

FABIAN REVIEW

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THE BATTLE *for* BRITAIN

*The Fabian Review previews a crucial year for the future shape of the nation. With Nick Forbes, Ivan Lewis, Jonathan Rutherford and Sarah Sackman **p8** / Mary Riddell interviews the shadow chancellor John McDonnell **p16** / Stephen Beer on what economic credibility means in a changed economy **p24***

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FABIAN REVIEW

Volume 127—No. 4

Leader

Andrew Harrop 2 Britain's uncertain future

Shortcuts

Jemima Olchawski 3 A new deal for gender
Barry Loveday 4 Plodding along
Katie Ghose 4 Democratising devolution
James Roberts 5 Powering ahead?
Alice Gartland 6 A time to be brave
Anna Turley 7 Make over

Cover story

Jonathan Rutherford 8 Rebuilding Labour Britain
Ivan Lewis 11 Back together again
Sarah Sackman 12 Equal aspiration
Nick Forbes 14 True north

Interview

Mary Riddell 16 John McDonnell

Comment

Cat Smith 19 A country mile

Features

Richard Brooks 20 Let's go to work
Mark Rusling 22 The UKIP tipping point?

Essay

Stephen Beer 24 Credibility now
27 Fabian Society section

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Fabian Review is the quarterly journal of the Fabian Society. Like all publications of the Fabian Society, it represents not the collective view of the Society, but only the views of the individual writers. The responsibility of the Society is limited to approving its publications as worthy of consideration within the Labour movement.

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Britain's uncertain future

The great challenge for politics today is to bind us together, writes *Andrew Harrop*

WE HAVE ALWAYS been a divergent as well as a united kingdom. But the divisions within Britain are growing wider. On questions of our place in the world and the future of our nation, on identity, on belief, demography and culture, the differences between us become ever more obvious.

The great challenge for our politics today is therefore to bind us together. Yet, on many of these fault-lines, politicians on left and right seem to be lost, in uncharted territory, uncertain of the route to take.

The greatest divide of all, however, is the gap between rich and poor. And here the political establishment is not helpless or powerless: to a very large extent, it is the cause of the problem.

Yes, there are the anti-egalitarian currents of globalisation and automation. But the gap will mainly widen because of political choices, according to new research carried out for the *Fabian Review*, which examines the prospects for economic inequality in 2030.

The modelling, conducted by Landman Economics, found that over the next 15 years tax and social security policies will cause high incomes to rise far faster than low incomes. On these projections, a household 10 per cent from the top of the income distribution will see its real income rise by 25 per cent, but a household 10 per cent from the bottom will see barely any change at all.

There is nothing inevitable about this. In the 15 years up to 2009 the incomes of rich and poor increased by the same amount, because Labour chose to share the proceeds of growth. By contrast, since 2010 Conservative and Liberal Democrat politicians have designed policies that give to the rich and take from the poor, by cutting benefits and income tax side by side.

Most of the projected increase in inequality is the result of decisions that were already in place before the general

election. But the decisions taken by the Conservatives since May have made matters even worse. Post-election announcements will raise the income of a household 10 per cent from the top of the income distribution by £1,600 in 2030. They will also push an extra 1.4 million people into poverty by that time, even with the introduction of the new minimum wage.

The story is particularly striking when it comes to child poverty, partly because the cuts this year have singled out lone parent families for pain. Before the election we projected that the proportion of children in poverty would rise from 19 per cent to 24 per cent over the next 15 years. Now the figure is 28 per cent.

The picture is so bad that we even expect that child poverty will rise when measured using a static benchmark, which takes no account of rising living standards in society: in 2030 we project 800,000 more children than now will live with incomes below a threshold that we already view as unacceptable.

Labour must shine a spotlight on this widening gulf and prove that an alternative is possible. After the party's victory on tax credits, it must turn its sights to universal credit, which will slash the incomes of low earning families just before the next election. But Labour must also make a principled case, over the long-term, for a tax and benefit system that prevents widening inequality and shares rising national prosperity with poor children.

These cuts are not inevitable, because they have come as this government has handed tens of billions of pounds to high income families in tax breaks. The left must show it is a question of political choice. Our politics can cleave people apart, or bind them together. **F**

Read full details of the new Fabian analysis at www.fabians.org.uk/the-greatest-divide/

Shortcuts



A NEW DEAL FOR GENDER

Devolution must be used to speed up the pace of change on gender equality—*Jemima Olchawski*

There's often scepticism about whether promises of localism made in opposition will be delivered once in power. This time, it turns out the Conservatives really meant it. Following the announcement of the Greater Manchester devolution deal we have seen local and regional government across the country stepping forward to take on more powers. We live, it appears, in a new era of localism.

What the 'northern powerhouse' will mean for how services are run, how public money is spent, and how people vote in the north, is currently the subject of great political debate. But we also need to reflect on what the new wave of devolution will mean for women. As new institutions are created and local politicians work to re-energise regional economies, there is a real opportunity to speed up the pace of change on gender equality. But there is a risk too that we may simply turn back the clock.

Devolution to Scotland and Wales in the late 90s saw some important wins for women's representation. The Welsh Assembly achieved 50:50 representation in 2003. Scotland too outperforms the House of Commons, with a third of MSPs being women.

These successes were due in no small part to the efforts of politicians and campaigners who fought for the importance of gender equality as part of the new politics and fresh start offered by devolution. But will we see this step change re-created as the government devolves to coalitions of local authorities?

As yet, there is little evidence of the sustained effort and organisation that made these high watermarks of gender balance

possible. In fact, the new model of devolution risks going backwards on women's representation.

Local government remains dominated by men. Whilst there are a higher proportion of female councillors than MPs (33 per cent vs 29 per cent) fewer of these women are in decision making positions. The Treasury's price for devolution is a directly elected mayor, but only four of the 18 directly elected mayors in England are women.

In many respects the powers of these new mayors are fairly limited, with the constituent boroughs' leaders holding important vetoes. But only 15 per cent of English council leaders are women. The Greater Manchester Combined Authority – the trail blazer for devolution – has 10 borough members and only one is led by a woman. Westminster is becoming (painfully slowly) less male with a third of cabinet members now female and the highest ever proportion of female MPs. But these women won't be making many of the most important decisions about skills, business growth and service delivery anymore – (mostly) men in local government will be.

Just as important as who holds power is the kind of economies these new regions create. Many of the deals focus heavily on devolved skills funding, and so devolved authorities need to seize this opportunity to break down the highly segregated skills base of the UK.

Women are more likely to be in low skilled jobs than men (despite the fact that women do better at all levels of education now). Additionally where women undertake vocational training the results are highly gendered. There is a £2000 gender pay gap at apprentice level; in 2013 nearly 13,000 men completed engineering apprenticeships compared with only 400 women. Apprenticeships are publicly funded and strategic decisions about adult skills and apprenticeships form part of the devolution packages on offer. This must be used to rebalance who gets access to the best opportunities.

There are also opportunities for the regions to use their local business rate base to fund growth – but what kind of infrastructure will they invest in? Transport and housing are rightly given great emphasis, but childcare is a crucial component of our economic and social infrastructure. The

current childcare system is a patchwork of provision which doesn't reflect the working experiences of many low income families. For many parents, and particularly lone parents, the hours they work are constrained by the hours of childcare they can find and afford. When childcare responsibilities make work unviable or unaffordable we know that it is most often women who drop out of the labour market or restrict their hours. This is bad for them but also for our economy: we are failing to get the most out of the talent and potential of too many women.

Locally-grown economies have an opportunity to develop jobs and industries that allow those disadvantaged by the current model to thrive

But childcare is only part of the answer here. As people live longer and social care budgets are squeezed, caring for ageing relatives as well as our children will increasingly become a fact of life for many more women and men.

If we continue with the current models of work we risk seeing growing numbers of people drop out as they are unable to balance personal responsibilities with work. But new locally-grown economies have an opportunity to develop jobs and industries that allow those disadvantaged by the current model to thrive. So devolved authorities must support firms to create better quality part-time and flexible roles.

All this comes against the backdrop of huge cuts to local government funding. The pressure on councils cannot be over-estimated. We know that women are more likely to need to call upon public services from social care to the women's refuges which have seen funding plummet. In recent years devolution has often meant greater responsibilities with a smaller budget. But as more areas step forward to make devolution deals, I hope they will still be ambitious about the potential they have to create new ways of narrowing the gaps between women and men. ■

Jemima Olchawski is head of policy and insight at the Fawcett Society



PLODDING ALONG

Labour needs a fresh approach to police reform—*Barry Loveday*

When responding to the news that the next spending round would lead to 25 per cent cuts to police budgets, Labour condemned them as potentially “catastrophic” and “a huge threat to the safety and security of the British public”. Elsewhere the shadow home secretary launched a petition calling for a rethink of the “double figure spending cuts”.

The cuts never happened of course, yet the debate about them almost entirely misses the underlying challenges policing faces. In fact, spending cuts have exposed problems surrounding a police service that has failed to respond to changes in demand and which traditionally has sought to measure efficiency and effectiveness by the number of police officers. As we do not know either the maximum or minimum number of police officers required for the effective delivery of police services, this can prove to be something of a problem.

Increases in police numbers were never subject to evaluation in terms of the impact they had. Yet the evidence suggests that pressures arising from internal administrative requirements now make greater demands on police time than the public are ever likely to do.

The rigidity of employment rules provided for sworn officers fatally undermines any attempt to provide the workforce flexibility that changing demand is placing on police forces. Police officers can't be made redundant, so pressure has been placed on chief officers to release all those who do not share a similar protection. As a result police community support officers (PCSO) and civilian support numbers have been decimated, with two important consequences.

First, the infrastructure provided by PCSOs to neighbourhood policing is being undermined. Second the major reduction in support staff has led to officers being called back into police stations to take on functions previously the responsibility of civilian staff. One unintended consequence of budget cuts has therefore been a significant reduction in

‘visible’ policing. This is not exactly a success story, particularly when the significance of anti-social behaviour is factored in. Here the work of PCSOs has made substantial inroads into this universal problem which is experienced most significantly in the most deprived areas.

However, help may be at hand. Recent work by Her Majesty's Inspectorate of Constabulary (HMIC) – especially its most recent ‘PEEL: Police efficiency study’ – provides a fresh approach to evaluating police effectiveness. In this report, HMIC show that police forces have a very clear idea about ‘capacity’ (number, costs and ranks of officers and staff) but little clarity about ‘capability’ (workforce skills).

This conclusion arises from the earlier practice of increasing police officer strength on the assumption this would impact on crime by increasing crime fighting strength. This is not necessarily true: for example the recent decline in ‘acquisitive crimes’ like theft, burglary and robbery has taken place against a background of not rising but declining police numbers.

The problem, however, goes deeper than this. As has been officially recognised for over 20 years, crime takes up at most around 20 per cent of police time. The recent discovery that responding to mental health problems in the community takes a similar percentage of police time only serves to emphasise the limitations of this crime fighting image.

What's more, the fall in acquisitive crime has been more than matched by huge increases in fraud and cybercrime. The recent decision to include these in national crime statistics begins to tell the full story. Yet in terms of police capability this is an unfortunate development as forces have not responded to the changing profile of crime. For example, recent research found just 624 officers investigating fraud and economic crime.

A similar problem arises in relation to local police intelligence. Now seen as the eyes and ears of the community – especially for difficult to reach offences like domestic incidents or child sex abuse and potential terrorist attacks – the departure of PCSOs will be quickly noticed. The significance of this has already been realised in Paris where it has been argued the failure of the police to initiate any dialogue with the Muslim community has shown clear limitations. In London, the *Independent of Sunday* has reported that PCSOs deployed in the key communities has “reaped an abundance of good intelligence”. Yet in forces such as Devon and Cornwall and the Met, current

plans involve the entire removal of PCSOs. What HMIC will make of this is difficult to assess. It contradicts, quite fundamentally, its own recommendations and significantly undermines police capability.

The current configuration of personnel within police forces calls for radical reform. It is here that future police proposals from Labour should be directed. This could mean major changes in recruitment, like a major expansion of IT skilled personnel by direct entry, to help the police begin to respond to the growth in cybercrime. It could also reverse current policy by reducing low value, high cost sworn officers and increasing high value, low cost PCSOs. Forces might then confront the crisis in police capability by addressing current problems surrounding a perceived ‘over-capacity’ in police numbers. **F**

Barry Loveday is reader in criminal justice at the University of Portsmouth



DEMOCRATISING DEVOLUTION

Who decides where the government's devolution project is headed?—*Katie Ghose*

In November, the UK's first ever ‘Citizens’ Assemblies’ on how its nations should be governed drew to a close. This groundbreaking project was run by universities from across the country together with the Electoral Reform Society, and aimed to give local people what politicians haven't so far given them – a say on the devolution deals currently being signed.

The ‘Democracy Matters’ project – based on two Assemblies, one in Southampton and one in Sheffield – has offered citizens the chance to debate the power-transfer for the first time. Thus far, many feel they've been left out in the cold. A recent poll showed that two-thirds of northerners haven't even heard of the ‘northern powerhouse’ – a sign of the extent to which the public have been engaged in the discussions.

But what we found is that when you give people a chance to engage, they leap at the opportunity. YouGov picked a broadly representative sample of the local population to come for two full weekends of learning, deliberation and then voting on the areas' devolution plans. And once they got clued up, they jumped into the debate, voting for a Yorkshire assembly in Sheffield and for a Hampshire-wide elected authority in the Solent.

It's a stark contrast to the current approach to devolution, with a very clear lack of accountability in deciding on those deals. But there's also a lack of public information and involvement in debating the proposals themselves in all their aspects – economic, social and democratic. Transparency and democracy simply aren't on the agenda, and devolution risks becoming a top-down technocratic exercise. Since central government has outsourced responsibility for public involvement, it's up to local councils to pick up the baton.

There are currently over 30 devolution bids that have been submitted. Sadly only one of them so far – Tees Valley – has the word 'democracy' as a core part of its governance proposals. Yet politicians are slowly recognising that if the public don't get a say, these arrangements are unlikely to last.

It's not for us or indeed Westminster to decide how local consultation should happen. It should be up to the areas themselves – citizens and politicians – to decide on precise formats. Many councils are in a corner, with tight timescales, stretched resources, and extended powers and investment conditional on adopting mayors – all of which make meaningful public involvement a real challenge.

At the same time, we are witnessing a patchwork of ad-hoc deals – with different places going at different speeds towards devolution. In this context, public involvement is uneven – and sometimes non-existent. But local authorities shouldn't be deterred by this from letting the public in, and being creative with it. Local authorities will reap the rewards if this is done meaningfully. No public involvement at all should not be an option.

The advantage of the Citizens' Assembly model is that it can bring citizens and elected representatives together, as participants or advocates. In both assemblies, local residents confronted tough questions of responding to an offer of powers and investment on strict condition of accepting an elected mayor – questions often left to the politicians – whilst rigorously examining their representatives' views.

In fact, devolution can *only* work in this way – localism needs citizens and politicians to be on board. All local stakeholders need a chance to get to grips with questions of power, resources and local identity to reach consensus.

