

The Future of New Labour: a View From Inside

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It is an irony of modern politics that Britain's Labour Party, for the 20th century one of the least successful social democratic parties in Western Europe, should at the beginning of the 21st century, suddenly look like one of the most successful. As social democratic governments have fallen in Italy, Denmark and France, and face a tough re-election fight in Germany, Labour seems to be defying the laws of political gravity.

My purpose in this article is to explain the dynamics of New Labour's current political dominance in Britain; examine its record in government – locate its strengths, weaknesses and challenges ahead; set out in tentative form what might be some of the next steps for the party come the end of this Parliament and the beginning of the next; and then leave the reader to draw some conclusions about the implications for other parties of the left in Europe.

Five Strategic Ambitions

In 1992, election analysts queried whether the election defeat represented »Labour's Last Chance«. Changing class formation, the gender gap, the electoral system, all seemed to point to permanent Conservative hegemony. Yet ten years on, people are saying the same things about Labour dominance, and asking whether the Conservatives are in terminal decline. Certainly the electoral record is remarkable: the two biggest consecutive electoral landslides this century eclipse the performance of Thatcher, Atlee and Baldwin. Perhaps the only, tenuous, parallel is with Conservative dominance after the age of Gladstone.

The argument put by Tony Blair, Gordon Brown and others after John Smith died in 1994 was in essence quite simple. They believed that economic and social change meant that Labour could not be elected and Britain's problems could not be tackled by the tried and trusted methods of post-war social democracy – the happy synthesis that was the Keyne-

sian welfare state. Five strategic ambitions led the process. Each had a political dimension, but each also addressed a substantive issue in the Britain of the 1990s:

- ▶ Labour needed to stand for steadfast social democratic values but offer innovative means to achieve their delivery. This meant, above all, reconsideration of the role of the state in modern social democratic politics.
- ▶ Labour needed to reach back into the history of progressive thought in Britain to develop a »liberal socialism« – social democratic commitment to social justice through collective action enriched by commitment to individual freedom in the market economy.
- ▶ Labour needed to combine ideas for wealth creation, the »politics of production«, with commitment to fair outcomes, the »politics of distribution«.
- ▶ Labour needed to invade territory claimed by the right – for example on law and order and defense – and redefine it for progressive ends.
- ▶ Labour needed to engage with dynamic and emerging currents in British thought and society, from communitarianism to the reform of the state to environmentalism.

Beneath the contingencies of fortune and circumstance that have helped achieve its record results, Labour has succeeded over the last five years where it has knitted together these ambitions into a coherent narrative. Where it has struggled, it is because it has failed to resolve one or more of these conundrums. At each stage the Opposition, as it then was, and now the Government, has tried to redefine the policy choices facing Britain as well as the political choices facing the voters.

The Unfinished Agenda

Leading politicians emphasized before 1997 that change would be incremental, designed to build confidence in Labour as a party of government, and confidence in government as a means of resolving collective problems. After five years, one can draw up a balance sheet that explains in significant part why the electorate decided last year that the Government should be allowed to carry on with its work:

- ▶ On the economy, Britain has achieved steady growth against an uncertain, not to say inclement, international picture. Employment is up by about a million – and in the highest unemployment constituencies like

South Shields, unemployment is down by nearly a third, and youth unemployment, a focus for the Government's New Deal program, is down by over 60%. Low interest rates and safe economic management are the vital underpinning of Labour's political support.

► On social policy, the Government has delivered significant increases in the incomes of families with children, poor pensioners and employees on low wages, and started a serious long-term fight against social exclusion. For the first time in a western economy, the tax and benefit system has been integrated for children, pensioners and low-wage workers. The argument that welfare rights must be matched by responsibilities has taken the heat out of Conservative attempts to stigmatize welfare recipients, and allowed for increased generosity to people in need.

► With public finances in a healthy situation following corrective action on tax and spending early in the last Parliament, the Government is now able to boast fast-rising spending on health and education provision, with public sector pay rising faster than private sector pay for the first time in a generation. Critically this is being combined with reform programs to ensure that the productivity of public services is increased, with better use of capital, better skill-mixing in working teams, better accountability measures, and more devolution of responsibility to the front line.

► On crime – a major issue for Labour voters – the official figures show a 22 percent fall according to the most reliable surveys. However, street crime like the stealing of mobile phones is on the rise, and this has led to increased fears of crime. In my own constituency, it is low-level vandalism as much as serious crime that contributes to a feeling of disorder – especially for older people.

► In relation to political reform, Labour has made important changes, but not satisfied those who believe institutional sclerosis underpins structural problems with the British economy and society. In relation to local government, as I explain below, there remain fundamental questions to be answered.

