinet meetings.

In addition a “policy delivery unit”, reporting directly to the prime minister, is to be established at the Cabinet Office. Headed by a businessman, the unit’s role will be to brief the cabinet’s public spending committee. The Financial Times reports that within Labour circles the unit is regarded as a “counterweight” to Brown, who chairs the spending committee and whose Treasury Department controls all public spending.

As regards public services, in the run up to the general election, news was leaked that the pro-Labour think tank, the Institute for Public Policy Research, had prepared a report on further privatisation to be carried out in Blair’s second term. The report, held back until after the election, proposed allowing private contractors to run health services, and did not rule out the private sector entirely taking over the provision of health care.

The promotion of people like Blunkett and Morris, who have particular experience in taking on public sector workers, indicates that implementation of such measures are now a certainty.

As if to underscore this, the government also announced the creation of a new Ministry for Work and Pensions, formed from a merger between the Department of Social Security and the Employment Department. Alistair Darling, the secretary of state at the new department, has said its task will be to press ahead with welfare reform. Everyone under retirement age seeking to claim benefits will first be interviewed about his job prospects. Darling said there would be a “tighter regime to make sure people can and actually do help themselves.”



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