As we've shown in Sheffield and Southampton, the implications for governance with deliberative processes like the Citizens' Assemblies are significant – and many councils are willing to engage. It's not just that decisions which have popular support are more likely to last. Decisions informed by local people are more likely to *work* too – people know about their local areas, they know their situations and what works for them. By working with residents, councils can create a genuinely lasting shift in power in the UK.

Some big questions remain unanswered. How will the new mayors be scrutinised without elected assemblies? Is the current voting system in local elections fit for purpose given the substantial transfer of powers? We need scrutiny and transparency to make sure these deals are the best they can be – hiding them away as 'sensitive' or 'confidential', as has happened in some cases, is damaging for people's faith in the process, and can only lead to inferior outcomes.

Deliberating behind closed doors can produce any number of local deals but holds little promise of sustainable decentralisation. It's time to democratise devolution and let the public in. **F**

Katie Ghose is chief executive of the Electoral Reform Society



POWERING AHEAD?

The chancellor must show there is more to his strategy for the north than an empty slogan—*James Roberts*

On 5th November 2004, the result of the referendum on the introduction of a regional assembly for the north east was announced: 77.93 per cent against. With that resounding

defeat, the New Labour project to ensure symmetric devolution in the UK was dead. The introduction of regional assemblies for the non-London regions of England had been the final piece of the jigsaw to introduce regional governance in every part of the UK, and it was roundly rejected.

It's easy to see why reform was thought necessary: by the early 2000s, Britain had been left with a hodge-podge of sub-Westminster government. The local government re-organisation of 1974 resulted in a mix of two-tier district and county authorities, with the metropolitan counties abolished in 1986 and replaced by metropolitan districts with joint boards. Many areas became single-tier unitary authorities in the 1990s. Following this, in addition to the creation of the Scottish parliament, Welsh, Northern Irish and Greater London Assemblies, the first local authority directly elected mayoralities were introduced in 2002.

In practice, this meant a citizen in Wales might be represented by a single councillor on a unitary council and a Welsh assembly member, while a Lancashire resident might have a parish, district and county councillor, all of which hold differing responsibilities and powers. Regional assemblies, followed by a 'tidy-up' of local government, were supposed to solve the messy inequalities in UK local government. But with that referendum result, the creation of a 'UK of the regions' was put into abeyance.

Since then, regional government has gone out of vogue, and the new game in town is combined authorities, particularly when led by a directly elected mayor. The first area to adopt this model is Greater Manchester, with the sub-region's police and crime commissioner, Tony Lloyd, appointed to act as interim mayor, with powers over planning, housing, police, transport, health, waste and potentially more. The UK's urban areas are, outside of London, places with the greatest potential for economic growth – it is believed that having a single vision driving forward plans across metropolitan district boundaries is the best way to secure prosperity.

Not everyone is convinced by this. When the 'Devo-Manc' deal was announced by the chancellor in February 2015, critics were quick to point out that although powers were being devolved by government, they were not being backed up with devolved budgets. Cynics also suggested that this was simply an attempt to pass responsibility for unpopular cuts onto struggling local councils.

The other major criticism is less to do with the specifics of the deals, but the old

debate over localised versus state-wide spending. There is a danger, if previously nationally-directed spending powers are devolved, of a 'postcode lottery' of inequality, with residents of one region receiving better services than residents of a neighbouring region. Of course, local authorities being able to tailor their services for the particular needs of their residents is a key strength of the localism agenda, its proponents would argue.

Many have pointed out the similarities between these (largely metropolitan) combined authorities and the old metropolitan county councils. The difference is that under the leadership of a 'super cabinet' made up of local authority leaders, they are only indirectly accountable to the electorate. In contrast, those led by a directly elected mayor are democratically accountable once every four years.

What is needed, then, is a form of governance which is transparent and locally accountable, responsive to the particular needs of its residents, but which doesn't leave a gaping chasm of inequality between authorities. It must also spur co-operation between neighbouring authorities rather than an unhealthy race to the bottom. Are city-region mayoralities the answer to that? There is probably no perfect solution which satisfies all of the above criteria, but in the current financial climate where cross-boundary shared services are becoming the norm, the 'metro mayor' is a potentially powerful focal point for driving renewal at a local level.

City-region mayoralities were agreed for a number of combined authorities in November 2015, including Liverpool City Region; the North East; South Yorkshire; West Midlands and Tees Valley. Since the introduction of a directly elected mayor in Liverpool in 2012, the international profile and levels of inward investment have increased substantially to the city. A high profile, influential city-region mayor should certainly boost this further.

The so-called 'northern powerhouse' has been vacuous at best up to this point, leaving northern authorities to think up innovative ways to 'do it for themselves'. After the announcements in the chancellor's autumn statement, it is clear that Liverpool will have lost over 60 per cent of its central government grant by 2017. Even without the devolved budgets we would welcome the new powers, but the chancellor must realise that now is the time to show there is more to his strategy for the north, and indeed everywhere outside London, than an empty slogan. Tinkering with governance arrangements isn't enough – he must

provide adequate funding to local councils if he wants to ensure the future prosperity of the UK. **F**

James Roberts is a Liverpool city councillor and a member of the Fabian Society's executive committee



A TIME TO BE BRAVE

Can Britain harness the power of political and technological transformation?—*Alice Gartland*

We live in a new world order. Traditional political frameworks help explain our environment and the values that drive Britain, but they do not provide a comprehensive strategy to meet the economic and social challenges we face.

We need to look beyond those parameters, connect our values with the non-usual suspects and join the dots across our new landscape. Above all, in a world where policy decisions impact on the future of the young more than ever, they must be given a greater voice in the decision-making process.

We know that the digital revolution is transforming the way we live, work and interact – and that it offers a conduit to a more prosperous future. Yet YouGov research in 2014 found that only 8 per cent of young people in the UK think schools provide 'very good' information and communications technology (ICT) teaching. Political and industrial upheaval is nothing new, but Britain is at a turning point. It is time to be brave and harness the power of political and technological transformation to build an integrated and sustainable future for Britain. But how?

We are a nation of inventors, scientists and talent, but at present, there is more focus on exporting our education system, innovation and healthcare around the world, helping to improve livelihoods and strengthen societies elsewhere, rather than at home. As a result, the foundation upon which we built that innovation is being eroded.

The skills gap is an ever-widening crevasse in the British economy and meaningful

action needs to be taken immediately. The problem is that each generation has entered the digital world at a different stage of life, resulting in different skill sets, priorities and attitudes. We need to level the playing field, and ensure people across the workforce benefit from new skills and new partnerships and forms of integration. That demands strong and responsive leadership to embed the new practices and culture necessary to bridge the generational divide and drive learning, creativity and growth.

Continuous learning is the building block of any economy, but this is especially true for the digital economy. New skills are needed but they are in short supply. Digital literacy and confidence is essential across the generations in order to enable everyone to participate in the digital world.

That needs to be matched with citizenship education. Then, as well as having the digital skills they need to prosper, young people will be empowered to participate in building Britain through an awareness of their rights and obligations (both on and offline). Digital citizenship is essential for the modern workplace, but it can also reinvigorate our connection with principles of social justice and the rule of law.

It's not just schools that need to do more. We know that making the transition from education to employment can be challenging, so educational institutions, big business and SMEs need to come together locally and regionally to provide learning, employment and work experience opportunities for young people.

Policymakers must also wake up to the fact that traditional career models no longer fit the majority of the new workforce, and career paths are more fluid and less linear. Workplace structures need to respond. There has been a big shift away from the career ladder most senior managers have climbed, and yet they are tasked with overseeing this transformation. In emerging sectors in particular, young people often have more expertise and experience than those in senior positions, making their input critical for intelligent planning.

Open government is critical as we adapt to our new digital world. Technology is the means to make that happen, enabling access to information, civic participation and strong central and local government communication. This in turn builds trust and accountability, and allows for a more agile administrative infrastructure that can respond to the demands of this fast changing world.

Although legacy infrastructure may make that more challenging for Britain to implement compared to new or emerging

states, it is not an excuse for falling short of best practice. Open government means leading by example in knowledge sharing and trust and integrity in data management. In turn, Britain can take the lead in the development of robust digital and legislative infrastructure that supports the economy, safeguards individual rights and provides interoperable solutions at local, national and international levels.

One example of this would be open contracting. Billions of pounds of taxpayers' money is spent on third party contracts with government. Open contracting – the online publication of government procurement contracts – would help to reduce costs, opens up business opportunities to SMEs and increase public oversight and accountability.

It's a simple idea that can be translated more broadly to international development, including climate finance, and provide business with greater oversight over their supply chains, helping to manage risk and meet the demands of greater scrutiny whilst supporting sustainable growth.

The principle that must run through all of these changes is inclusivity. Political, social and industrial transformation has the potential to divide, isolate and weaken – but it also holds the promise and potential of an inclusive, integrated and sustainable future.

Neither the market nor technology is destiny. We have the power to curate our future, but we need to have the courage to invest and empower individuals, communities, business and government to do things differently – Britain's future depends on it. ■

Alice Gartland is a consultant specialising in responsible business, anti-corruption, digital technology and China



MAKE OVER

How will industrial towns survive in the global economy—*Anna Turley*

Before winning the election in May this year, I spent three years knocking on doors as the Labour candidate in Redcar and listening

to local people's thoughts and views. The biggest concern raised with me was the lack of jobs, particularly for young people. This concern was an immediate, tangible part of a greater, more existential question about the future sustainability for industrial towns like Redcar and their survival in today's global economy.

The days of secure, lifelong employment, with an apprenticeship, training and a trade in steel or chemicals in Teesside are long gone

People would tell me how 40 years ago, they would leave school and there would be a guaranteed job at British Steel, at the port or at the huge ICI plant at Wilton. This whole constituency, indeed Teesside itself, the industrial 'Infant Hercules' as Gladstone called it, was built to supply the labour for these enormous industrial sites. In its heyday the steelworks would have employed 40,000, Smiths Dock would have hosted 5000 men building ships, and the ICI site 30,000. The ICI site now hosts a number of smaller petrochemical companies, and is about a quarter of its original size. The docks built their last ship in 1987. And the steelworks was shamefully closed in October this year, when Thai company SSI went into liquidation with the tragic loss of some 3000 jobs.

The days of secure, lifelong employment, with an apprenticeship, training and a trade in steel or chemicals in Teesside are long gone. This was British industry in its heyday, with Teesside its own, original 'northern powerhouse'.

The tragedy was not lost on the people of Redcar who know with great pride that their fathers and forefathers forged the steel that built the world, from Sydney Harbour Bridge to Wembley Stadium, to the New Freedom Tower in New York. The town now feels angry and bereft – at the mercy of today's global industrial economy that it helped to build with its own hands, and powerless to compete in the new industrial world order.

The overzealous dumping of steel into the market by China has led to a global price crash, excessive energy costs, disproportionate business rates and a poor exchange rate, all of which have hammered the steel industry. But at the heart of all these factors lies an unwillingness of the UK government to promote an active,

interventionist industrial strategy to enable British steel makers to compete in a world where other nations support and empower their manufacturing sectors.

In the case of Redcar, the government were too willing to shrug their shoulders and hide behind exaggerated EU state aid rules or blame global forces beyond their control. Workers in Redcar feel abandoned by a government cowed by the need to court Chinese investment, and hamstrung by an ideological abhorrence of state-intervention in markets.

This issue is not new though. Successive governments in the last 30 years have supported the growth and development of the service sector and the financial sector as the engines of the British economy, whilst failing to support the growth of our goods-producing sector to the same level. Manufacturing now makes up just 10 per cent of our economy, while the service sector now stands at 79 per cent. This has fuelled the economic disparity in our country between the north and the south. Northern towns that once made Britain the workshop of the world have been left to fight for survival.

The frustrating thing is that there is so much potential for Britain to be leading the way in new modern 21st century industries. Steel itself is a foundation industry that supports the success of our aerospace and automobiles and will be vital in the construction of the major infrastructure such as HS2 that we need in coming years. Yet the industry is being allowed to fail. Carbon capture and storage holds huge potential to tackle our climate challenge and develop new research and technology and is the sort of industrial development that might have regenerated industry on Teesside. Yet the government just cancelled the competition for the first pioneering £1bn investment project. Subsidies for renewables have been cut. These are the kinds of proposals which could be the basis of a new industrial renaissance in the north of England. Yet the lack of government support and investment is holding us back.

My constituents can no longer hear soundbites like the 'northern powerhouse' or 'march of the makers' without feeling angry and insulted. Over 3000 jobs have been lost in a matter of weeks. The end of 175 years of a proud industry which ran through family generations is a testament that a manufacturing renaissance is very far from the reality right now. ■

Anna Turley is MP for Redcar

Rebuilding

Labour

Britain

2016 will be a crucial year for the future of Britain. Our relationship with Europe will take centre stage as the referendum debate starts in earnest – a debate which will again call into question Scotland’s long-term place in the union. What’s more, a series of elections across England, Scotland and Wales will highlight how much the country is changing – and how distant many parts of it now lie from the Labour party.

Jonathan Rutherford surveys a critical moment for Labour’s future and outlines how the party can start the process of renewal.



*Jonathan Rutherford
worked on Labour’s
2012–14 Policy Review*

2015 LIES BEHIND the Labour party like a battlefield littered with the detritus of its defeat. The party retreats into the new year, disoriented and deeply uncertain of its future. Ahead of it lies the European referendum debate and elections across the country. In Scotland Labour has been wiped out, and in Wales and the north of England the elections are likely to confirm declining support in its traditional heartlands. In the south, Labour is a pinprick of red in a sea of blue.

The party can celebrate its strength in London and in the metropolitan cities and university towns, but this success only highlights the growing gulf between Labour and the rest of the country. Despite its increase in membership and enthusiastic rallies, Labour is becoming a deracinated party in a state of political decay and marooned by history.

This is a critical moment. Renewing Labour will require understanding the sociological, demographic and economic trends that are reshaping our country. And using this knowledge we will need to build a new kind of politics for a new electoral coalition. The first step is to understand why we lost the election in May.

Why Labour lost

In the summer of 2015, we set up an independent inquiry to understand why Labour lost, and to begin identifying the political tasks for renewal. The evidence for England and Wales told a disturbing story of a Labour party becoming progressively more out of touch with the country it was seeking to govern.

Pragmatic voters abandoned Labour in the final hours of the election campaign because they did not trust the party on the economy. They believed Labour would be profligate in government and preferred a Conservative government that said it would cut public spending.

Labour is losing its traditional working class base. Since 2005 voters who are socially conservative – those who value family, tradition, belonging, social order and national security – are the most likely to have deserted the party. The evidence suggests that UKIP benefits.

Our inquiry concluded that on a series of crucial issues – welfare, public services, immigration and business – Labour in both 2010 and 2015 had been marching away from the views of the country. Labour is now as toxic in the south as the Tories are in the north, and the most toxic party amongst the over 60s.

