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en Grande-Bretagne, 1990-2000

A Labour MP's Experience

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A Labour MP's Experience

Peter Kilfoyle

- 1 Firstly, we should note that the agenda of civil servants is set in a longer time frame than that of individual elected governments. Admittedly, that allows for continuity between elected governments with very different policy priorities, if not very different policies altogether. Moreover, the civil servants consequently maintain a different perspective to that of politicians.
- 2 Secondly, it strikes me that governments are belatedly taking note of the demographic shift which is under way, in terms of both the changing age profile and changing geographical concentrations in an age of high personal mobility.
- 3 Thirdly, there is, consequently, a looming problem of how we fund pensions, especially in the public sector, but for those in the private sector as well. There are particular concerns over how, in my country, these rising costs will impact upon the Exchequer.
- 4 Fourthly, there are the increased problems of alienation amongst the young, particularly those who are both economically and socially excluded, and all which flows from that alienation – lack of aspiration, under qualification, anti-social behaviour, repudiation of formal political participation. Finally, I would hope that we all share the view that unemployment is not simply to be reduced to an economically utilitarian context. It is both a social and philosophical issue for us all.
- 5 Hence, we should bear in mind that unemployment figures are a by-product of social security research. They are not, of themselves, compiled for altruistic reasons, but in order to accurately gauge the costs of the benefits system to government. Over time, the prime use of these figures should be viewed in the context of government's need to balance its book, not as a result of an objective assessment of the needs of the unemployed as people.
- 6 Thus the way in which those figures are compiled in the United Kingdom and are subject to constant revision – over 30 individual changes between the years 1979 and 1997. Primarily, these changes have served to reduce the total figure of those officially declared to be unemployed, and those 'reductions' have had a political purpose. Let me give some examples. In 1982, a change from registrant to claimant count reduced the monthly

average of the total unemployed by between 190,000 and 216,000, depending upon which auditing source one uses. In 1983, budget changes in the compilation of figures led to a reduction in the total figure, of 162,000. Also in 1983, changes made in the definition of a school leaver took around 200,000 out of the total of officially unemployed. As a result of the 1988 Social Security Act, up to 400,000 were redefined from being officially unemployed. In 1996, the introduction of Job Seekers Allowance took anything between 100,000 and 200,000 off the lists.

- 7 As you can see, notwithstanding the questions of dubious definition, the figures, and the methodology behind them, have continued to be imprecise, cloaking the actual numbers. This, in turn, affects the availability of a whole range of benefits, with all which that implies for those in need of support; and for policy making relevant to those needs. Naturally, I would look to the city which I have the honour of representing, to exemplify the historical conditions which have given rise to the practical difficulties faced today. After World War II, the British Establishment – not, I hasten to add, for either the first or the last time – looked to a rather romanticised and idealised past, and showed scant vision about future needs. My own city was essentially a commercial city, based upon its docks. As continental ports – Hamburg, Rotterdam, Antwerp, Cherbourg – reinvented themselves, investing for the future, the British Government set up a commission to look at the needs of our ports. Interestingly, the Wolfenden Report – for that was its name – revealed that whilst trade unions argued the case for investment and modernisation, it was the small-minded employers who opposed change – a metaphor for the failure of British employers and management, and a fine example of the lack of imagination in an island nation, a maritime nation. In the course of time, this failure had a devastating effect on Liverpool. By 1979, and the advent of a long period – 18 years – of one-party rule nationally, the city was not just stagnating, but going backwards. New technologies and containerisation passed us by. Worse still, with our accession to the European Common Market, exporters looked increasingly to the British east coast facing mainland Europe. Trading with the Western Hemisphere increasingly shifted to a European basis – why double-handle your trade via increasingly redundant ports on the west coast of Britain?
- 8 The new Conservative government had a simple answer to the increasing unemployment in Liverpool, published in a report the initial name of which summed up their attitude. It was called ‘The Managed Decline of Liverpool’, drawn up by the then Chancellor of the Exchequer, Geoffrey Howe. Its purpose was to literally run down a conurbation of one and half million people, centred on Liverpool. The last thing to concern the then British government was a city with a large and unruly lumpen element in its population. These were, of course, in very deprived communities who had suffered generational unemployment in many, many families. The government wished to engineer structural unemployment, and the reaction was swift and devastating. The riots in Liverpool – and other British cities – of 1981 were not, despite contemporary claims to the contrary, race riots. They were economic riots, a reaction to a government-induced recession. True, there was a race element in it, as there was an anti-police element also. They were, however, mainly a reaction to economic and social isolation. They followed increasing exasperation with, and rejection of, what are described as ‘make work’ jobs which governments – Labour and Conservative – had used to massage the worsening unemployment figures. These ‘make work’ measures failed to either satisfy the legitimate work aspirations of the unemployed, or to prepare and qualify those unemployed people for some form of more satisfying economic engagement. The relatively new government’s

ideological rejection of interventionist policies was devastating in areas of the country like Liverpool, which simply could not begin to compete on the unbridled market terms so beloved by the Conservative Government. Their ideological tutors appeared to us to take a rather academic view of the economic challenges which discounted poverty and the poor. If you were poor, and living in a community characterised by poverty, the reaction was inevitable.

