Blair’s proposed destruction of public services opens "second front" at home

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Prime Minister Tony Blair unveiled his plans for Britain’s essential public services in an article entitled “Where the Third Way Goes from Here” on the Progressive Governance Web Site (www.progressive-governance.net/php).

Blair’s policies are aimed at turning public services over entirely to the free market and in so doing ending all attempts to lessen the social inequality and hardship created by the profit system and removing all restrictions on wealth accumulation. That he took time out from drumming up international support for his illegal war against Iraq to draw up his blueprint underscores that the drive to war and colonialism abroad is intimately bound up with the systematic impoverishment of working people at home. A fabulously wealthy financial elite, in whose interests Blair’s government rules, dictates both policies. Yet his blueprint for the opening of a second, domestic front, received only cursory attention from a media desperate to conceal this fundamental truth.

Blair starts his proposal by making a fundamental point about the economic and political context for his strategy. “In the global economy”, he writes, “the optimism of the late 1990s has dissipated. Financial markets have fallen. The risks of deflation and prolonged slowdown exacerbate structural problems in much of Western Europe and Japan. Trust towards those in authority has diminished, and the legitimacy of politics is under greater threat than ever before.”

His task therefore is to find new sources of profits for the corporations and reduce their costs. This he describes in truly Orwellian fashion as defining “the next phase of progressive politics”—a revitalised Third Way.

When Blair came to power in May 1997, he presented the Third Way as an alternative to both state-run services and wholesale privatisation. In reality, this signified nothing less than Labour’s break with its historic commitment to a programme of social reforms. The Third Way meant, he insisted, “acceptance of fiscal and market disciplines,” a “rights and responsibilities approach based on conditionality in welfare,” to be “strong on law and order” and a commitment to *diversity* —i.e., encouraging private provision—in the supply of public services.

This has led to “targeted assistance” as opposed to universal benefits, and a variety of measures, most notably the New Deal, aimed at getting the majority of benefit recipients off welfare and into the workforce in order to expand the pool of cheap labour for big business.

One of the government’s first attacks was in higher education, with the ending of student grants, the introduction of annual tuition fees (£1,100) and increased student loans. It has rebranded the Tories’ Private Finance Initiative (PFI) as Public Private Partnerships (PPP) whereby private corporations are given the job of building and running public sector projects and services. The government has signed more than £3.9 billion in 2000-01 and £3.6 billion in 2001-02 worth of PFI deals in transport, the criminal justice system, health, education, etc., with many more in the pipeline.

Successive cuts in Corporation Tax have made Britain the tax haven of Europe. The wealthiest have seen their income tax fall, while the broad mass of the population are paying an ever greater percentage of their income in a variety of different consumption based taxes on insurance, travel, petrol, energy, etc.

But this is not enough: Employers want more tax breaks and support schemes.

Blair’s new policy is also dictated by the need to adjust to the political realities that flow from the installation of a far right Republican administration in the White House. He, like the rest of the European powers, initially underestimated the significance of the new Washington regime, its rightward lurch and the financial gangsters that back it. Now, forced to acknowledge that it is very different from the Clinton administration, he must make the appropriate adjustment.

“While the Third Way provided a transatlantic bridge to the Clinton Democrats, the contours of US politics have changed fundamentally post September 11th and following the collapse of the dot.com bubble. Within Europe, the grip on power that governments of the modernising Left enjoyed in the late 90s has been weakened,” the prime minister writes.

In other words, the mood has changed, and Blair has to dance to the tune of the corrupt layer around Bush. He knows full well that if he does not give big business more of what it wants, then the media and the right wing corporations that control it will surely turn on his government. And he will find himself targeted for opprobrium by Rupert Murdoch’s News International and others who presently portray him as a politician of Churchillian stature.

Blair insists that what remains of the post-1945 welfare state must go, supposedly on the grounds that is has failed to promote either equality or meritocracy. Blair cites research from centre-left academics such as Professor Julian Le Grand from the London School of Economics to show that the more prosperous layers benefited most out of the expansion of state education and the

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National Health Service. According to Le Grand, “The provision of free state education has created neither equality of use, cost nor outcome. Indeed, it is possible that it may even have created greater inequality.”