Labour's lessons

There are three lessons to take from Labour's defeat that can help navigate the big political challenges of 2016 and form the basis of the party's renewal.

The first is that the electorate is both economically radical and fiscally conservative. The English and Welsh electorate holds radical opinions on the economy. 43 per cent agree that, 'I am most likely to vote for the political party that redistributes wealth from rich to poor'. 60 per cent agree with the statement, 'the economic system in this country unfairly favours powerful interests'. This rises to 73 per cent amongst UKIP voters and 78 per cent amongst Labour voters. Voters understand the Tories are unfair. But they preferred an out of touch Conservative government to a reforming Labour one, because they didn't trust Labour with the country's finances.

Labour has to win voters' trust on tax and spending while winning them over to radical reform of the economy. Devolution to our cities and counties will continue apace and pushing power out of Whitehall was a major focus of Labour's 2012–14 policy review. But Labour's tendency for top down, command and control politics allowed George Osborne to steal Labour's ideas for his 'northern powerhouse'.

The second lesson is that identity and belonging drive politics. The response to the SNP amongst Welsh and English voters reflects the growing political salience of culture, and the increasingly federal nature of the UK. 63 per cent say that their English or Welsh identity is important to them. 60 per cent agreed that they 'would be very concerned if the SNP were ever in government'.

Culture and its inheritance is where people form their values and make meaning in their lives. No individual can thrive without a culture to participate in, but when Labour is confronted by culture it talks about economics. It has lost a language of patriotism and does not appear to value protecting people's ways of life and the local places they belong. In Scotland Labour only talked about the redistributive state of the union and allowed itself to be painted as the party of Westminster. On Europe it dismisses popular anxieties about large scale immigration and the loss of national sovereignty and loses votes to UKIP.

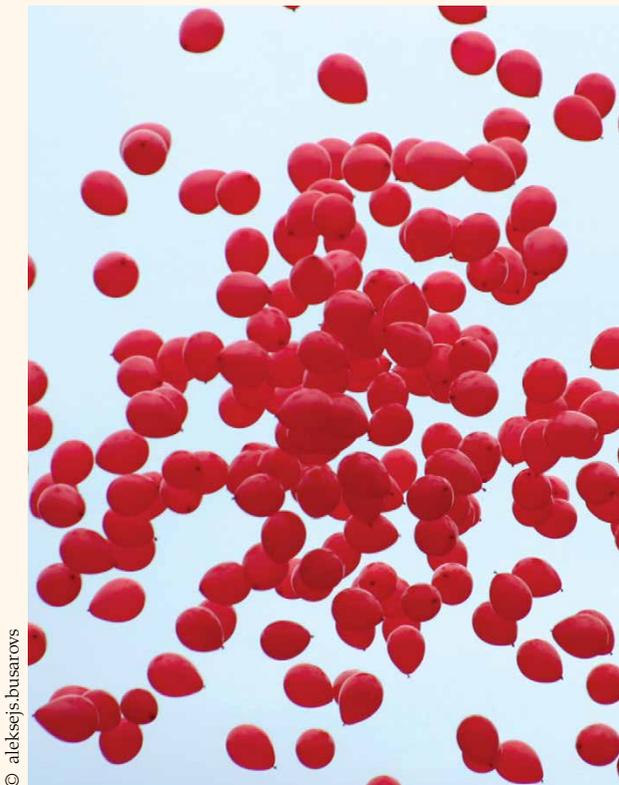
The third lesson relates directly to the elections in London and England. The desertion of socially conservative voters heralds a broader trend of working class voters' detachment from Labour. Labour is becoming an exclusive cultural brand of socially liberal, progressive-minded people who are often university educated. They tend to value universal principles such as equality, sustainability and social justice. This growing class and cultural exclusiveness is estranging Labour from large parts of the voter population in England and Wales, who are either pragmatists in their voting habits or who have a small conservative dispensation and who value most their family, their community and their country.

These are three lessons on the broad themes of earning, belonging and culture. They offer a framework for defining the political tasks Labour needs to undertake to reconnect with the country.

The 5 tasks of Labour's renewal

The first task is to create a Labour political economy that breaks with the binarism of austerity/anti-austerity, which whether you are for it or against it only benefits the Tories. The alternative cannot be a list of policies. Labour needs a long term, system-wide and theoretical project to provide the political and policy foundations for a wealth creating economy that generates an inclusive prosperity. Labour's central state driven approach of redistribution, regulation and macroeconomic management will not solve our economic problems. The old social democratic model of taxing the surplus to spend on compensating for structural failure is not the answer. It leaves the causes of failure unaddressed.

A new political economy must be pro-business and pro-worker, combining financial prudence with economic radicalism, and founded on partnerships, reforming institutions, devolving power, and supporting people to develop the skills, workplace power and knowledge they need to act as economic citizens.



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Secondly, Labour needs to break with its top-down, Whitehall knows best approach to politics and take decisions about England out of Westminster and hand them to our cities, towns and counties. Labour must stand for a federal UK based on devolving power as close as possible to the people and their communities, where everyone has a bigger say in the decisions that affect them. It is not an exercise in the technocratic balkanization of the country. Labour should set up an English Labour party to identify how to win a majority of English seats, and to help build the common life of England. It will mean UK Labour becoming a federal party, giving more autonomy to Scottish and Welsh Labour to respond to their own national politics. With elections across all the nations, it is an opportunity to make a start on these changes.

Thirdly, Labour needs a politics of reciprocity and relationships to help bind our increasingly divided society together. The party talks about childcare, equality, and rights, but not enough about family. It talks about retail offers and 'delivering services to people' but does not ask how we can share power with people and help them to help themselves. High levels of immigration have created a demographic revolution in a very short time span. The country is going through profound change, but Labour has been unwilling to recognise the social insecurity and cultural anxiety it is creating. Labour needs a politics of social life to help create a more integrated society, and one which recognises the power of peoples' relationships to transform their lives for the better.

Fourth, Labour must be the party of modernity, technology and innovation. We are just at the start of the internet revolution. Our new digital age is changing society and modernising the whole base of our economy. Technological innovation is facilitating new cultural practices and models

of production. Digital government can create better communication, more collaboration and sharing of data between services. It can make services and transactions more efficient, and simpler for people to use. This is the future and Labour must be at the forefront of digital enterprise and using technology to rebalance power between citizens and the market, and between citizens and the state.

Lastly, as the debate on whether or not to support military action in Syria reveals, the Labour party is divided on what Britain's role in the world should be, and whether, indeed, it should have one at all. Labour needs to reclaim a sense of direction for the country both internally and externally. The current uncertainties about the future of the United Kingdom are mirrored in Britain's lack of a strategic approach to its relationship with the EU and to the question of closer political union. We need to strengthen our pro-European politics and recognise the reservations many of our citizens have about giving up our sovereignty to Brussels, joining the European currency, submitting to overseas jurisdiction, and being exposed to the free movement of labour and open immigration. Full union will not be our final destination. Britain has a role to play in the outer ring of EU states, providing a counter to German power, and shaping the single market and EU policies on social Europe, security and migration.

Labour's future

This is how we can start the process of renewal. Labour's identity lies deep in the institutions, traditions, and customs of the countries of Britain. A decent wage for a fair day's work, a good home, a sense of pride in place. Each child with as much right to a good life as the next. Its values are our national values: fairness, respect, reciprocity, decency, honesty, and when times are hard, each for all and all for each.

In 1900 at the Memorial Hall in Farringdon, London, 129 delegates from over 70 organisations brought this history and these values into a single organisation. They voted to support Keir Hardie's motion to establish a "distinct Labour group in parliament". Working class people would sit at the common table of democratic government.

116 years later everything has changed. The working class has been transformed by deindustrialisation and the services economy, and is abandoning the party. The progressive middle class, once a small minority in the party, now dominate it. The causes are economic and sociological as well as political. Labour's future as a national political force is at stake.

The task ahead is to create a politics for redistributing power and creating wealth and use it to build a new electoral coalition. It cannot be simply an alliance of progressive interests. It is too culturally exclusive and insufficient to command a majority and a national mandate. It will need to be a politics that is both progressive and small c conservative; radical in reform to improve and conserve what matters to people; their home and family, work and wages, and the places they belong. Will Labour make the most of its new membership and open itself up to the challenge of renewal? Or will it cling to its desire for political righteousness and residualise into a party of sectional interests commanding barely 18–20 per cent of the vote? This is the question facing Labour in 2016. There could not be more at stake either for it or for the British people. **F**

Back together again

The left must understand where the country is going in order to reshape it, argues *Ivan Lewis*

Over the course of the next decade, the UK faces a series of economic and social challenges that will have a significant impact on the way we live our lives. From globalisation to terrorism; from an ageing society to devolution: each confront the country with major choices about its future.

In the face of great change, Labour's task is to give people hope. The Tories will continue to shrink the state, choke off aspiration and widen inequality. We need to present an alternative that is both economically credible and offers people renewed optimism that a fairer society will benefit us all. This needs to bring together the realities of a changing world with our eternal values of social justice, social mobility and social solidarity; putting Labour and Britain back together again.

It is impossible to discern all aspects of the future. But we can make some clear predictions about how Britain will look in 2020 and this is where Labour's renewal should begin.

For example, the rapid pace of technological innovation will continue to transform our economy. The impact of automation, the rise of a low carbon 'sharing economy', the growing integration and complexity of the global economy, will all have a profound effect and the labour market must respond. It is currently dysfunctional, unable to deliver enough well-paying jobs and inequality will only widen.

We are fortunate to have an ambitious, innovative and creative generation of young people. An increasing number are setting up their own businesses, with a new enterprise culture emerging which Labour should nurture. However, too many young people have been hit hard by austerity. Social mobility has declined, and this may be the first generation which does worse than their parents.

To allow them to flourish we must succeed economically, and this requires changes in our skills mix. In ten years' time the workforce will need to be vastly different, so our educational institutions will need



reform. However, the Tories' FE cuts leave the UK facing a technology skills gap that is threatening economic growth. With productivity levels continuing to decline relative to our competitors, we should be investing in the digital economy and taking advantage of emergent technologies, from stem-cell medical technology to intelligent polymers and biometrics. A renewed focus on science, technology and green jobs would equip Britain for the future and share more fairly the proceeds of growth.

Devolution has the potential to drive economic development and productivity further. It's also an opportunity for Labour councillors and mayors to tackle health inequality, worklessness, low pay and child poverty, in the face of a Tory government which is widening inequality. The future is to empower local communities and individuals by placing them at the heart of the decision-making process on the issues that affect them directly. By creating thriving urban and rural hubs, we can attract long-term investment and increase prosperity and social mobility. Devolution must not simply be from Whitehall to town halls but to local communities, where entrepreneurs and community activists can lead tangible change.

Another great challenge we face is the ageing society. In 2030 there will be 51 per cent more over 65 year olds and 101 per cent more people aged over 85, according to House of Lords research. With more people retired than in work, there will be huge pressure on the public finances and on our public services. While care and support matter, many older people are active citizens playing a key role in their communities, supporting

their families and providing childcare. Labour failed to address the changing nature of post retirement at the last election, and older people voted Tory in alarmingly large numbers. Labour must address this immediately, but not at the cost of deserting young people: we must invest in our young people alongside developing a comprehensive vision for the role of older people in society.

While these are clear predictions we can make, other factors are knowable. For example, we face a referendum that will determine our future in the European Union, and which may reopen questions about the future of the United Kingdom. Continued instability in the Middle East will pose a serious threat to our national security and may lead to an on-going refugee crisis. These crucial global issues pose very real challenges to Labour. Our pro-European instincts and determination to maintain a balanced approach to migration place strains on our relationship with a significant section of our traditional vote.

While there are no easy answers, we need to face the future and commit ourselves to reshaping the UK. We should expose the Tories for the paucity of their ambition in managing national decline. Our alternative should be to work with business, civil society and communities to unleash the talent of all our people and give Britain a renewed sense of national pride and belief in its future. Labour's vision must lie in movement politics, putting people and communities at its centre and making change happen on the ground. However, we must also marry our values with the realities of rapid economic and social change at home and abroad. If we can do that we will once again achieve a synergy between our values and the values of the mainstream majority.

That is what I mean by putting Labour and Britain back together again. ■

Ivan Lewis is MP for Bury South.

Equal aspiration

The inability to adjust to the trappings of a consumer society has often proved Labour's Achilles heel. Elections in London provide an opportunity to show that aspiration and equality go hand in hand, writes *Sarah Sackman*



Sarah Sackman is a barrister and visiting lecturer at LSE Cities. She was Labour's candidate in Finchley and Golders Green

WHEN ANEURIN BEVAN died in 1960, a Conservative MP wrote in the *Evening Standard* that his passing reflected the Labour party's failure to respond to a changing social reality: "In the coalfields from which he came, Marx and Engels have been supplanted by Marks & Spencer, and the sound of class war is being drowned by the hum of the spin-dryer. There will be no more Aneurin Bevans."

Despite the achievements of the post-war Labour government, which heralded the creation of the NHS, the welfare state and a Conservative acceptance of these as norms until the mid-1970s, Labour could not muster election victory between 1951 and 1964. The party's lack of success led many to ask: "must Labour lose?"

The historian Pat Thane blames washing machines for Labour's woes. In 1942, 3.6 per cent of UK households owned a washing machine, two decades later it was 64 per cent. However, the Labour party struggled to relate to this growth of affluence. Its leaders saw conspicuous consumption as being at odds with the party's egalitarian ideals. Their speeches openly attacked people's desire for cars, vacuum cleaners, TV sets, hire purchase and washing machines, something, which Thane argues, particularly alienated working-class and women voters.

50 years later, Labour's problem hasn't gone away. Whilst the 2012 Olympic opening ceremony showed the British people's affection for Bevan's NHS has survived, so too has our love for the modern equivalent of spin-dryers: iPads and flat screens. The party's perennial challenge has

been how to reconcile an increasingly consumerist, individualistic populace with its ideological commitment to a more equal society.

The public don't doubt Labour's desire to eliminate poverty and tackle injustice. But whether through its derision of spin dryers or more recently the language of the 'mansion tax' and Corbynite aestheticism, the party has allowed the impression to form that it looks down on those wanting to improve their lot.

Ed Miliband was right to identify the reduction of inequality as the defining political and economic challenge of our time. In terms of income, wealth, health and education, Britain has become more unequal than at any time since the 1920s. The living standards of low and middle income families have stagnated for decades, with little prospect of these households sharing in rising prosperity in the coming years. With cuts to social security and growing earning disparity between top earners and the rest, social mobility is a pipe dream and children's life chances are primarily determined by who their parents are.

Yet rather than believing it needs to choose between the pursuit of equality and aspiration, Labour should argue that the two necessarily go hand in hand. To realise the aspirations of the majority of ordinary people we need far greater social and economic equality. Indeed, even whilst eschewing the trappings which voters normally associate with 'aspirational' politicians, Jeremy Corbyn himself hinted at an understanding of aspiration explicitly linked to equality. The best line in his first conference speech as

leader was that “you don’t have to simply take what you’ve been given”, and this posited a theme to which the party should return. It is a politics which recognises individuals’ desire for personal advancement, whatever one’s social background, whilst insisting that can only be achieved with a role for government in creating greater social and economic equality.

