

# 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*

**2**015 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.

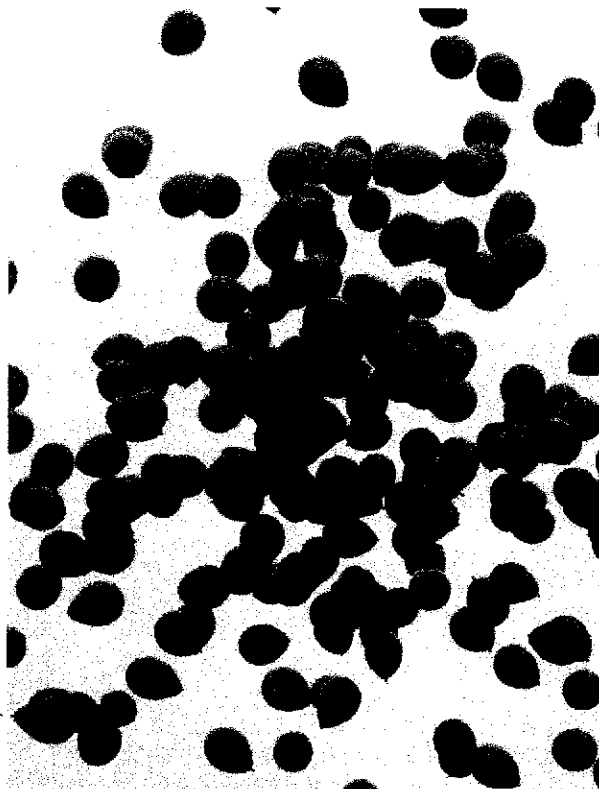
These are three lessons on the broad themes of earning, belonging and culture. They offer a framework for defining the political tasks Labour needs to undertake to reconnect with the country.

### 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.

© aleksejs. busarovs



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. ■