

**Alternative Labour List**  
for

*ALL FOR ONE · ONE FOR ALL*  
**Welfare**  
*ALL FOR ONE · ONE FOR ALL*

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# *How and why New Labour abandoned the Welfare State*

by Michael Barratt Brown

## *Welfare*

The acid test of any party that calls itself a Democratic Socialist Party, as Labour does, is in its attitude to the Welfare State. This is not just a matter of caring for the most vulnerable members of our society – the children, the sick, the disabled, the aged, widows and deserted mothers and the unemployed. It must include that, but it must do that as a matter of solidarity and not of charity, so that in basic rights all men and women are treated as of equal worth.

This is a principle and not just a rhetorical phrase used constantly by Tony Blair, as a cover for the blatantly unequal condition of those being encouraged, for example, to take out individual pensions insurance; nor does it mean, on the other hand, that every body is equal in physical and intellectual endowment, and that there should be no differences in incomes, although the huge differences between the fat cats and most of their employees must offend the principle.

It means that social provision should ensure that in the health service, in education, in housing, in the social services and in policing and legal process there is no discrimination according to class, gender, colour or other differences among persons.

This is needed not only for the sake of justice but for economic reasons, in order to correct the inequalities which capital accumulation generates and which have led to the current world economic crisis.



*How did Labour stand up to this test?*

The aim of the post-war Labour Government in setting out to implement the recommendations of the Beveridge Report were quite clear:

Provision for sickness, for disability, for unemployment and for old age was to be universal, the same for all – to be financed by contributions from the individual employee, the employer and the state – and enough for a decent living standard without supplement.

This aim was very largely fulfilled. And comprehensive schools and increased numbers of places in higher education were added to the universal provision.

Since then much has been whittled away, first by prescription charges initiated by Labour and deeply scored by Tory governments, then by steady erosion from rising prices in the value of provision and the introduction of means tested supplementary benefits.

Labour attempted to re-establish the universal system with an income related pension scheme, the better off paying more and getting more and the payments being related to rising incomes.

The Tories removed the income relation and Labour promised to restore it, until New Labour went back on that promise at the last election.

*Now how does New Labour stand?*

It appears that the cuts are to continue – first single parents' benefit, then disability benefit, then widows benefit, next housing benefit, and conditions are now attached to unemployment which is withdrawn if training and short-term jobs offered to young people are not taken up – *and* the link of pensions to average earnings is not to be restored.

The aim is said to be to get people off benefit and into work – to end what Tony Blair calls the 'dependency culture' – and to this end Gordon Brown has reduced the tax on low wage incomes that has for some time created a poverty trap of lower real income if you took a job than was available on social security.

The trouble with this and other 'welfare into work' measures is that in many parts of the country there simply isn't any work available. This condition is spreading across the country as Britain is sucked into the world capitalist crisis.

New Labour's explicit aim is to 'target' welfare payments at those said to be 'in real need' – the implication being that many claims are fraudulent. There is little evidence of this, according to official reports, and much evidence of real want and suffering.

This includes the condition of the million pensioners who do not claim income supplement that they are entitled to. The main reason being the difficulty and often humiliation in making the claim in an atmosphere of talk about only those 'in real need' being eligible.

All such talk and New Labour's emphasis on help for the 'socially excluded' goes entirely against the socialist principle of universal provision originally accepted by Labour in 1945.

It is also largely meaningless, because expert studies have shown that the unemployment of young people and long term unemployment, housing problems and family poverty are all a function of the general level of employment. All improve when the general level of employment rises – and that is not the same as the level of Unemployment falling, as recorded in the official statistics.

*Why then has New Labour abandoned Old Labour's commitment to the welfare state?*

It is said that people today want to make their own individual provision for old age, sickness and unemployment and don't like state schemes, which give money to people who don't need it. Certainly those who can afford it have wanted to supplement the state scheme, as its value has deteriorated. But much more of the money in private schemes goes into administration than in the state scheme, and many private schemes – like Maxwell's and Barlow Clowes – have defaulted. According to opinion polls, there is still strong support for an improved state scheme.