The London test

Nowhere better encapsulates the challenges for Labour presented by aspiration and inequality than London. London’s elections in 2016 will provide one of Labour’s first big electoral tests this parliament. Britain’s global city has become a byword for diversity, ambition, cultural and economic liberalism. It is the most affluent place in the UK but also the most unequal.

Perhaps no one personifies the themes of aspiration and equality better than Labour’s mayoral candidate, Sadiq Khan. The story of the bus driver’s son growing up on a south London council estate before graduating, running a law firm and serving in the cabinet is repeated in every leaflet, every press release and policy announcement. The migrant story is by definition one of aspiration; the story of those who uproot themselves in search of a better, more comfortable life and one which resonates with millions of Londoners.

However, it is a story that only works in a more equal society. As Khan himself contends “my parents were only able to fulfil their dreams because there was support. A council home so they could save to buy for a deposit of their own. Fantastic local state schools, affordable university places ...We must show that security and equality are the only path to real economic growth.”

The disconnect between people’s aspirations and an unequal reality is being played out most starkly in the context of London’s housing crisis. The growth of London (the population reached a peak of 8.6 million at the start of 2015 and is expected to hit 10 million by the 2030s) has made housing in the capital impossibly expensive. Homes now cost 12 times the median salary, whilst the lack of social and affordable housing means that the average age of the first time buyer is now almost 40. Many of these are people are armed with a good education and the social expectations that go with it, yet have no prospect of leaving ‘generation rent’. The average London tenant spends about half of the median take-home pay on rent in poor quality, insecure and temporary housing. This in turn is leading to less stable communities and forcing younger people and lower income families out of the capital. The lack of affordable housing is also problematic for businesses which face a growing struggle to recruit and retain skilled workers.

The upshot is that London is fast becoming a city for the very poor, who continue to be housed in what is left of London’s social housing and can’t afford to move, and the very rich. This extreme inequality not only threatens the social diversity which makes London great, it damages personal aspiration.

The Conservative response to the crisis has been to leave the lack of housing supply to a failing market. Under Boris’

tenure London’s social housing has steadily made way for luxury developments, whilst the definition of affordable housing has been set out of the reach of average earners at 80 per cent of market rent. Where the government has intervened, it has pursued damaging policies such as extending Right to Buy to housing association homes. Like its 1980s predecessor, which brought local authority house building to a shuddering halt, the policy dangles the hope of home ownership to a select lucky few whilst reducing the number of affordable homes for everyone else.

Labour should expose the emptiness of Tory rhetoric on aspiration. Resisting attacks on consumption, or even cheap shots at Zac Goldsmith’s inherited wealth, it should focus, as

Khan’s campaign has begun to do, on setting out genuinely radical social policies aimed at increasing equality and meet people’s dreams of a better life. Plans for social and affordable house building on publicly-owned land and the introduction of a new ‘London living rent’, linked to incomes rather than

the market, are a start. Insisting on a minimum of 50 per cent affordable housing in any new housing development should not be portrayed as a developers’ tax but as a means of helping businesses retain the key workers they need.

In short, the idea that ‘aspiration’ is not just for John Lewis shoppers but for everyone should not just be part of Labour’s rhetoric but fundamental to its entire policy offer. This is not only relevant to London. As the party debates the challenges of knitting together support from voters in working class areas, cosmopolitan voters in urban areas and increasingly in Middle England’s swing seats, it should remember that working class communities are as aspirational, as desirous of decent homes, job opportunities and consumer goods, as the city slickers.

Whilst political commentators and party observers are fond of remarking on London’s growing separateness, there is an argument that many parts of the country are in fact becoming more like London, more aspirational, more diverse and more unequal. *The Economist’s* Bagehot columnist, Jeremy Cliffe, has written of the “Londonisation of Britain” brought about by long-term demographic trends, including mass immigration, the suburbanisation of immigrant communities, the expansion of university education and the realignment of the economy towards service industries.

If that is right then the tendency towards the creation of a more ethnically diverse, upwardly mobile, socially and economically liberal society means that how Labour shapes its political offer for London doesn’t just matter for the capital. A politics aimed squarely at tackling inequality in order to fulfil popular aspiration makes wider electoral sense. Without winning again in 2016, Labour cannot begin address the deepening inequalities gripping London and the rest of Britain. We must make the argument that in a society where the rungs of the social ladder are too far apart it is simply not possible for people, whether working class, middle class or from any other background, to take the next step. Labour must marry the aims of equality and aspiration not just because it is good politics but because it is what we believe in. **F**

Nowhere better encapsulates the challenges for Labour presented by aspiration and inequality than London

True north

Rather than being devo doomsayers, Labour must inspire voters with the possibilities of people power, writes *Nick Forbes*



Nick Forbes is the Labour leader of Newcastle City Council

THERE'S A POPULAR belief that the Chinese word for crisis is made up of the symbols for both danger and opportunity. The Labour party has a similar relationship with the word devolution, though sadly we don't seem to be focusing on the opportunity, just the threat.

Right now, the Labour party is losing the battle of ownership over the devolution agenda. We are so focused on seeing it as a Tory trap, a way to devolve responsibility without funding, that we are at risk of positioning ourselves as the opponents.

Yes, Tory devolution is a trap, but it is a trap based on more than just budget cuts. I have no doubt that George Osborne's first aim when dreaming up the 'northern powerhouse' was not to empower us but to silence us. A politician as tactical as Mr Osborne does not suddenly wake up one morning and decide he wants to end decades of Tory neglect and start caring about the north. The trap was always, I suspect, to offer the north devolution on the expectation we would turn it down. This would have allowed the government to spend the next four years blaming leaders here every time we point to the impact of another heartless Tory cut.

We have avoided that by accepting the devolution on offer. We have done this in the realisation that it is now the only game in town, that there is nothing to be gained from turning this down and we might as well just grit our teeth and accept it.

But this approach is not enough, not nearly for a party which was born out of the battle to take power from the hands of the privileged and into our streets and workplaces. Labour and the trade unions were created to bring power to communities; we were fighting to give the people

a say when the Tories were still deciding if all men, let alone women, should have the vote. We therefore cannot now be the party whose role in the devolution debate is simply limited to saying 'don't trust the Tories', no matter how true that is.

What we need, instead, is a sense of ownership. As Jon Trickett, Labour's shadow communities secretary, said, "the government's cities and local government devolution bill builds on Labour achievements and is a welcome step forward". And he is right to say that building on the bill, setting out the next steps, has to be where Labour reclaims the message.

Rather than standing on the sidelines, we need to make the future of devolution one in which the voters see a credible Labour vision for local control.

In the north east we have taken some steps towards that. We have made devolution part of our fight for social justice. We know there is no social justice without more and better jobs and we have placed people and employment growth at the centre of our demands. Too often, devolution is pictured in terms of businesses or buildings. Devolution, either the limited offer now available or the empowering version we seek to build, will fail if it does not have social justice at its heart.

Look at the current work programme. It hasn't had the best of successes nationally. It is a blunt instrument, capable of leaving families behind and one which can measure its success without worrying about its regional record. Put simply, it has failed those furthest away from the labour market. That is because it is run from Whitehall. We cannot afford for future employment programmes to face the same failings. But more importantly, Labour cannot turn



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down the chance to grasp control of this policy from a Conservative party which frankly does not care about the results.

It is the same story when we look at skills and young people. In the north east we want the responsibility to set out how we will train the region's workforce to match the region's needs. We, the party of the workers, should be setting out how we will ensure skills training is at the heart of devolution. We already see great efforts here by our trade unions, who work tirelessly to retrain and redeploy their members and bring about job security in the process. With control of skills funding we can add to that work.

And in the wider sphere of public service reform, we see that too often people get left behind when Whitehall's departmental approach struggles to deal with people with cross cutting needs. We need to bring services closer together, and the decision about how we do that should be taken in the regions, so we meet the needs of the individual not some distant government target. Dealing with people in relation to what government department they fit into is no longer a model that works as austerity cuts deep.

We have done this with the tools on offer, but could achieve so much more. So, as a party, we have to ask ourselves: when the voter hears our offer, does their heart sing or sink? Are we ambitious enough, are we positive enough for people to back us? I believe Labour understands better than any party the potential for devolution. The task now is to put our vision to the voters.

That means making clear what devo-max for England will mean, how a federal system would work in practice. Crucially, we need to make clear we will trust local voters with a bigger say over how their money is spent. The

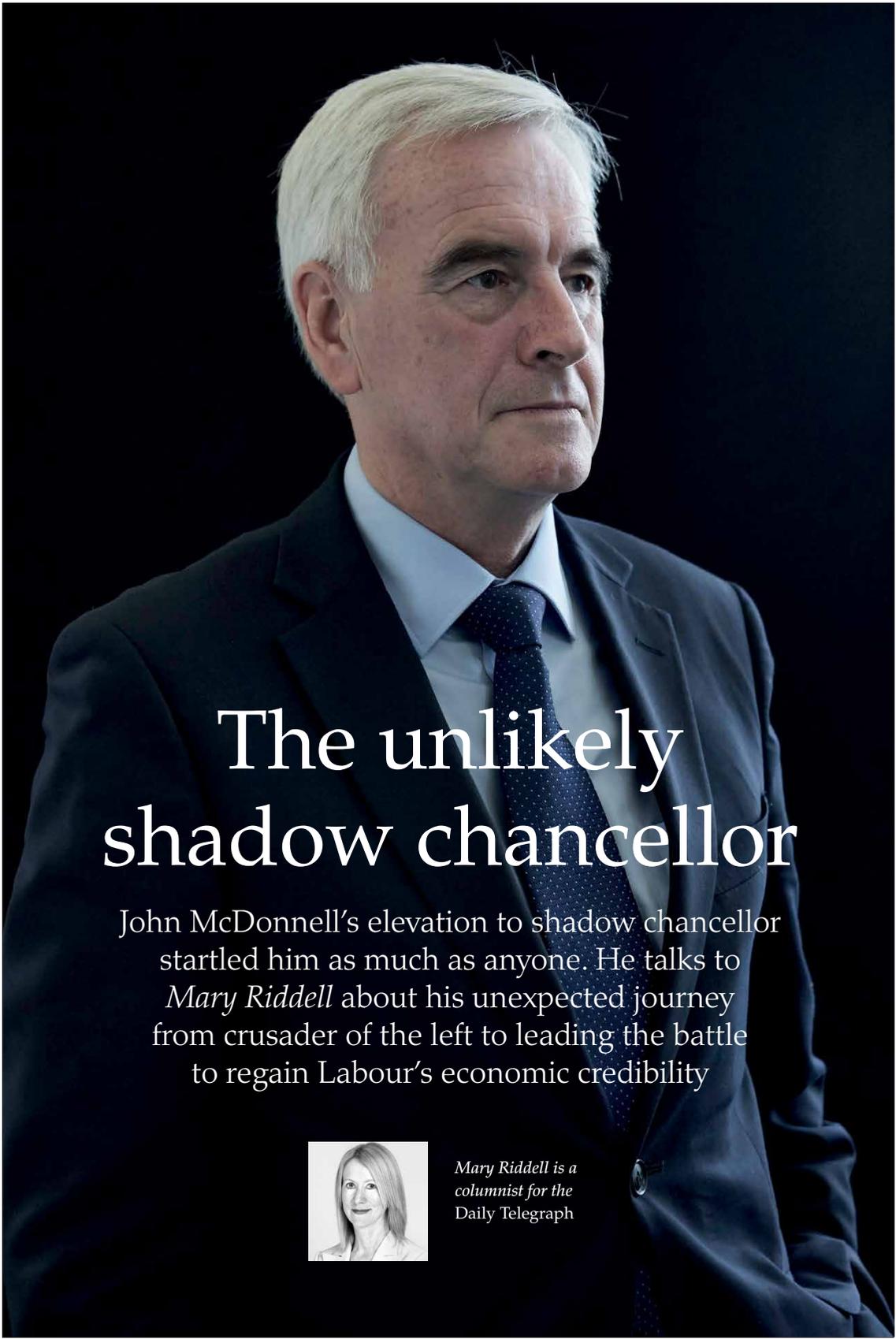
Conservatives have stopped short of true fiscal devolution. There has been a promise from the chancellor of local retention of business rates that could actually make the situation worse, coming as it does with so many caveats and so little protection for those authorities without an Oxford Street or a Bluewater shopping centre.

In America, if voters in a city want a new law bringing in they can hold a ballot and have their say on an individual issue. In England if we want to ban chuggers from the high street we have to ask the secretary of state for a bylaw and be told no. Labour must be the party that sets out why the issues that impact on you locally can be dealt with you locally, not with a Whitehall begging bowl.

When we look at the Tory devolution message there are clearly gaps, but it gives us something to build on. The Conservatives have failed to sell the idea of the northern powerhouse, but Labour cannot just point and criticise. Devolution, and for me devolution in the north, is our heartland, both emotionally and geographically. I know there are many in the Labour party who want to seize this agenda back and make it ours again and convince the voters that we can go further and faster, and crucially, that we are about visible change.

We need to commit to devolution for every city, town and county rather than this trickle down devolution the chancellor favours. We need to commit to devolving enough powers that when the next Teesside steel shock comes, for example, local leaders can do more than bang on the door of an uncaring government.

And we need to convince voters that only Labour is the root to a long overdue return to locally held power that matters to them. Only Labour can deliver power to the people. ■

A large, high-contrast portrait of John McDonnell, an older man with white hair, wearing a dark suit, light blue shirt, and patterned tie. He is looking slightly to the right of the frame. The background is dark.

The unlikely shadow chancellor

John McDonnell's elevation to shadow chancellor startled him as much as anyone. He talks to *Mary Riddell* about his unexpected journey from crusader of the left to leading the battle to regain Labour's economic credibility



Mary Riddell is a columnist for the Daily Telegraph

JOHN McDONNELL APPEARS blessed with unshakeable self-esteem or the hide of a rhinoceros. Either way, he is unoffended by the description borrowed from Thomas Hobbes and bestowed on the shadow chancellor by an anonymous critic. Is he really “nasty, brutish and short?”

“I didn’t recognize myself in that description. The reality is that for all my 18 years in parliament, I’ve been swimming against the stream. As a result, I had never been appointed to a senior position or, until recently, been allowed on a single committee. But I’ve always tried to maintain a relationship with other people.”

The tide turned for McDonnell on the day that Jeremy Corbyn, his friend and long-time fellow-traveller of the left, was elected leader of the Labour party. In the face of protest and dismay among many Labour MPs, McDonnell was named shadow chancellor shortly afterwards. Though he has now been ensconced for many weeks in the office once occupied by his predecessor, Ed Balls, the lack of any personal belongings lends a provisional air to his residency.

Such, at least, is the hope of those critics still appalled that the task of restoring Labour’s economic credibility sits on shoulders so hitherto unburdened by high office. Those who predicted instant meltdown were confounded by the measured conference speech and reasonable manner that gave McDonnell a better start than many had expected.