This for Blair provides the excuse to dismantle the welfare state, abandon any notion of the social provision of services, and promote rampant individualism. “Reform of the state should be the core animating idea of the progressive governance agenda this year,” he writes.

(Without implying that Professor Le Grand would endorse Blair’s use of his statistics, it is interesting that Blair appeals to intellectuals and academics to provide a “progressive” cover for his reactionary policies. “We need to connect more with intellectuals and academics from every field of human endeavour,” he insists.)

Public services, if they are to exist at all, must be turned into commodities and citizens must become consumers who purchase them. From here on the sole purpose of the state is to bankroll corporations and the financial elite.

Blair poses a series of questions that function as a trailer for his right-wing pro-business programme.

He begins by asking how the European socio-economic model (*aka* government provision of welfare and public services) is to respond to “a more rapid and destructive change”? His implicit answer is that it cannot and so social insurance will have to go.

He then asks, how much of the cost of training, decent pay and conditions and environmental costs can the private sector legitimately be asked to bear without imposing unnecessary social costs that damage enterprise? Obviously not a lot, and so there must be even greater deregulation, including enabling employers to hire and fire at will. His ominous reference to “employer provided benefits” means above all lightening the “burden” of their occupational pension commitments upon which workers depend.

Next, how should further and higher education, transport, the physical infrastructure and pensions be funded? Blair’s prescription is to change the balance between tax funding and user charges by extending the “principle” of road pricing and tuition fees for students to all aspects of service provision. This would end the notion of pooling costs and risks among society and between generations. Everyone must pay as they go or take on debt to pay for what they use. He argues for “innovative ways” of getting business involved in financing education and training so that it can tailor the school curriculum, vocational and work-based training to meet its needs.

Blair suggests, “We must develop an acceptance of more market-oriented incentives” throughout the public sector. In education, he shamelessly champions “new entrants to the *schools market*” [emphasis added] i.e., private schools.

He also wants to see more private sector provision of healthcare so that patients have a choice. The nature of that “choice”, where shortages are the rule not the exception, becomes clear in the next sentence where he advocates “adopting radical approaches to self health”—meaning to take out private insurance or pay for your own treatment. Already there are plans to turn the National Health Service (NHS) into an insurer alongside competing private insurers that would purchase healthcare from both NHS and private hospitals.

Blair also espouses “new forms of co-payment in the public sector,” implying there will now be user charges for health, education and other social services on top of the tax revenues that are already given over to private corporations. He proposes to extend the principles underlying the establishment of Foundation Hospital Trusts, or “public benefit corporations”—whereby public hospitals are to be free from government control and allowed to seek private finance and form joint ventures with the private sector, while remaining publicly funded—to all public services.

The government is soon to legislate for a new type of company, a public interest company (PIC) that will include not just former public agencies but also charities and the voluntary sector. Rationalised with the rhetoric of “local control”, “stakeholder involvement” and “freedom from government interference”, it signifies the end of a planned universal and comprehensive service and allows the private sector to take over service delivery—while cherry picking and cream skimming the services it provides and the patients it treats.

Blair goes on to say that he believes that we “should no longer presume that work is the ‘be all and end all’ of life,” but seek to “meet an increasing public demand” for flexible working—a “year off” and “exercise entitlements to paternity and maternity leave”. Here he is appealing to socially privileged layers who are the only ones who could conceive of such an option. But then he goes on, “our conception of an active labour market should be less fixated with paid work as the determinant of participation, and treat volunteering, caring and unpaid employment as equally deserving.” Here he is preparing the working class for necessity of looking after family members who are elderly, sick, or disabled and/or the requirement to undertake voluntary work for those in receipt of state benefits.

Similarly he advocates an extension of the New Deal whereby people in receipt of benefits are forced out of welfare and into workfare whether in the voluntary or private sector, thereby providing a subvention to the low wage paying corporations.

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