It is said that the old state scheme needed reforming, particularly in that it was based on the man's income and did not provide for



the much larger number of women in paid employment today. But that is a reason for including them as individuals in the state scheme, not for ending the scheme. In fact most women in part-time employment are not insured with the state scheme and do not get the employer's contribution and can't afford private schemes.

It is said that welfare payments have grown too big and cannot now be afforded. In fact, as a proportion of the national income they are no bigger than they were in the 1950s, comparing like with like, and you might think that with average incomes three times what they were we could afford a higher proportion.

What is more, the share of welfare payments in the national income in the UK is lower than in any other country in the European Union, barring Ireland.

### *What is the real reason for New Labour abandoning the welfare state?*

It has been made quite clear by Mr Blair that to be competitive in international markets and to attract foreign investors into Britain, a regime of low wages, low taxation, low regulation of the use of resources and of pollution is needed. This has manifestly failed as one factory after another has had to close in recent months.

Mr Blair and Mr Brown are still arguing that they will not increase public spending to create jobs and to improve the infrastructure of the country as the alternative to their low cost competitive economy.

Yet they are prepared to go on with building the Millennium Dome and with ordering a new generation of bombers and new nuclear submarines. They are evidently frightened of the reaction to higher taxes of their Middle Class, Middle England voters. Yet opinion polls have shown these voters to be prepared to pay higher taxes for education and health.

The arguments in favour of increased public spending on health and education and on public transport and the housing stock and on our whole neglected environment, and on supporting the spending power of poorer people, as squalor and inequality steadily

grew in our society, were strong enough before the world crisis. They must now be overwhelming. But these things cannot be tackled by Britain alone. We are part of the European and global economy and must act jointly and in common with socialist governments in Europe and elsewhere, to correct the inequalities that are the very cause of the crisis.



# *Proposals for an Electoral Alliance of Welfare Action Groups and Networks*

by Ken Coates MEP and Pete Brown

A programme for rescuing the worst exploited and the unemployed, the aged and the disabled, the poor and oppressed everywhere from the results of two decades of social and environmental neglect by governments, following extreme capitalist principles and practices, would have been necessary without a major world economic crisis. The threat of a slump developing deeper than any recession experienced since the 1930s makes it not just necessary but imperative. It is a tragic irony that the present leaders of the Labour Party should have espoused capitalist policies and capitalist alliances at the very moment when the whole capitalist system is in total disarray. Such defection from Labour's socialist foundations leaves the Party powerless and rudderless in face of the greatest opportunity it has had since 1945 to show that there is a democratic popular alternative to the rule of the untrammelled power of private wealth.

As democratic socialists we believe that it is necessary to create an alternative to the market domination of our economy and society. We believe that the creation of wealth should aim at the satisfaction of people's needs, instead of being subordinated to the criterion of profit. We are against the injustices, inequality, social exclusion and environmental destruction which is caused by unbridled markets, and we aim to overcome this process by the extension of democracy in economy and society, to prioritise social need and environmental protection, and put a stop to the polarisation of society into obscenely rich and desperately poor. This polarisation

generates unemployment and economic crisis, and accompanies severe ecological damage.

The triumph of allegedly 'free' markets had already, before the onset of global crisis, brought about a dangerous erosion of democracy, and in Britain has undermined the independence of the Labour Party, with grave consequences for the representation of the majority of British citizens. The recent Labour Party Conference, for instance, was estimated to have involved two and a half million pounds of commercial sponsorship. Naturally, it was not possible to criticise those who funded this event. Indeed, one charitable organisation was asked to withdraw posters because they were deemed offensive by a commercial exhibitor in an adjacent slot in the Conference foyer. But of course, the commercial domination of the Conference is merely a public reflection of the private commercial domination of policy, with the incorporation of significant business interests at the heart of government.