He ascribes that initial fluency to long backbench practice. “For years, I was preparing alternative budgets and intervening in debates. I was the first MP to raise [concerns over] Northern Rock. I was the first one to raise the banking issue. It’s a whole different world than the despatch box in terms of how you treat the House, but the detail is [similar]. I’m a hard-nosed bureaucrat, and I have been all my life.”

Neither a flinty character nor meticulous attention to detail has been enough, however, to spare McDonnell from opprobrium. In particular, he was mocked for promising that Labour would sign up to George Osborne’s fiscal charter, stipulating a budget surplus in 2019/20 and each year thereafter, only to recant a short time later on his promise.

“It was farcical piece of legislation, but I told Jeremy I was worried we didn’t have the votes to oppose it [and should] vote for the thing on the grounds it was completely irrelevant.” With Labour’s enthusiasm for anti-austerity mounting, the leader demanded a volte-face. “I said OK. I’m going to get shredded for this, but I’ll front it up, and we’ll go for it.” And so he repented to the House, not only declaring his initial decision “embarrassing” but repeating the admission five times. “I did. Chris Bryant [the shadow leader of the House] said it was a wrong to say ‘embarrassing’ so much and [that I should remember] that the frontbench microphone picks up every word. But I wanted to be honest with people as well. A bit of humility amongst politicians does the soul good.”

While some of McDonnell’s colleagues might doubt his grasp on matters of the soul, most would acknowledge that the unravelling of Osborne’s planned tax credit cuts presented his opposite number with an early coup. And so McDonnell had a presumed advantage when, in his first major challenge, he rose to respond to the chancellor’s autumn statement. Even so, he was nervous. “It’s a tough gig because all the cards are in their hands.” In the event, George Osborne held a fuller deck than anyone suspected. The double U-turn in which he announced that he would ditch his planned cuts

to tax credits and the police demolished Labour’s two best lines of attack. McDonnell had known that the tax credit changes would be softened, but he had no inkling of what Osborne was about to say. “We had got no wind of that,” he says. With his ammunition gone, McDonnell could only hail “two victories for Labour” and warn that many of the chancellor’s promises would prove hollow.

Far from settling for such a standard formula, McDonnell instead seized on the novel ploy of quoting from Chairman Mao and presenting a copy of his little red book to a chancellor who could scarcely believe his luck. Meanwhile McDonnell’s own colleagues appeared appalled that their left wing shadow chancellor should invoke the nostrums of one of history’s great butchers.

When we speak shortly afterwards, McDonnell sounds unrepentant, if faintly sheepish. Did he perhaps have a copy of the thoughts of Mao Zedong on his bedside table? “I found it under a pile of my student books when I was clearing out my study. I knew I was going to get an awful lot of stick about it from the media and the PLP, but I wanted to [highlight] asset sales to foreign governments. I’ve been ribbing them [the government] about selling stuff off to the Chinese, and this was one way of doing it. I wanted to get a headline about the asset sales.” Does he have any regrets that his gesture backfired? “No, no. It was done in a spirit of irony and self-deprecation because I’m on the left. The most important thing was to get the story out there, and I’ve done that.” Had he told anyone on his own side of what he planned to do, or alerted Corbyn to the stunt? “No, not at all. Everyone was surprised.”

That furore over, the unlikely shadow chancellor now faces a greater battle than ever to regain credibility and out-smart his chief opponent. McDonnell’s background could scarcely be more different than Osborne’s. The son of a bus driver and a union official, he left school at 17 and took a series of unskilled jobs before going to night school and sitting his A-levels. Five years later, he got a place to study politics at Brunel University and subsequently obtained a master’s degree in politics and sociology from Birkbeck.

First a union official and then a deputy to Ken Livingstone on the Greater London Council, McDonnell never lacked diligence or ambition. Indeed, the only trait he shared with Osborne was their mutual desire to lead their party. McDonnell ran twice for the leadership, once against Gordon Brown in 2007 and then against Ed Miliband in 2010, failing to make the ballot on both occasions.

His elevation to the job of shadow chancellor startled him as much as anyone. “Seven months ago, I was working on the basis that I would slip quietly into the role of elder statesman of the left and prepare the foundations for the new left. I always thought the left would come back into power.” Having expected a breakthrough by 2020, McDonnell instead found himself catapulted into the front line.

At 64, and after suffering a heart attack two years ago, did he wonder whether he had the mental and physical stamina for the task? “Standing as leader twice wasn’t a stunt. It was because I thought I could take it on. I’ve always been serious about going into government and worked on the basis that you have to be ready if it happens the next day. I’ve always told the left that you can’t just make speeches. You have to come to terms with power and administration, and that’s what I’ve done.”

Whether he can dispel the ghosts of the past is another matter. Not long ago, his office denied that he had signed, or even seen, a demand by a left wing campaign group that MI5 should be disbanded and the police disarmed. The subsequent emergence of a smiling McDonnell holding the offending document appeared damning.

"What a cock-up," he says. "I'd signed an anti-austerity statement. When they asked for a statement, I held up what I thought was [that one]. It wasn't. It was another policy programme." That mix-up followed closely on from the furor surrounding Corbyn's reluctance to endorse a shoot-to-kill policy against terrorists on operations in the UK.

"The Metropolitan police [responsibility] is to use proportionate force, and of course we also have the reserve of lethal force. That's all Jeremy was reiterating. But the minute you put shoot-to-kill on the agenda, it becomes an emotional thing." While many MPs considered Corbyn's initial response unforgivable, McDonnell is merely critical of his team's media strategy.

"We failed to rebut an insinuation after Jeremy's interview. That's where we fell down. Our rebuttal exercise has got to be quicker, and we've got to be sharper. We should have [acted] straight away. That's lack of experience, in a way, and naivety. We've only been here for a few weeks, but we have to learn lessons pretty quick. Or otherwise people are going to lose confidence in us."

Some centrists already proclaim a dearth of confidence, despite McDonnell's promise that he backs Osborne on extra security spending and that a Corbyn government would keep the people safer than the Tories after refusing from the outset to consider police cuts. "My brother was a copper for 35 years. He was a commander, a trained hostage negotiator and responsible for the Queen and the royal family in Norfolk. So I know the issues around [police] resources." Crucial as economic issues remain, the Corbyn leadership seemed more destabilised by the Paris bombings and their aftermath. We speak shortly before the PM is about to make his pitch for Britain to join the war in Syria, following the UN security council resolution allowing for "all necessary means."

"I am still of the view that the involvement of the western powers in the Middle East is a disaster, a long-term disaster. As soon as you have the involvement of the UK and the US, it exacerbates the problem. That's my position, full stop. I certainly don't approve of bombing raids. What I'm worried about is that you will get mission creep and troops on the ground. Then you get sucked into a [situation] that is extremely perilous in the long term. I'm not willing to support a military invasion in Syria or the Middle East any further."

Throughout Labour's internal disputes on whether to back bombing raids and whether the vote called by Cameron should be free or whipped, McDonnell's position remained clear. "My inclination is that issues such as sending people to their potential death should be a matter of conscience. I think we have to do what we always have and give people the opportunity to exercise their consciences."

And so, in the days before the Commons votes on Syria, McDonnell found himself at variance with Corbyn, who argued for a whipped vote until he was forced to retreat at the final shadow cabinet meeting before the war vote.

The internal rows and divisions exposed by the Syrian showdown is far from the only crisis to threaten Labour.

McDonnell cannot however be accused of failing to offer olive branches to doubters. He is, for example full of praise for Chuka Umunna, who has offered only thinly-veiled criticism of Corbyn, and lyrical in his admiration for the moderate front-bencher, Vernon Coaker. "I love Vernon. He's not my politics, but he's a really decent, honest, salt-of-the-earth bloke."

Despite such overtures, Labour remains riven by dislike of some of Corbyn's left wing staff appointments and by fear of being deselected. That anxiety, McDonnell says, is misplaced. "We're not just a big tent – we're trying to increase it." Such collegiate ambitions, I suggest, are hardly helped by interventions such as the suggestion by Ken Livingstone, that the moderate Kevan Jones, who has suffered mental health problems, should see a doctor after criticising Livingstone. "Anything like that is indefensible. We're all learning a lot around mental health issues. It was really upsetting what Ken said. We've got to try and learn from it and move on."

None of the unease within his party has diminished the gusto of the shadow chancellor. Long before the autumn statement was delivered, and despite its apparent success, McDonnell considered Osborne as out of step with the people. "The attack on him and Cameron was posh boys. I always thought that unseemly and wrong. You don't choose the class you are born into. But if you're from a relatively wealthy background, you need to take special care. If you have never struggled to pay the rent or mortgage, you need to empathise with those that might."

Whether McDonnell is a byword for empathy is another matter. Though affable and mild-mannered in private, he is by his own admission an unclubbable figure who was barely known to many Labour MPs before the Corbyn accession. A Who's Who entry saying that he was "fermenting the overthrow of capitalism" and an assertion that he would like to "assassinate Margaret Thatcher" (a poor joke, he says) stand as future epitaphs to a political career.

But for now at least, John McDonnell is destined to fight the corner of a parliamentary party which mostly does not warm to him, and never may, against the most politically agile chancellor of modern times. McDonnell must trust that his "iPad socialism", marrying technological advance with traditional protection for workers, takes shape under the guidance of advisers, such as the Nobel Laureate, Joseph Stiglitz. McDonnell's new buzzword, "futurity", might amuse those centrists who consider him to have the forward-looking instincts of a stegosaurus, but the shadow chancellor is well-used to shrugging off criticism.

Does he still aspire to lead his party? "No, not now. I'm in my sixties. I want to get Labour elected in 2020. I'd like to serve a term as chancellor so that we get the economy back on the road. At that stage, I think the new generation we're bringing on would consolidate Labour in power for a generation." "Would that also be Corbyn's plan?" "Jeremy's never discussed the longevity of his administration with me. But his view has always been: let's win the election in 2020 and see where we go from there."

While such an ambition might strike critics as far-fetched or even risible, McDonnell has never shirked a battle, be it against the Tories or the sceptics of his own benches. In the words of Chairman Mao: "No matter how harsh the environment, even if there is only one person left, he will keep on fighting." It remains to be seen whether the crusader of the left can prevail against the forces ranked against him. ■

A country mile

Labour must find ways to reach out to rural and coastal communities, argues *Cat Smith*

Our rural and coastal communities often feel their voices aren't heard in politics. Turn on the television, the radio or read any newspaper and you'll hear plenty of talk about Crossrail, the City, even the 'northern powerhouse'. In contrast, you'll hear very little about coastal flooding, rural tourism, the fishing industry, access to (or lack of) broadband and mobile phone signal, and debates about renewable energies like offshore wind or tidal power. They may not be as visible in Westminster, but there is a lot happening in our rural and coastal communities, and government austerity is hitting them hard.

For example, with rising sea levels and changing weather patterns, flooding is increasingly the biggest threat to some of our coastal and rural communities. The 57 per cent real terms cuts in the Defra budget means agencies like the Environment Agency do not have as much funds to maintain flood defences. This is of course going to have – and anecdotally already is having – an impact on how we defend our rural, residential, small business and farming communities. Over the past few months I have been onto a couple of flood defences in my constituency. They are hugely expensive to build and maintain, but their importance is not underestimated by local residents and is a crucial investment in our national infrastructure.

Rural tourism is the lifeblood of many communities but to have a healthy tourism industry, you need tourists. Whilst there is very little we can do to compete with the weather of the Mediterranean, one of the biggest challenges we have in encouraging the UK population to holiday locally is ensuring they have money in their pockets. This is difficult when one in five jobs pay less than the living wage and working families are experiencing the biggest squeeze in living standards since the Victorian era.

Fishing might not be a topic which often comes up in Labour circles; but our values could really help revive a sustainable fishing industry. Small-scale fishing enterprises comprise the overwhelming majority of the fishing fleet – 77 per cent last year – and



employ the vast majority of people in the industry. Yet they get only a tiny proportion, around 4 per cent, of the overall common fisheries policy quota. That means that the viability of many small-scale fishing businesses is jeopardised, despite these being the people who provide the most jobs in the industry and fish in the most sustainable ways. As it stands, the fish quota is largely controlled by a powerful minority. Recent reforms to the common fisheries policy have created measures that reward those who use more selective and low-impact fishing methods, but the responsibility now lies with implementation. Member states and our own government must act to ensure that small-scale fishermen get their fair share of the fish quota. It will be better for jobs and better for the environment, and this must be a big part of our campaigning in the forthcoming EU referendum.

A big part of why rural communities are getting left behind is down to infrastructure. As an MP with a significant rural community I know that access to broadband is a huge issue which leads to great frustrations. We know that far too many parts of the country have no broadband coverage whatsoever. The government have missed target after target on basic and superfast broadband, and yet despite their record of failure, they are setting themselves another goal to miss: the ambition that ultrafast broadband should be available to nearly all UK premises. They plan to review progress against that ambition annually, starting in April 2016.

There are opportunities to close the gap if we are alive to them. Renewable energies, for example, offer great potential to our rural and coastal communities. Over the mouth of the River Wyre in my constituency two groups are competing to build a tidal barrage. This could offer a flood defence to my



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coastal community and green energy to a wider community. Off the North Lancashire/South Cumbria coast we will soon have Europe's largest off shore wind farm at Walney. These projects should be offering more direct benefits to local communities – and government can, and should, do more to ensure that communities who welcome new green technologies reap more direct benefits.

It's obvious to see that austerity and government policy has hit rural communities hard. Labour will have to reach out to rural and coastal communities over the coming years to ensure our offer in 2020 is one which speaks to them. And for any readers who live in coastal and rural communities – get out there and feed into our party's policy on these matters. At the last election Ed Miliband said there should be "no no-go areas" and at the next election we need to make that a reality. **F**

Cat Smith is MP for Lancaster and Fleetwood and shadow minister for women and equalities

Let's go to work

After the tax credits battle, it is on work not welfare where Labour can win the war, writes *Richard Brooks*



*Richard Brooks was research director of the Fabian Society and co-author of *Narrowing the Gap*, the report of the Fabian Commission on Life Chances and Child Poverty. He tweets @RichardBrooks_*

VICTORY IN THE Lords and George Osborne's autumn u-turn over tax credit cuts provided welcome relief after a torrid summer for the left. But don't go mad with your celebrations. Not only was this delay rather than a true defeat, we're in danger of winning a battle while losing the war. Labour are still a long way from having a strategy on welfare and work that promises even a modest chance of electoral success. The strategy needs to include clear views on welfare, employment and the quality of work. It must be principled, consistent, reach a broad sweep of the population and be firmly grounded in economic credibility.

On the face of it poverty, low incomes and inequality should be a weak flank for this government. The Conservatives, and David Cameron's circle in particular, are still seen as the party of privilege and the rich. Many people, including whole communities in parts of the UK, still have bitter memories of poverty and unemployment under the Thatcher and Major governments. But there are at least three good reasons why this did not trouble the Conservatives at May's general election.