- 9 In Liverpool, of course, it took the form of more extreme politics than had ever been the case, a form of Trotskyism known as the Militant Tendency. Local politics, and a number of national politicians, were captured by this reaction to the Thatcherite economic orthodoxy, and it was summed up in the sound-bite clarion call of 'No cuts in jobs and services'! It was a clever slogan, because the council – controlled by the Trotskyites – was the sub-regions' biggest employer, and preserving jobs was unarguable in the circumstances. 'Services' provided by the local authority were more important to the unemployed than to those in work. Put 'jobs' and 'services' together, and the result was a powerful political potion.
- 10 But I stray too far: the economic difficulties – and consequent unemployment – were to be key to the politics of that city and many others, and ultimately the government of the whole country. The national representatives of those cities remained solidly Labour, with a view that an eventual Labour government would turn back the tide of havoc wrought by the Thatcherites and their successors. The *sine qua non* was the return of a Labour government committed to full employment. That government was returned in 1997. Has it been successful?
- 11 The jury is still out. New Labour is seen by many as having successfully staged a successful neo-Thatcherite coup d'état within the Labour Party. The internal arguments have raged, and continue to rage, about the nature of the Labour Party at this time. It was generally – albeit reluctantly – accepted that in order to be elected, we had to go along with the perceived extra-parliamentary orthodoxy (pushed by the media and big business) which advocated this neo-Thatcherite view. That legacy is still with us, although there are signs of a new willingness to be interventionist as far as European Union rules permit. Specifically, I would like to give a view of the so-called New Deal. As I have said, we have had, in the UK, a long history of alleged training schemes with failure to deliver on either skills, qualifications, or enduring jobs. They were 'make work' schemes which left the young people on them feeling duped and disillusioned. In opposition, the British Labour Party set out to formulate a policy which provided young people and others with the means to access the job market. Particular emphasis was laid on the long-term unemployed, and included the provision of basic social and educational skills, together with vocational skills.
- 12 There were different views of how to achieve this. The issue fell within my remit as a front bench spokesman on education and employment, with Mo Mowlam, who chaired the appropriate sub-committee of the Labour Party's National Executive. However, our views were pre-empted by a declaration of the then Shadow Chancellor, Gordon Brown, in which he described the New Deal which the incoming Labour government would put into effect. I must say I had reservations about the mechanics of the New Deal proposals. I really could not see how such supply-side measures would create the job opportunities in areas such as the one which I represented. I was always unconvinced by 'trickle down' theories – they had failed in the past, and I was unconvinced by their promise for the future. Not, I hasten to add, by the objectives of imparting skills to those without them,

but by the absence of a more interventionist approach to provide sustainable job opportunities in which those newly-honed skills could flourish.

- 13 My fears were based on the Liverpool and Merseyside experience of receiving European Union structural funding under Objective I. I think I am right in saying that Merseyside is an example of the failure of that funding in meeting its objectives, necessitating a second tranche of funding to meet them. I know that there are many reasons for that situation, but not least was a low level of enthusiasm by national government for Objective I, as applied elsewhere within the European Union. A Thatcherite view of the needs of economically-deprived regions was essentially incompatible with the thinking behind structural funding. New Labour appeared to me to have evolved into an alien view of how Labour in government should approach such problems. I was even more disheartened by New Labour's acceptance of Conservative spending limits on entering office. There was a feeling, too, that being in office was more important than what you did with that office.
- 14 Some would say that such political considerations were somewhat academic, and people like me a distraction from the government's major purpose. After all, with a 78.4% share of the vote, I have the safest seat in the country. Nevertheless, the figures – including those for unemployment, no matter how massaged – indicated a widening gap between the south-east of England and the other regions of England. Even in my own city, there was a widening gulf between the north and south of the city – a social, educational and economic divide between haves and have-nots. Politically, it has led to alienation, with traditionally working-class constituencies manifesting ever lower electoral turn-outs. The neighbouring constituency of Liverpool Riverside had only a 32% turnout in 2001, and despite being a beneficiary of European structural funds, the lowest turnout in the country in the European elections. In short, people have turned off political solutions to their needs. The result? Social and economic breakdown. In those areas of our major cities with similar profiles to my own constituency, the symptoms are consistent: heavy reliance on benefits; a thriving black economy; drug abuse; family breakdown; poor quality housing; negative equity; criminality; and stubbornly high unemployment, markedly at odds with the experiences of 'Middle England'.
- 15 Within weeks of Tony Blair's election as leader, a debate was had about political direction in the future for the Labour Party. New Labour embraced a Clintonesque style of politics; people like me could see merit in a modernised Australian Labour Party, and its then record of delivery. What it came down to was a judgement on winning, rather than delivering. People like me lost out because of our ideological rationale for practice. The pragmatism of New Labour, à la Clinton, was about winning and staying there. Moreover, the hardcore of people in areas like mine were judged to have nowhere else to go politically. The key to 'being there' lay within fabled 'Middle England', or rather, the self-satisfied, affluent middle classes of our country. Concern for their votes translated into a preoccupation with freezing or lowering expenditure, and, hence, tax. Expenses such as real job creation were never really on the agenda. The battle to reverse that view is ongoing. The stakes are high, with a danger of people turning to extremists of the left or right, and their simplistic nostrums, if we fail. The key to it all remains a commitment to full employment in sustainable jobs, so that all people do feel fully engaged in the economic life of their community.

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