Meantime, the traditional constituents of the Labour Party, whether they are working people and trade unionists, or whether they are pensioners, disabled people, students or poor people and claimants, find that their interests are not merely neglected, but they are actively targeted and victimised in a wholly unacceptable 'reform' of the welfare state. We think that the Welfare State needs reform, to make it more compassionate and accountable to those who need it as well as to those who work in it. But for New Labour, reform simply means 'cuts'. These cuts are driven by commercial considerations, seeking to diminish the 'burden' of taxation on companies and rich people. The frenetic attempt to reduce tax does not aim at improving the livelihood of poor and middle income citizens. It is predominantly concerned with maintaining the adverse redistribution of wealth, which so powerfully enriched the rich during the ascendancy of Mrs Thatcher. In this matter, as in so many others, the present Prime Minister is a direct continuator of Mrs Thatcher's work.

This is why the Independent Labour Network was formed, in order to bring together people within and outside the Labour Party, who wished to contribute to a renewal of British socialism, on the



basis of a thorough-going commitment to greater equality, sound environmental policies, and internationalism.

The destructive 'reform' of the European electoral system was our first challenge. In order to purge the European Parliamentary Labour Party of a large number of Members who were opposed to the New Labour project, a wholly undemocratic system of proportional representation was invented. This would involve voting for Party lists, not for individual representatives, and would enable the Party leadership to decide not only who the candidates would be, but which of them would be allowed to 'win'. Whilst there is much to be said for an honest and fair system of proportionality in elections, there is nothing to be said for allowing Party bosses the degree of power which they will now have. And there is nothing whatever to be said for the abolition of Constituencies, which enable electors to hold their Members, whom they know, accountable.

Naturally, those who came together in the Independent Labour Network were bound to discuss whether or not this purge, and the destruction of democratic rights in the European elections, should be answered by an electoral challenge. But the priorities of the Network had been, from the beginning, the defence of the Welfare State, the demand for adequate pensions, opposition to the iniquitous imposition of student fees and the abolition of grants for students, and opposition to the penalisation of lone parents. From the beginning, the Network was actively involved in the defence of disabled people, who came under attack through the Benefit Integrity Project.

Network members have been concerned to find the best way to help to organise the defence of these wide sectors of the population who are the direct victims of New Labour's declared subordination to the market, and the 'dynamism of enterprise'.

We have concluded that the appropriate challenge in the European Elections should come from an Alliance of those social and environmental groups who have been opposing the impact of adverse market decisions and greedy entrepreneurs, however

'dynamic' they may be. So that, for the elections of 1999, the Independent Labour Network seeks to create an Alliance, as inclusive as possible, which would enable pensioners, students, the disabled, and a multitude of environmental defence groups, to make common cause for electoral support. We do not seek to create a new Party, but we are anxious to compel the Labour Government to return to its roots, and to uphold its long-term commitments to these constituencies.

Thus, we are committed to ending the scandal of poverty pensions, a pledge which every elected Labour representative has reiterated many times before the advent of Mr. Blair to the Labour leadership. Not one single labour representative had ever distanced himself or herself from the firm commitment to link increases in pensions to rises in the cost of living or average earnings, whichever was the highest. If our candidates were successful in the European Elections, they would naturally call on the Government to recognise this, and to immediately take appropriate action to liberate our pensioners from poverty. If the Government were unwilling to do this, then the Alliance would reserve the right to field more candidates in the next round of elections, until new Labour agreed to honour the promissory note which had been issued by the Labour Party prior to the present take-over by neo-liberals. In the same way, we are committed to a comprehensive education system open to all ages, free at the point of delivery. Making nursery places available to all children, lowering class sizes at primary and secondary level, ending tuition fees for students and restoring grants. Here, too, our abstention from future elections would require a reversal of Government policy.