The first reason is that poverty is simply not a high-profile issue for most people. Poverty has not featured as one of the top five public concerns in MORI's political issues index for 20 years. The second reason is the successful Tory narrative about the causes of poverty. In this story poverty is about responsibility and work, and cutting benefits is in the interests of the poor because it makes them stand on their own two feet. This may be wrong, but it resonates with many.

The third reason is that Labour has been politically hamstrung by concerns that we are fiscally irresponsible and too generous on welfare. Ask anyone who campaigned in 2015 what the public thought about our position on welfare. Too many thought we were going to take their

money and give it to someone else who didn't work, while driving the economy into the ditch. It is not good enough for Labour simply to oppose every benefit cut. Unless we have a credible alternative plan we won't get any traction.

The Conservatives have also ridden their luck. What happened to child poverty during the last parliament? It actually fell during the recession, because the official measures were taken relative to falling median incomes. Iain Duncan Smith got to have his cake and eat it. He claimed that the poverty measures were inappropriate, but he also claimed that he would meet the 2020 targets.

That claim was always complete nonsense, but very soon it will be moot. The welfare reform and work bill that is now before parliament will abolish the child poverty targets entirely, and will rename the Child Poverty Act of 2010 the Life Chances Act. The awkward issue of poverty will be pushed further out of the limelight, just as the tax and benefit changes that were agreed by the previous government start to bite, and before the cuts planned in this parliament even start.

Let's remind ourselves what the Osborne proposals amounted to, prior to the Lords defeat and spending review climbdown. The central provisions were cuts to the generosity of working tax credit; a four-year freeze to working age benefits; removal of family elements of tax credits and implementing a two-child benefit cap. The total planned saving was £13bn, to be partially offset by a £4.5bn pre-tax increase in the minimum wage.

The overall effect of these measures would, according to the Resolution Foundation's analysis, have been an extraordinary increase in the number of children living in poverty by 1.6 million between 2013/14 and 2020/21. The Osborne cuts would have left the whole lower quartile of

the income distribution worse off in real terms by the end of this parliament. That the government was prepared to do this – and is still prepared to do it by other means such as universal credit – should make clear just how much we need an elected Labour government rather than an opposition.

The cleverest part of the Tory narrative is that we should switch from being a ‘low pay, high welfare’ country to a ‘high pay, low welfare’ country. This is clever partly because it’s broadly true and accords with common sense. The most sustainable strategy for tackling poverty really is to increase income from work. However, it also establishes the falsehood that we are currently a high welfare country. In fact the UK was at almost exactly the OECD average for welfare expenditure even before the cuts agreed under the last government.

Anyone thinking this is an argument Labour can win on the doorstep needs to put a weaker e-liquid in their pipe. “Don’t worry, the French and Germans spend a lot more on welfare.” Welfare spending is always and everywhere subject to an uncomfortable trilemma. Call it the welfare triangle. You can have any two of: affordability to the state; simplicity and good incentives; and generosity to recipients. For example high and universal benefits are expensive, whereas lots of mean testing creates complexity in order to control costs.

Labour will get nowhere simply by advocating more generous welfare spending, partly because of concerns around fairness and reciprocity, and partly because the consequence is higher taxation. Under the last Labour government we increased the generosity of non-contributory, means tested support for low income families very significantly. But we did so quietly, and in the environment of a strongly growing economy with unsustainably buoyant tax revenues. The last time we successfully made an explicit case for significant tax rises was 2002, when we linked the rise in national insurance contributions directly to universal NHS spending. Does anyone really think we can do the same in the next five years for welfare, when services like the NHS and local government are under such pressure?

One thing we should do is identify some priorities within the current welfare spending envelope. The government has made its strategic choice: to protect pension spending. My view is that Labour should take some hard decisions about where to focus, and that pre-school children and expecting mothers should be the priority. Extending child benefit to the period of pregnancy would help address maternal and infant health and nutrition, and make it easier for low-income mothers to acquire some of the material necessities of parenthood. Cuts to Sure Start cannot be fully reversed any time soon, but we should strengthen our commitment to genuinely free high-quality nursery care for disadvantaged children. All this could link to an argument about what measures should replace the child poverty targets: income, deprivation and life chances objectives for young children.

However, the real weak flank of the Tories is work, not welfare. Theirs is a strategy to create a Victorian Britain. 20 years ago poverty was concentrated in workless families, particularly single mothers. Now almost two thirds of poor children live in working families. Support for those on lower incomes is being withdrawn. The incentive to work will be the alternative of destitution. The trade union movement,

which for over a century has protected employees’ share of national income, is under unprecedented attack via the trade union bill. It is perfectly possible to have economic growth while living standards stagnate or decline for most people. We are heading towards being a country of the working poor.

This is the real significance of the tax credits defeat. It shows Labour both the constituency it needs to win, and a way of winning them. These are working people on lower to middle incomes at the sharp end of the modern economy. Osborne’s tax credit proposals were a strategic error because they fundamentally undermine his claim to be on the side of working people. Astute Conservatives like Ken Clarke and Nigel Lawson (the latter hardly a moderate) feel this danger and that is why they spoke out.

Last parliament we focused too narrowly on those facing some of the most extreme consequences of economic globalisation: zero hours contracts on the minimum wage. This time we have to speak convincingly to a much larger group. Not just the bottom 10 per cent, but those earning £15,000 and £20,000 and more each year. The issues facing these lower to middle earners are becoming more and more acute. Job insecurity now comes from sources like automation, the widespread use of agency staff and outsourcing. These feed directly into worse terms and conditions. Pressure on living standards includes pay and living costs, but also the increasing pressure of work driven by more and more intense competition.

The strategy for tackling these issues is the same as our strategy for regaining economic credibility. It’s our central story about employment, productivity and the rewards from work. This makes education and skills central to the argument about poverty and welfare. In the last parliament we began to talk about a ‘modern industrial policy’, but it never had enough prominence or clarity. This time round we need a sustained and developed focus on science, innovation, infrastructure and most importantly business growth. We need to embrace economic devolution and work out our positive story that links Labour in power, in local government, with our national offer. We must use the cities and regions to demonstrate our economic competence and seriousness.

Perhaps most importantly, Labour’s leadership has to be seen as a convincing supporter of private enterprise as a creator of growth and jobs, innovation and affluence. Most people work in the private sector. They may want better terms and conditions, but they also want their businesses to succeed. There are undoubtedly areas of the economy where regulation is inadequate. But if our interventionist proposals add up to a lack of credibility, then we won’t get the opportunity either to implement our economic policies, or to address the welfare challenges that will be acute by 2020.

In a sense all this pushes us back to our roots as a movement: our strategy on work and welfare must be a strategy about labour in the modern world. Reducing poverty and inequality depends on our story about work and its rewards being credible, inclusive, and reaching a critical mass of the voting public. Our aim should not be to get into government in order to spend people’s money. It should be to create a thriving society and economy that rewards work and enterprise, protects rights and dignity, and genuinely supports equal life chances. ■

The UKIP tipping point?

The EU referendum means all the conditions are in place for a UKIP surge in the north. Labour must act fast to avert another Scotland, argues *Mark Rusling*



Mark Rusling is a former Young Fabian chair. He is a councillor in the London Borough of Waltham Forest and is originally from York

EXPERIENCED CANVASSERS WILL know the drill: L is Labour, T is Tory, Z is non-voter and so on. But if you have only campaigned in London, you might not have seen a 'B', because B is for UKIP. In other parts of the country, they see little else now – as a Rotherham councillor said to me, “all we have round here is L’s, Z’s and B’s”. Jim McMahon may have trounced UKIP in Oldham, but the threat that they pose to the Labour heartlands is still very real.

The Fabians were the first to spell out the danger to Labour in last year’s *Revolt on the Left* report. John Healey has recognised this threat, as has Dan Jarvis, who has argued that “Labour has been in denial for too long about the challenges posed by UKIP”. Many local parties have been combatting the challenge for some time. But the national party is yet to acknowledge its problem. Labour’s internal polling in June 2014 said that Labour general election voters who would consider UKIP were “c. one in 10 Labour voters. Equivalent for Tories is c. one in five in our polls ... We don’t want a UKIP collapse. If they did, their vote would break 2:1 to the Tories”.

Despite the election results proving that wrong, the notion that UKIP is a threat to the Tories in the same way as the Greens are a threat to Labour continues to drive too much of our national response to Farage’s (mostly) men. UKIP and the Greens might have one seat each, but Farage is a far more serious threat than Natalie Bennett ever will be.

Ground zero

Overall, UKIP’s vote increased by 322 per cent between 2010 and 2015. But it is Yorkshire that is ground zero in the Labour v UKIP battle. UKIP came second in 44 per cent of Labour seats in Yorkshire, compared with 20 per cent in the north west. In 2010, fourth was their best result. UKIP improved its placing in 50 out of 53 Yorkshire seats (beating Labour in two) and did not lose its deposit anywhere. Nearly half the seats in Yorkshire were affected by UKIP’s rise, but the fateful eight were those, like Ed Balls’ Morley and Outwood, in which UKIP’s vote share was greater than the winner’s majority over Labour in second place.

These are the seats in which Labour-to-UKIP switchers cost us victories. And it is clear that UKIP is hurting Labour more than they are hurting the Conservatives in Yorkshire. UKIP increased its vote by 15.9 per cent on average in Labour-held seats and by 10.1 per cent in non-Labour held seats. Other seats stayed Labour but the threat is obvious: in Rotherham and Rother Valley, the increase in UKIP support between 2010 and 2015 was greater than the Labour majority in 2015. One more push and they’ll be over the line.

Scotland points the way

This threat has been growing for some time, and the beliefs that are fuelling it are even older. Before May, UKIP

already had seats on eight top-tier councils across Yorkshire (Bradford, Doncaster, East Riding, Hull, North Yorkshire, Rotherham, Sheffield and Wakefield); in May they added Scarborough. The rise of the Liberal Democrats in the 1980s and 1990s shows how local government can be used to build support in once-impregnable Labour seats. The rise of the SNP over the last decade shows what happens when voters suddenly no longer feel that they have no option but to vote Labour.

The Labour collapse in Scotland was more like a volcano erupting than a tsunami breaking – the final act was brutally swift, but the build-up took years. It required an invisible local Conservative party, combined with a Labour party that for years and for many had been seen as out of touch with ordinary concerns, but which had faced little effective local opposition. It required a touchstone issue – independence – to set the lava moving. And it required one event to push the lava over the edge – a referendum in which the SNP were the only party arguing for ‘Yes’ and Labour sided with the Tories.

All these elements are currently in place for a UKIP surge in parts of Yorkshire. There are barely any Tory councillors in urban Yorkshire, let alone MPs. With honourable exceptions, many areas which have strong traditions of voting Labour have weaker traditions of Labour knocking on doors and actually speaking to people. There is a touchstone issue – immigration – which cuts across all classes and voting intentions across swathes of Yorkshire. And the tipping point is coming into view: the EU referendum. Labour will join the other parties in pushing ‘In’, leaving only UKIP arguing ‘Out’, and equating an ‘In’ vote with a thumbs-up to mass immigration. The *Guardian*’s Martin Kettle has asked if UKIP will be “the north’s own SNP”. It’s a sensible question.

Surely not?

All the elements of a UKIP rise in Yorkshire and elsewhere in the north are coming together, and it won’t take much to put paid to Labour’s chances of forming a government. If just a handful of the 14 Yorkshire seats in which UKIP came runner-up to Labour were to fall, our task would be almost doomed. And any surge will not be confined to Yorkshire.

The fact that UKIP’s organisation is a shambles and its leader barely credible is part of its appeal – they don’t look or sound like politicians. As another Rotherham councillor said to me, UKIP are a mess: they lack a council whip and can only agree on immigration. But that didn’t stop them taking 12 of 63 seats on the council this year, even with the increased Labour vote due to the general election.

UKIP have also tapped into a sense among many in the north that Labour is somehow southern and metropolitan – not the honest, northern Labour your grandparents voted for. It is irrelevant whether these feelings are true – it only matters how strongly they are felt. UKIP have also both fermented and ridden a growing tide of English nationalism which many in Labour have found alien, distasteful or both. Again this plays differently in the north, as Kettle

points out: “To be northern and English is simply not the same thing as to be southern and English”.

UKIP’s appeal to Labour supporters is nationalist, but also class-based. As Jon Cruddas has pointed out, Labour’s vote among social liberals has held up over the last decade. It is socially conservative voters, who are more likely to be working class and to value safety, belonging and cultural identity, who have lost faith in Labour.

According to Cruddas, UKIP fought Labour to a tie over these voters in May 2015. This long-term trend, coupled with the EU referendum, could be just what Farage is waiting for.

What is to be done?

Labour must combat a UKIP surge which is possible, but not inevitable. As in Scotland, only Labour can stop it. Leaving it until after the EU referendum is not an option. There are five things Labour’s leadership must do now.

First, the ‘Labour In’ referendum campaign must overshadow the official campaign. It is clear that running a joint ‘No’ campaign in Scotland was a mistake. Labour In must address early and often the UKIP line that a vote for Europe is a vote for mass immigration.

Second, the national party must recognise that the UKIP threat has deep roots and is potentially devastating. It is not equivalent to the Greens. Local parties on the front line need better help than a box of ‘More Tory Than The Tories’ leaflets.

Third, we must address people’s (often Labour voters’) legitimate concerns about immigration, but we should talk at least as much about integration. Most people are not against all immigration, but they are against all ghettos.

Fourth, we must use our newly-enlarged local Labour parties to have genuine, meaningful, conversations with voters. Insurgent parties succeed in a vacuum and fail when there is no space for them.

Fifth, our leaders must understand that symbols matter. The poppy, the national anthem, the national sports teams – all tell a story about ourselves that most people want to hear.

Appealing to Labour-UKIP switchers does not mean mindlessly tacking right: it will be based as much on authenticity, tone and narrative as it will be based on policy offers. The appeal will also have to recognise that people are voting UKIP for a variety of reasons – just as happens with any party. It must have particular resonance in the north – that is where the main threat lies. And it must present an optimistic vision of Britain’s future rather than UKIP’s promise of a better yesterday. Jim McMahon’s can-do municipal optimism and tangible pride in his home town are clear winners against a backward-looking UKIP. The challenge is to replicate that vision wherever UKIP is a threat.

If we shut our ears to the rumbles of discontent from the north, then they will only grow louder. The EU referendum can provide the cause that UKIP needs to break through. They will capitalise on deep-seated concerns about immigration and cultural change. They will divide communities and may end Labour’s chances of winning – and it will be our fault. B is for Bleak, and B is for UKIP. **F**

Appealing to Labour-UKIP switchers does not mean mindlessly tacking right: it will be based as much on authenticity, tone and narrative as it will be based on policy offers

Credibility now

Neither a return to pre-crash business as usual nor a politics of anti-austerity will restore Labour's economic credibility. *Stephen Beer* outlines a new economic framework to meet the challenges of our time



Stephen Beer is chief investment officer at the Central Finance Board of the Methodist Church. He is the author of a Fabian pamphlet, The Credibility Deficit: How to rebuild Labour's economic reputation. This article represents his personal opinion.