► In international policy the government has fashioned a coherent philosophy of international engagement, starting with Europe but going wider. We believe interdependence is the defining feature of international relations today, and the necessary response is an international response to problems that cannot be solved by one nation state acting alone.

Far from everything has gone right, and a lot still needs to be done. But the 1997 manifesto promised »a start not a revolution«. And because of this approach there has always been a debate inside the Labour Party,

and on the left in Britain, about whether the relative caution of Tony Blair's first promises represented the first stages of a long-term commitment to build trust in progressive goals and means, with a wider horizon of more radical change to follow, or whether in fact the party's very purposes had been violated. The Government has always argued that on the sound foundations of economic competence, mild redistribution, constitutional reform, further reform could be built. Since the election the Government has been ready to push for a new consensus on tax and spending, on aspects of social policy, even on Europe.

This is significant because the hardest test for any political party is not whether it solves policy problems, but whether it succeeds in shifting the political center of gravity in its direction. Put another way, success in the tug-of-war that is politics comes from dragging your opponents onto your territory. In this sense the center-ground is not given; it is contested and constructed by politics itself; and only by redefining the center-ground can a progressive party build the cultural change necessary for a sustained and successful period in power.

By this test, there are some grounds for optimism. Most notably, the debate on tax and spending that undermined the last Labour government in the 1970s has been reconstructed. On the basis of proven economic competence and evidence of reform in service delivery, there is scope to make the case that in the end what you get is what you pay for.

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In 1997 and 2001 the Government promised to raise the share of national income dedicated to education. Now the Government has started a national debate about the advisability of further raising taxes to raise health spending, in the context of what is already the fastest-rising investment in education and health in Europe. I believe there is sufficient confidence in the government, and sufficient recognition of the need for further resources to meet needs and expectations, to proceed with this move.

Meanwhile other aspects of Labour's agenda are becoming an accepted part of the political landscape. Devolution, the Human Rights Act, Freedom of Information are becoming an accepted part of the polit-

ical scene. Even in relation to the charged issues of race and nationality, the Conservative Party is keen to distance itself from the xenophobia that marked its last election campaign.

More significant, perhaps, in the light of current media frenzy in the UK, on the big issues that make a difference to people's lives the Government is building on its first term achievements with further reform. In health, education, crime, industry and the economy, even benighted transport policy, new ideas are coming forward to extend first term reforms. However, there remain weaknesses, and serious challenges ahead. The key lesson from Britain and abroad is that it is never too early to start planning for these issues.

The Challenges Ahead: Social Mobility, Productivity, Decentralization, Security

The Government has worked hard over the last four years to develop a compelling narrative that adequately defines the values and ambitions of modern social democracy. Post-war revisionism in Britain, as in Germany, emphasized the ethical value of equality in contradistinction to the instrumental value of public ownership. The new Clause IV adopted in 1995 speaks of placing »power, wealth and opportunity in the hands of the many not the few«. But a commitment to equality on its own provides an insufficient description of a Government committed to environmental sustainability, safe communities, and greater individual liberty. Hence the debate about the Third Way of the British left. But the Third Way has thus far been defined negatively rather than positively – not the new Right of the Conservatives and not traditional social democracy. But the story to be told is essentially a simple one – about the development of civic and social institutions that provide opportunity and security to all, and not just a few, in a world of change. The Government needs to find compelling ways to tell it.

Second, Governments are often defined by their institutional legacies. In Britain, the National Health Service (NHS) and the Open University are great Labour achievements. The current Labour government can claim enormous advance in the creation of a Scottish Parliament and a Welsh Assembly. In health, it has created the world's first 24-hour, nurse-led, internet and phone-based health line – NHS Direct. There is a new University for Industry – learndirect – offering internet-based tuition for

adult learners. In welfare the Working Families Tax Credit has a group of some 2.5 million people who are genuine stakeholders in its continued existence. But these initiatives do not yet command popular allegiance of the most successful institutional innovations. In a political world where votes are less governed by class and tradition, and voting itself is increasingly a lifestyle choice, the Government needs to ground its policies in accessible and effective institutional form.

Third, contrary to the rabid press hunt for »cronies« and placemen, the Government has not turned New Labour into an all-pervasive political movement. There are many who consider the Government to be better than the alternatives – trade unions, sections of business, parts of the voluntary sector, local government. But that is not the same as a cohesive social movement that the most successful, genuinely hegemonic social democratic parties have achieved. A coalition for change, supported in civil society, academia and the media, is a prerequisite for long-term political dominance, and this is some way off.