Likewise, we are committed to rebuilding the National Health Service through democratic control and ownership. Services should remain free at the point of delivery, so that the Government should provide funding at the levels necessary to meet the health needs of the people. This implies an end to prescription charges, and action to make preventative care freely available. Similarly, we are committed to the provision of a decent Welfare System based on the



redistribution of wealth through progressive taxation. We are committed to maintaining universal benefits free from means testing and taxation, and to ensuring that benefits are restored to 16 and 17 year olds. Levels of benefits, including pensions, child and maternity benefits and disability allowances must be fixed high enough to provide a decent standard of living. To meet these goals, we need to raise domestic spending levels on social welfare to at least the average enjoyed by our partners in the European Union.

We are committed to full employment by the introduction of a national 35 hour week, ending the casualisation of work, planning the social economy to create worthwhile jobs that meet social needs and protect the environment. Above all, we are committed to promoting a European strategy for job creation, with a new deal for massive investment in the economic infrastructure, and social and environmental recovery. This new deal should be developed in agreement with all the other socially progressive forces in Europe, to prioritise employment over all other economic considerations.

We are committed to a strong economy based on accountable public initiatives, with democratic controls. Rather than rely on laissez-faire capitalism, we seek positively to promote common and co-operative means of ownership, decentralised democratic control of public services and utilities by employees and local communities, and the introduction of nationalisation where nation-wide co-ordination makes common sense, such as postal services and the national grid.

We are committed to action against discrimination and the introduction of enforceable rights for all those sections of society usually faced with discrimination and social exclusion in all walks of life.

We are committed to the introduction of a charter of Trade Union and Workers' Rights which include the right to belong to a Trade Union, and the right to strike. We support full rights for all young people and part-time workers. And we are agreed that all existing anti-Trade Union laws should be repealed.

We are committed to protect our environment through the

introduction of measures to control pollution, damage to health and environmental devastation. We are in favour of enforceable measures to reduce CO<sub>2</sub> emissions substantially by the year 2005, and the introduction of quotas for industrial use of recycled materials. We also support the use of environmental protection policies to provide long-term employment. We shall continue to support the active efforts of environmental defence groups, and to provide public resources to make certain that such groups are never compelled to go without adequate legal support when they contest proposals for open-casting, landfill tipping, destruction of the Green Belt, inappropriate road construction, or polluting by recycling or other plants.

We think that the Alliance will be more than capable of developing these simple commitments, and widening the discussion in the population, in order to bring more and more people into the position in which they can actively participate in reshaping the conditions of their social and environmental lives.

Each of these commitments should be acted upon by Government, but if no such action can be agreed, then its absence invites further electoral opposition. This, the Alliance should consider at the appropriate time.

As for the Independent Labour Network itself, we are strongly committed to peace and to European Nuclear Disarmament. We think that Europe should become a nuclear-free zone, committed to the peaceful solution of disputes between States. We think that in Britain this means the decommissioning of the Trident programme and the reduction of the defence budget to at least the average of other European Union members. The savings on military spending could be reallocated to help secure improvements to education and the Health Service.

As democratic socialists we are committed to internationalism. We believe that all people should have the right to self-determination and be free from imperialist interventions. We are in favour of measures to cancel the developing world's debt and we are opposed to the introduction of the Multilateral Agreement on



Investment (MAI). We are committed to work for an accountable, federal, democratic socialist Europe. This must be free from racism, xenophobic nationalism, and domination by multinational employer cartels. We are committed to work for democratic control over the institutions of monetary union and the European Central Bank, so that the new single currency will be used to improve the life and well-being of European citizens rather than provide profits for the rich to the detriment of public services and the environment.

Globally the advent of the Euro could, given wise socialist policies, help to crystallise new policies for international recovery. But if the Euro is only seen as a buttress for fortress Europe, then the crisis will be aggravated, and recession around the world will dip into outright slump.

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