LABOUR'S NEW LEADERSHIP intends to reset its economic policy. However, Labour needs to do much more than find the right policies. It needs to fundamentally rethink the basis for its economic platform, making sure it is relevant to today's economy and reflects progressive values. The economic approach of the New Labour years no longer applies but a politics of simple anti-austerity misses the point.

A changed economy

Labour has a mountain to climb to restore public trust in its economic management. By the end of 2015, the party, its new leader, Jeremy Corbyn, and shadow chancellor, John McDonnell lagged far behind the Conservatives on the issue. Labour are also expected to borrow more and is regarded as running a higher risk of economic disaster, even if people are not convinced that more spending cuts is the right policy. Labour has still to work out what being credible on the economy actually means, as the confusion over whether or not to support George Osborne's 'fiscal charter' and Labour's current low level of engagement with business has shown.

Credibility should not be the primary aim of economic policy but a consequence of doing the right thing. And here, both Conservative and Labour economic policies have failed. This is because they have assumed the economy would return quickly to a pre-crisis 'normality' after the Great Recession – despite the fact it was that normality which set up the conditions for the financial crisis.

Politics needs to adjust to a changed economy. Before the crisis, the economy was in an apparently stable state, which became known as the Great Moderation, with

growth, low inflation, and, compared with previous decades, low unemployment. The crisis awoke us to the reality of a high debt global economy, and we now have interest rates at rock bottom, continuing asset price increases, and occasional dances with deflation. In both periods, the push has been towards greater inequality.

We are now in the midst of a long financial cycle. As the Bank for International Settlements has noted: "Financial fluctuations ("financial cycles") that can end in banking crises such as the recent one last much longer than business cycles. Irregular as they may be, they tend to play out over perhaps 15 to 20 years on average." They have called for a move "away from debt as the main engine of growth", which is a challenge given global indebtedness. Growth in global debt is now being driven higher by emerging markets where, overall, debt has risen to 195 per cent of GDP from 150 per cent in 2009,¹ with limited deleveraging in developed economies. High levels of debt carry risks, especially from rising interest rates. Without sustainable growth, debt is like an addictive drug. It puts off the day of reckoning, but not forever. Restructuring and economic growth are two fundamental requirements for dealing with the problem.

Yet Conservative economic policy relies on household borrowing increasing further. Although household debt to GDP reached over 160 per cent, at 140 per cent it is still high and the Office for Budget Responsibility (OBR) predicts that under current government policy it will rise once again, driven in part by higher house prices. That is the flip side of the government's spending cuts. Despite the current GDP growth rate, the trend rate of growth could be much lower than pre-crisis.

Interest rates are very close to zero. Together with quantitative easing, this has helped push up asset prices, including housing. Central banks are determined to 'normalise' rates but are finding this difficult with inflation at such low levels (more or less zero in the UK in October 2015). A normal interest rate in the UK is now regarded to be 2 per cent.

This presents a problem. As Bank of England chief economist Andrew Haldane has noted, ideally interest rates should be at or above 'normal' levels in time to be cut into the next recession. The probability of a recession in any 10 year period is very high and increases. The last recession was in 2009 and based on history some sort of slowdown might be expected in the next few years. Even if the Bank has managed to raise rates towards 2 per cent, it might then have to cut them soon afterwards, if inflation remains low.

Meanwhile, investment is relatively subdued, despite low interest rates. Businesses are experiencing a high degree of uncertainty as they plan for the future and in many cases are holding back expansion plans. They were also bitten hard by the near collapse of the banks and are content to hold extra cash on balance sheets. It is likely too that pay schemes are incentivising executives to buy back shares to boost earnings per share, and hence bonuses, rather than make longer term investments.² The corporate sector is lacking sufficient and sustained confidence to increase investment substantially.

Interest rates have been falling for at least a decade before the crisis. Real (after inflation) wages have been falling too. The longer term factors have probably been the financial integration of China into the global economy and the large increase in the global labour force from China and Eastern Europe. Low interest rates have driven up asset prices, while real wages have been driven down. Inequality has grown as those with capital saw their wealth increase. QE has exacerbated this.³

Central banks are now focused on preventing Japan-style deflation and are mindful of the risks of speculative booms and busts encouraged by low interest rates and QE, as the most recent Geneva Report on the World Economy highlights. Governments are faced with rising inequality, the risk of another crisis, and, unless they tackle the debt and growth challenge head on, lower rates of growth.

A new hope?

These longer term trends towards greater inequality may reverse, according to the Geneva Report, as "the bulge of high saving middle-aged households moves through into retirement" and stop saving. What's more, the pace of China's financial integration should slow as its economy becomes more domestically focused. With little prospect of another large increase in the global labour force, real wages could rise. Higher wages could prompt companies to boost capital spending, raising productivity, while transferring money to the less well off, improving living standards and reducing inequality.⁴ This is good news and the trend may be on the turn already.

However, the Geneva Report says "the time scale ... is highly uncertain and will be influenced by longer term fiscal and structural policy choices." The values behind these policy choices will be highly significant. The outcomes above are not guaranteed and could take a long time to

become evident. Waiting for them to occur could lose a generation to further inequality and so action is required now, but in a way which can encourage any future trends towards a more equal economy.

Policy that suits the times

If interest rates, inflation, and growth are to remain low for some time, it will also take time for the tax base to grow to support past levels of spending. The Conservative answer, ideologically and practically, is to pare back spending to match, shrinking the state. Yet debt levels are still high, and markets may limit the government's ability to ramp up borrowing during the next slowdown. This is the old model.

One alternative is to raise tax further, reducing the burden of deficit reduction from spending. While this is never popular, it should be pursued but as part of wider tax reform. This should probably include the controversial step of reducing the concentration of income taxation on those with higher incomes. That seems counter to Labour values but the concentration is a risk. It would be more economically sensible to tax significant increases in wealth brought about by government policies such as QE. Such reform should probably include a land tax. A financial transactions tax would also assist here and might dampen some QE-related volatility in asset prices, together with banking reform. However, taxation as a proportion of GDP has never sustainably risen much beyond 36 per cent, which limits what government can do beyond temporary increases. So even higher taxation has limits.

Ultimately, therefore, we need higher and better growth.

Labour should adopt a genuine Keynesian approach by acknowledging the role of financial markets and uncertainty. To get out of the current liquidity trap, when cutting interest rates has little effect, government has to be proactive. That means stepping into the gap and significantly boosting investment, for example in infrastructure, climate change prevention and mitigation, and education. This should be accompanied by measures to promote an environment for business, with clear and stable taxation and regulation. Extra government investment should be funded by borrowing, combined with a clear plan for balancing the current budget.

Balancing the current budget over time of course means some hard choices, even though higher growth should eventually make the task easier.

There is another option. The Bank of England owns £375bn of assets, mainly government bonds, which it bought via QE. It created money out of nowhere to purchase the bonds. In theory, the process will be reversed when the Bank believes conditions have normalised. However, the Bank could in effect write off some of the purchases. This would reduce the government's debt, and so make the task of fiscal consolidation easier. Moreover, if there was another financial crisis or recession in the near future, the Bank could print more money but this time use it to stimulate the economy more directly.

This seems like cheating but it is possible. The problem is that it carries risk, that governments will use the technique on a regular basis to boost demand, creating hyper-inflation and a loss of confidence in the UK economy. Ultimately this is a question of control and degree. While it seems controversial, it has been proposed regularly, for example

by Milton Friedman, Ben Bernanke, Martin Wolf, and most recently in the UK, Adair Turner. At the very least, a one-off reset of debt linked to the financial crisis could help boost growth and avoid unnecessary hardship. It would merely be continuing an approach adopted since the Jubilee laws found in the Bible, where debt was written off every seven years, and assets redistributed every generation. However, it would need to be implemented at the right time by a party that people and markets believed was highly economically credible.

We need to be wary of conventional wisdom. Fabians should recall a lesson from history. Labour lost power in 1931 when it could not agree to implement harsh spending cuts to balance the budget and support the pound. It then looked on as the National government simply left the gold standard and avoided the problem, with Sidney Webb remarking that “no one told us we could do that.” If there is another slowdown soon, we should expect more rules to be broken. We have to be proactive.

However, even such radical measures are insufficient. A great deal of work is required to show Labour can be trusted to manage the economy and that it understands how a modern dynamic economy works.

Applying our values today

The values held by government matter, particularly during fundamental changes of the sort we are experiencing now. The challenge is to integrate the principle of equality with economic policy, in particular to ensure each person gets opportunities to fulfil their potential and has a fair stake in the economy. This was the vision of RH Tawney and others, who saw economic freedom as part of a more equal society, focusing on distribution of opportunities and power.

This ethical socialism is an appealing vision because it treats people as individuals acting within society. It is a rich seam on the left that is consistent with liberal values, and has always contrasted with impersonal ideologies which have little appreciation of human character. It is a vision that can only be achieved if we shake off statist policies and think about how to do this in a dynamic modern economy.

People and companies respond to economic incentives and they make their own decisions, usually much better than government attempts to do so for them. Business is an expression of human creativity and good business is something to be celebrated and more than as a means to an end. It is often a challenge for the left to appreciate this, but it should not be. It will mean doing basic things such as turning up to business conferences and engaging with business people.

The state plays an important role to ensure economic power does not become concentrated, something it failed to do in the run up to the financial crisis when banks became too powerful, and to ensure everyone has proper stake in the economy. One important future role should be additional reform of executive pay. Another should be more vigorous promotion of competition.

The character of the economy and the equality principle should lead us to increase access to and ownership of capital. This is why the Child Trust Fund was such a good, if limited, idea. Something similar should be attempted again. However, capital is more than an investment fund. It can be seen in the range of opportunities a person has and

there should be a better distribution here too, particularly in educational opportunity. Technology brings new challenges. Increasing automation needs to work for everyone, rather than provide another reason to drive down wages and risk unemployment for the many, which has concerned even the Bank of England. The policy of investment should be applied across the economy, with government declaring it will invest in everyone’s future and give them the capacity to do so too.

Towards a ‘progressive synthesis’?

While Labour is a long way from having a comprehensive economic policy, some emerging features can be observed. In his leadership campaign, Jeremy Corbyn set out some policy ambitions in an attempt to move Labour in a new direction. These have included borrowing to invest and not to pay for current spending from 2020. The emphasis has been on promoting growth as the primary means of reducing the deficit rather than spending cuts, focusing Labour as a clear ‘anti-austerity’ party. It is assumed, however, that by the time of the next election government spending cuts will be finished, neutralising this as a dividing line. Corbyn also advocated a ‘People’s QE’, whereby money is created and used to fund infrastructure.

Other measures that have emerged include: a national investment bank, a greater role for employees in the running of businesses, the promotion of technology, taxation of retained company profits, firm encouragement of financial institutions to promote long term investment, and spending of an apparently large amount of avoided tax once recovered.

It is apparent, particularly in the light of the above discussion, that in isolation these ideas are not particularly radical. However, some contain hints of a threat of legislation to control company behaviour and there is little demonstration that the role of business and markets is understood.

Labour’s economic policy is indeed in need of a fundamental overhaul. The world has changed. The financial crisis changed the economy but there have been longer term trends evident too, which may begin to reverse. Labour needs to regain its reputation for fiscal prudence and guarantee spending growth will be controlled and effective. But it has to be clear about what happened in the financial crisis and what kind of economy we have at present. It cannot rely on the old economic assumptions. Neither going back to business as usual before the financial crisis or a more fervent anti-austerity stance meet the challenge. Either choice will look as if Labour is burying its head in the sand, because that is what it will be doing. A new framework is required, which unites progressive values with an economic policy that meets the challenges of our time. **F**

Notes

1. ‘Pulled back in’, *The Economist*, 14 November 2015.
2. *The road to recovery*, Andrew Smithers, 2014.
3. ‘Ageing economies will grow old with grace’, Minoj Pradhan, *Financial Times*, 13 October 2015. www.ft.com/cms/s/0/2f1c3688-70ee-11e5-9b9e-690fd9e72044.html#axzz3s32848YG and www.morganstanley.com/ideas/demographic-solution-to-inequality/
4. Pradhan, 2015. This challenges Thomas Piketty’s argument in *Capital in the Twenty First Century* (2014) that capitalism drives inequality due to returns on capital exceeding returns on labour.

The leadership challenge

By listening to young people, Labour's new leadership can equip itself to take on the challenges of the future, write *Jessica Toale* and *Alvin Carpio*



The Labour party is going through immense change. The Young Fabians decided to undertake a listening campaign to find out what young people felt about the future of the party. Off the back of our findings, we put together five challenges. We now want to address these challenges specifically to Labour's new leadership team.

The first challenge is to develop a new cadre of diverse leaders. Despite a marginally better record than the other political parties, Labour still suffers from a lack of diversity in key positions. Most of the top jobs in the shadow cabinet are held by white men. Many studies, including a recent McKinsey report, have shown that organisations with greater diversity perform better. Labour should develop and support leadership programmes which aim to bring more working class, ethnic minority, women and regional representatives into the party from the grassroots. We should provide adequate investment to projects like the Future Candidates programme and promote initiatives similar to the Diversity Fund, but ensure that they effectively target people from all sections of society. Much is being made of the 'northern powerhouse': this is an opportunity to redevelop our base and political capital in the north and build a new cadre of future leaders, rather than leave the north to be taken by the Conservatives.

The second challenge is to develop a compelling vision for the future of the country. We know what type of country the Tories want – one with a high wage, low welfare, and low tax economy – because they have clear lines. Can we say the same for Labour? Do we have a clear and concise vision for the kind of economy and society we want to build? This vision must take into account our role in the global economy, the future of industry and society, and the influences which will continue to affect Britain. During

Jeremy Corbyn's speech at Scottish Labour party conference, he promised to protect our traditional industries but did not mention growing future industries such as tech. One of Corbyn's strengths has been a public perception of a genuine commitment to his beliefs. Activists need to know what the party now stands for in a set of simple and consistent messages.

The third challenge is to master the art of digital communication. We all experienced frustration at the sheer volume of emails we received in the run up to the general election. Corbyn has shown early signs of utilising social and digital media to change the way the party communicates with its members, most prominently through crowdsourcing PMQs. The party has a long way to go to fully grasp the digital age and devise innovative ways to communicate with members. Are the leadership exploring how activists and people outside of the political bubble are using WhatsApp, SnapChat, Instagram, and Vine, and in turn thinking about how to communicate with new audiences through these new and unfamiliar channels? Crucially, this space will be constantly shifting and the party needs to be ready to adapt and respond.

The fourth challenge is to connect local activism to policymaking. Labour has become too centralised. It must create mechanisms to re-connect the party leadership to the issues members and communities care about at the grassroots. We must make a serious effort to harness the enthusiasm of new members who want to make a difference by giving them choice and ownership over how they contribute to the party, both in terms of organising and influencing policy. This will not only inspire but also help retain and integrate new members and help build trust in communities. Initiatives like Momentum are positive for giving members a way to engage with the party, but we must ensure that it and other organisations associated with Labour do not become too insular – their respective agendas should not supersede the interests of the wider party and country.