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Changes within the party, rather than the government, may hold the key. Labour's machine that was built to climb the mountain into government needs to be re-engineered for government. In my view that means turning local branches into the champions of local reform and renewal, working in an increasingly pluralistic local climate with other local institutions. In other words we need to build a local machine capable of winning campaigns – whether for more accessible health care, economic reconstruction, new priorities in education – as well as winning elections. In this way, the Government may be able to combine the discipline necessary for politics at any level with the flexibility and dialogue that is increasingly demanded by citizens, not to mention the media. Thoughtful people in the media recognize that this is a challenge for them as well as politicians, as tentative evidence emerges that people are too smart to take media sensationalism at face value. Newspapers as well as politicians can get out of touch.

In truth Labour will only maintain its position on the high ground if it anticipates changes in the economy and society, rather than waits to react to them. So, which are the challenges ahead?

All socialist and social democratic parties have equality somewhere close to their core. In Britain there has been a debate about the balance of equal of opportunity and equality of result – despite the fact that the two are intimately related. But equality – and inequalities – are vital to today’s politics. Despite nearly five years of Labour government Britain remains a country scarred by divisions of class – and those divisions stretch between generations not just within them. So relative social mobility – the chance of a son or daughter of a plumber becoming a doctor, relative to the chance of the son or daughter of a doctor being an accountant – has remained unchanged in hundred years. Last year, only 800 students across the whole of Britain from the bottom two social classes went to university. In South Tyneside, my Borough, only seventeen percent of eighteen year olds went to university.

Labour’s challenge is to make itself the party not just that tackles existing inequalities but also the party of social mobility. This is one reason for the continuing importance of education to Labour’s purpose and appeal. Tony Blair famously said in 1996 his top three priorities for government were education, education and education. In two election manifestoes, education has been the number one priority. It needs to stay that way, as a motor of social and economic advance, and a key issue for electoral mobilization. In the future, in education, tax and benefits and social policy we have to provide more ladders for people to develop their potential. One small example of how we have to rethink our approach came to me when I visited a welfare-to-work project in my constituency – to promote mobility you need to help people build careers and not just get jobs, and that means extending the reach of the labor market service into work and not just into the ranks of the unemployed.

Second, Britain remains stubbornly under-productive. The full effects of a settled and successful macroeconomic regime have not yet been felt, but productivity data suggest a serious gap with France and Germany, never mind the U.S. Our economy is regionally unbalanced, and sectorally unbalanced, and this must be a major concern for the future. Labour’s challenge is to help each region of the country develop an industrial strategy based on its needs and potential, and to develop its sectoral strengths so that we maintain and enhance our world-beating industries, from pharmaceuticals to the media. I believe that it is increasingly difficult to talk about the competitive advantage of nations; industrial policy must now be governed at a regional level.

Third, Britain remains bedeviled by centralization and weak local government, despite the success of devolution. This is a particular problem in England. The Borough which I represent is twinned with Wuppertal, which probably has a population twice the size, amounting to some 300,000 people; and a comparison of the respective powers and Budgets is instructive. It is not just that one has an elected mayor and the other doesn't. The German system has created real dynamos of economic and social development at local level. South Tyneside has a proud tradition of delivering services, but it is now challenged to provide the community leadership that has become part of the German scene.

Finally, any party of the left must be alive to the politics of insecurity. This is not just a question of employment insecurity – an issue highlighted by Robert Reich in the early years of the Clinton administration. In Britain we have a divide between work-rich areas and work-poor. But insecurity is about more than economics. Insecurity brackets together issues of crime, public services, finance, identity and foreign policy. If you fear to go out, you are insecure. If you fear that the local hospital is not good, you are insecure about getting ill. If you are worried about the governance of your funded pension, you are insecure. If you are worried about immigration, you are insecure. And if you think anti-terrorism measures are not working you are insecure. This is a powerful cocktail, exploited by the Right in Italy and Austria, and one which the Left must define and address on its own terms.

It is important to be honest about these challenges ahead. It has always been a hallmark of revisionism back to Eduard Bernstein that revisionism never stops. There are always new frontiers to be conquered.

Three Fundamental Guidelines

How will New Labour respond? Its challenge is fundamental – to maintain and renew its political definition. It would be easy to say that the winning formula developed from the ruins of the 1980s serves us well, and should continue. But New Labour needs to define itself positively not negatively, for what it is for, not for what it is against. That is a much harder task while the shape of modern Conservatism is so confused. But incumbent governments must continue to provide their own definition of themselves, or their opponents, and events, will do it for them.

In the UK, a dualistic structure is the result of our electoral system. In the rest of Europe, where more proportional voting systems make for a more multifaceted political picture, the dynamics will be different. But there are common challenges to parties of the centre-left. To approach them, I would put the following three ideas on the table.