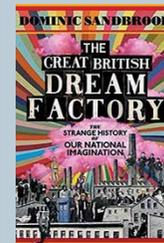
Our fifth and final challenge is to change the world from opposition. As the recent tax credits episode showed, great power can be wielded in opposition. It was the first time in a while that we've seen George Osborne evidently shaken. The Labour party has a strong track record of creating change from opposition: at Lewisham Hospital we stopped closures of services; we led a global campaign which introduced early childhood

development targets in the UN's sustainable development goals, and we pressured the prime minister to change his stance on Syrian refugees. The party needs to use every mechanism possible to hold the government to account, from select committees to regional and local government.

Next May's elections across the United Kingdom are a significant litmus test for the party. It is a chance to demonstrate that it is taking the concerns of people seriously and truly seeking to diversify to reflect Britain as it is today. Let's see how we can respond to these five challenges together in the lead up to May 2016, then use these lessons to help our leader become the next prime minister. **F**

Jessica Toale and Alvin Carpio are co-editors of the Young Fabians' Future of the Labour Party project. The full report is available online: www.youngfabians.org.uk/future_of_the_labour_party

FABIAN QUIZ



THE GREAT BRITISH DREAM FACTORY
Dominic Sandbrook

In military, diplomatic and economic terms, Britain no longer matters as it once did. Yet there is still one area in which we can legitimately claim superpower status: our popular culture. No country on earth, relative to its size, has contributed more to the modern imagination. This is a book about the success and the meaning of Britain's modern popular culture, from Bond and the Beatles to heavy metal and Coronation Street.

Penguin has kindly given us five copies to give away. To win one, answer the following question:

The Lord of the Rings is the second best-selling novel ever written, but which other British title has beaten it to the top spot?

Please email your answer and your address to review@fabian-society.org.uk

Or send a postcard to: Fabian Society, Fabian Quiz, 61 Petty France, London, SW1H 9EU.



ANSWERS MUST BE RECEIVED NO LATER THAN 26 FEBRUARY 2016

Go south-west

Deborah Stoate reflects on the Fabians in Bournemouth



As there are 66 Local Fabian Societies all over Britain – from East Lothian to Thanet – it makes sense to have regional meetings away from London. With this in mind, our south west regional conference is held every November in Bournemouth, and this year was titled: ‘A New Beginning? Labour’s Way Forward’. Speakers included MPs Alan Whitehead and John Mann, the leader of Southampton Council Simon Letts, Labour’s 2015 parliamentary candidate for Southampton Itchen Rowenna Davis, Reema Patel of the Fabian Women’s Network, former MP Dr Howard Stoate, Labour peer Lord Roger Liddle, Clare Moody MEP and general secretary of the Fabians Andrew Harrop.

It is a truth universally acknowledged that people join the Fabians to debate the vital issues of the day, and the topics discussed ranged from Europe to reconnecting with women, from the strength of local campaigning to the future direction of the left, all in a day. No, conclusions weren’t reached, but views were aired and shared in a friendly environment, and some general themes emerged.

Given that the conference took place a day after the Paris attacks, it’s fair to say that the atmosphere was different to previous years, and the debate on Europe had a particularly poignant feel

Given that the conference took place a day after the Paris attacks, it’s fair to say that the atmosphere was different to previous years, and the debate on Europe had a particularly poignant feel. All but a handful of delegates were pro-EU, but it was shocking to see that in a straw poll, the vast majority thought that the EU referendum would result in Britain’s exit. Both Clare Moody and Roger Liddle presented passionate arguments for Britain in Europe and it was agreed by most that the ‘In’ campaign should start upping its game and make bolder arguments right away, as should the Labour party.

Another clear theme which emerged was that voters do not vote for divided parties at war with each other – they want to trust and respect their political representatives. Given that a local by-election had just been lost to the Greens, that should be a lesson learnt.

Another clear theme which emerged was that voters do not vote for divided parties at war with each other – they want to trust and respect their political representatives

Cllr Simon Letts emphasised the importance of next year’s local elections, both as a referendum on the party’s performance and for the sake of the people he represented, who are suffering from the Tory cuts. Southampton, for example, has higher levels of deprivation in 2015 than it did in 2010. The number of looked after children had risen by 300. Given that each child costs the council £40,000 per year, this is clearly a great drain on their resources. Cuts are impoverishing lives and causing social problems, he said – he believes that if you invest in people’s lives, they pay you back by leading them better.

Bournemouth is an apposite place to hold a Fabian conference. It has one of the oldest local societies in Britain, formed in 1892, and is also one of the largest, with many historical Fabian ties. Beatrice Webb lived in Bournemouth for three years from 1885, though it has to be said she didn’t seem particularly happy there, referring to “that hateful grey sea – (representing) the despair of suppressed passion and a hopeless outlook”. This was before she married Sidney and became a Fabian, of course. Rupert Brooke – who became President of the Oxford University Fabian Society in 1909, was brought up in Bournemouth by his two “faded but religious aunts”. Over the years, Bournemouth has attracted many well-known speakers too. Indeed Clem Attlee, speaking at the 1937 Labour Party Conference remarked “There is a beauty in Bournemouth. We want a beautiful Britain – a place where men, women and children can lead fine lives”.

The present local society was founded in 1966 – the current secretary Ian Taylor took over in 1969 and he continues to run this most successful society, attracting national figures from all shades of Labour to monthly meetings, which is no small achievement. He missed some, though – Tony Blair had agreed to be guest of honour at the 100th birthday dinner, but Ian felt

unable to confirm the dates offered since none included a Friday. Mr Blair now finds himself among the few leading members of the 1997 government not to have addressed the Bournemouth Society and received a souvenir tortoise mug.

So many thanks to Ian Taylor for his 46 years of service to Bournemouth Fabian Society and his invaluable help in organising the annual south west conference. Bournemouth Fabian Society continues to look forward to (to quote Leigh Hatts from *The Fabians in Bournemouth*) “many more years of rational, sociable and non-dogmatic socialist thought and activity”. Let’s hope that can be said of the Labour party, too. **F**

Deborah Stoate is local Fabian societies officer

Noticeboard

AGM Resolutions

Passed:

Proposed by Peter Stern:

“This AGM calls on the Executive Committee to encourage the setting up of policy groups or networks, open to all members.”

Proposed by the Executive Committee:
EC representation from Scotland and Wales

Rule 9 (d) was altered to:

(d) one member who shall be appointed by the Scottish Fabians executive and one member appointed by the Welsh Fabians executive (subject to the provisions of rule 12);

Rule 12 para 4 sentence 1 was altered to:

In the absence of a valid nomination by constituted executives of the Welsh Fabians and/or Scottish Fabians, the Society shall also elect by ballot one member of the executive committee to represent the Society in Scotland and/or one member to represent the Society in Wales.

Fabian Fortune Fund

WINNER:

Barry Brotherton £100

Half the income from the Fabian Fortune Fund goes to support our research programme. Forms and further information from Giles Wright, giles.wright@fabians.org.uk

Listings

BIRMINGHAM

For details and information, please contact Andrew Coulson – Andrew@CoulsonBirmingham.co.uk

BOURNEMOUTH & DISTRICT

Meetings at The Friends Meeting House, Wharncliffe Rd, Boscombe, Bournemouth at 7.30. Contact Ian Taylor on 01202 396634 for details or taylorbournemouth@gmail.com

BRIGHTON & HOVE

Details of all meetings from Ralph Bayley – ralphbayley@gmail.com

BRISTOL

Regular meetings. Contact Ges Rosenberg for details – grosenberg@churchside.me.uk or Arthur Massey 0117 9573330

CARDIFF

Society reforming. Please contact Jonathan Evans – wynneevans@phoncoop.coop if you're interested

CENTRAL LONDON

Details from Giles Wright on 0207 227 4904 or giles.wright@fabians.org.uk

CHISWICK & WEST LONDON

All meetings at 8.00 in Committee Room, Chiswick Town Hall Details from the secretary, Alison Baker – a.m.baker@blueyonder.co.uk

COLCHESTER

17 December. Chris Vince, former PPC for Chelmsford on 'My Election'. Hexagonal Room, Quaker Meeting House, 6 Church St, Colchester Details of meetings from Maurice Austin – maurice.austin@phoncoop.coop

CROYDON AND SUTTON

New Society with regular meetings. Contact Matthew Doyle on 07951 670820

CUMBRIA & NORTH LANCASHIRE

Meetings, 6.30 for 7.00 at Castle Green Hotel, Kendal. For information contact Robin Cope – robincope@waitrose.com

DARTFORD & GRAVESHAM

Regular meetings at 8.00 in Dartford Working Men's Club, Essex Rd, Dartford Details from Deborah Stoate on 0207 227 4904 or debstoate@hotmail.com

DERBY

Details for meetings from Alan Jones on 01283 217140 or alan.mandh@btinternet.com

DONCASTER AND DISTRICT

New Society forming, for details and information contact Kevin Rodgers on 07962 019168 or k.t.rodgers@gmail.com

EAST LOTHIAN

10 December. David Martin MEP on 'Current Issues Facing Europe' 7.30 in the Buffet Room, the Town House, Haddington. Details of all meetings from Noel Foy on 01620 824386 or noelfoy@lewisk3.plus.com

EDINBURGH

Regular Brain Cell meetings. Details of these and all other meetings from Daniel Johnson – daniel@scottishfabians.org.uk

EPSOM and EWELL

New Society forming. If you are interested, please contact Carl Dawson at carldawson@gmail.com

FINCHLEY

Enquiries to Mike Walsh on 07980 602122 or mike.walsh44@ntlworld.com

GLASGOW

Now holding regular meetings. Contact Martin Hutchinson – mail@liathach.net

GLOUCESTER

Regular meetings at TGWU, 1 Pullman Court, Great Western Rd, Gloucester. Details from Malcolm Perry – malcolmperry3@btinternet.com

GRIMSBY

Regular meetings. Details from Pat Holland – hollandpat@hotmail.com

HARROW

Details from Marilyn Devine on 0208 424 9034. Fabians from other areas where there are no local Fabian Societies are very welcome to join us

HASTINGS and RYE

Meetings held on last Friday of each month. Please contact Valerie Threadgill c/o the Fabian Society, 61 Petty France

HAVERING

January – date tbc
5 February. Wes Streeting MP
Details tbc Details of all meetings from David Marshall email david.c.marshall@talk21.com or 01708 441189 For latest information, see the website haveringfabians.org.uk

IPSWICH

Details of all meetings from John Cook – contact@ipswich-labour.org.uk or twitter.com/suffolkfabians

ISLINGTON

Details from Ed Rennie – islingtonfabians@hotmail.co.uk

LEEDS

Details of all meetings from John Bracken – leedsfabians@gmail.com

MANCHESTER

Society reforming. Details from Christopher James – mcrfabs@gmail.com or www.facebook.com/ or ManchesterFabians Twitter @MCR_Fab

MERSEYSIDE

Please contact James Roberts – jamesroberts1986@gmail.com

NORTHUMBRIA AREA

For details and booking contact Pat Hobson – pat.hobson@hotmail.com

NORTHAMPTON AREA

Please contact Dave Brede – davidbrede@yahoo.com

NORTH STAFFORDSHIRE

Please contact Richard Gorton – r.gorton748@btinternet.com

NOTTINGHAMSHIRE

Details from Lee Garland – secretary@nottsfabians.org.uk, www.nottsfabians.org.uk, Twitter @NottsFabians

OXFORD

Please contact Michael Weatherburn – michael.weatherburn@gmail.com

PETERBOROUGH

Meetings at 8.00 at the Ramada Hotel, Thorpe Meadows, Peterborough. Details from Brian Keegan on 01733 265769 or brian@briankeegan.demon.co.uk

PORTSMOUTH

The new chair is Nita Cary – dewicary@yahoo.co.uk

READING & DISTRICT

For details of all meetings, contact Tony Skuse – tony@skuse.net

SHEFFIELD

Regular meetings on the 3rd Thursday of the month at The Quaker Meeting House, 10, St James St, Sheffield.S1 2EW Details and information from Rob Murray on 0114 255 8341 or robertljmurray@hotmail.com

SOUTH EAST LONDON

Contact – sally.prentice@btinternet.com

SOUTH WEST LONDON

Contact Tony Eades on 0208 487 9807 or toneyeades@hotmail.com

SOUTHEND ON SEA

New Society forming. Contact John Hodgkins on 01702 334916

SOUTHAMPTON AREA

For details of venues and all meetings, contact Eliot Horn – eliot.horn@btinternet.com

SOUTH TYNESIDE

8 February. Jude Kirton-Darling MEP. Staying in the E.U. March (date tbc) John Levy of Friends of Israel, Contact Paul Freeman on 0191 5367 633 or freemanpsmb@blueyonder.co.uk

STOCKPORT AREA

New Society forming. Please contact Mike Roddy – roddy175@btinternet.com

SUFFOLK

Details from John Cook – ipswichlabour@gmail.com, www.twitter.com/suffolkfabians

SURREY

Regular meetings. Details from Warren Weertman – secretary@surreyfabians.org

THANET

New Society with regular meetings. Contact Karen Constantine – karen@karenconstantine.co.uk. Website for details www.thanetfabians.org.uk

TONBRIDGE & TUNBRIDGE WELLS

Contact John Champneys on 01892 523429

TOWER HAMLETS

Regular meetings. Contact Chris Weavers on 07958 314846 or towerhamletsfabiansociety@googlemail.com

TYNEMOUTH

Monthly supper meetings, details from Brian Flood on 0191 258 3949

WARWICKSHIRE

All meetings 7.30 at the Friends Meeting House, 28 Regent Place, Rugby Details from Ben Ferrett – ben_ferrett@hotmail.com or warwickshirefabians.blogspot.com

WEST DURHAM

Welcomes new members from all areas of the North East not served by other Fabian Societies. Regular meeting normally on the last Saturday of alternate months at the Lionmouth Rural Centre, near Esh Winning, DH7 9QE, between 12.15 and 2.00pm – light lunch £2.00 Contact the Secretary Cllr Professor Alan Townsend, 62A Low Willington, Crook, Durham DL15 0BG, tel, 01388 746479 or Alan.Townsend@dur.ac.uk

January 16th; Jude Kirton-Darling MEP on prospects for the EU referendum

March 19th; AGM, Roberta Blackman-Woods MP on the national and regional housing problem

WIMBLEDON

Please contact Andy Ray on 07944 545161 or andyray@blueyonder.co.uk

YORK

Regular meetings on 3rd or 4th Fridays at 7.45 at Jacob's Well, Off Miklegate, York. Details from Steve Burton – steve.burton688@mod.uk



Visit our website for some great campaign ideas and resources: www.usdaw.org.uk/campaigns

To join Usdaw visit: www.usdaw.org.uk
or call: **0845 60 60 640**

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