Linking Policies to Values

We need to remember that it is themes not policies that win elections – as Al Gore discovered to his cost. Themes without policies lack substance, but policies on their own are arid. Who we care about and how we connect with them are the two key questions for political strategy. We need to ensure that our values drive our politics and our policies, so that we remain a government rather than an administration – the difference between electing politicians and letting civil servants run the country. Values are the fertile soil on which politics is based. On the basis of clear values, we need to establish clear goals. These are the tall tree trunks that mark the landscape. Only then can policies find their place – these are the branches, invisible from a distance or at a glance, but fine grained up close.

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For example, our values say the right to work is a foundation of social and economic inclusion. An associated goal is that anyone who works full-time should be able to support their family. Only on this basis does the goal of integrating the tax and benefit system to reward work become clear and comprehensible. Labour needs to clarify these links so in the midst of the blood and thunder of political campaigning it retains this sense of mission and purpose.

Tapping into the Dynamic Currents of Society

Labour needs to stay in tune with changing Britain. So we need to prepare for a new political landscape, with a new received memory as its backcloth, and fast social change to the fore. It is up to us to tap into the new emerging currents of British life, and gain strength from them. There are risks in this strategy. It is important not to be caught up by fads, or to

lose sight of the fact that older people, more set in their political ways, are far more likely to vote than their younger counterparts. But the dynamic currents of society are vital to a progressive party.

In my country I believe these vital currents are mobilized around issues that combine values with ideals – most notably the environment, where the government has substantive achievements to its credit but has not found a way to shout about them, and where the next phase of reform involves difficult decisions, as well as the »win-win« solutions of energy efficiency. Similarly on the fight against global poverty, where Britain’s contribution to the international coalition is better recognized. But there are also more prosaic trends that may become important:

► Older people constitute a growing part of our society, and are often referred to as a problem, for example in relation to pensions; but in fact the growing group of »active retired« are a resource for our community; many would in fact like to work. I believe they will become increasingly politically active, and we should be supporting them.

► Local identity and localism are increasingly important in a world where people feel disempowered by international forces. That is one reason I argue for the regeneration of local government in the UK, but the agenda goes wider, to include issues of ownership and control of local public services, and community involvement in local economic and social renewal.

► As we have increased employment to record levels in the UK, so the debate about the quality of work, and the management of time have begun to be raised; this agenda has not yet broken through to public consciousness but I believe it will do so. Our answer is unlikely to be a rigid 35 hour week, especially given our tradition of part-time work, but the time-squeeze is something affecting more and more families.

Weaving in the International Dimension

In providing a coherent narrative for citizens that speaks to their lives and priorities, national governments must weave in international as well as domestic priorities. In the UK, the government is marked by twin commitments to investment and reform to modernize public services, and secondly to play a leading role in the construction of the EU to help tackle problems that cross national borders. The Prime Minister has said that the international is now domestic – that is a consequence of globalization. It has profound implications for social democratic politics.

In the halcyon days of the post-war welfare state, the foundations of social democratic power were the national state, a relatively homogenous working-class base and a benign international framework. Each of those foundations has now been shattered. In the last ten years we have started to rebuild the state's capacity to act as an enabler and not just a provider, steering political change. We have come to terms with the changing composition of our class base. But the international situation, and the demand for international political leadership, is a new dimension.

I do not believe we are at the point of creating a country called Europe or a state called the EU. But we are broadening and deepening the unique hybrid that is the EU – part intergovernmental, part supra-national. We need to regulate its activities, so that it genuinely adds value; but we cannot pretend it is not there, or can be pushed away. Too many aspects of our future depend on what we do together, as the EU is challenged to move beyond congratulating itself for preventing war, to help build prosperous peace. Social democrats need to find a way to make a distinctive contribution to the debate about the future of Europe to strengthen their agendas for reform at home.

Ideas Matter

When I joined the Labour team in Opposition in 1994, we were insurgents. Today, incumbents have to retain the spirit of insurgency, always revising and moving forward to maintain the political momentum. There are simply no prizes for standing still because politics abhors a vacuum, and in the world of permanent, multi-outlet media, that is more true than ever. The charge come election day is always that reform has been insufficient, never that it has been too sweeping or too radical. And if we do not fill the vacuum, the opposition will.

So perhaps the surprising conclusion, given the plaudits four years ago for the organization and media professionalism of New Labour, is that ideas are more important than ever. Notwithstanding the difficulties of modern politics, the simplistic nature of the modern media, the sound bites and the fragmented national conversation, ideas matter, because without them the campaigns get pulled apart. I cannot promise success, because events can conspire against ideas, but without ideas there is no hope.