LABOUR LEFT
Briefing

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THE NEW POLITICS – A BIG TENT FOR THE RICH

As new delegates start to make their way towards this year's Labour Conference I offer this word of advice – never watch the Leader's speech from within the hall. This isn't because it frees you from the embarrassment of an endless and sycophantic standing ovation. It is because you miss the spin put on the speech that has already been leaked to journalists and television commentators. These days, you always get a better sense of the real message behind the words if you watch how it is being transmitted into people's homes.

Blair started this with his own first Leaders speech – the famous 'modern constitution for a modern world' phrase which had already been decoded, for the press, as his intention to dump Clause IV of the Labour Party Constitution. The majority of delegates sat in blissful ignorance as the phrase slipped passed them in the hall. It was, however, the beginning of a different politics; one which marginalised the Party and played either to populism or the Tory right. Blair's overtures to the Tory right, the Lib-Dems and big business produced their own standing joke within the Parliamentary Labour Party – that it was easier to get a place in the Cabinet if you weren't in the Labour Party than if you were.

As Gordon Brown comes to the end of his honeymoon period as the new Leader of the Party people are already beginning to ask how much has changed. Most Party members welcomed the absence of a knee-jerk reaction to acts of terrorism within his first month as Leader. Most have welcomed the quiet distancing of the UK from the US in the occupation of Iraq. But on most other issues the game is the same.

Digby Jones, Johan Eliasch, Lord Stevens and opposition MP's Patrick Mercer, John Bercow and Matthew Taylor don't immediately spring to mind as Labour stalwarts. In fact, their appointment to advisory positions around the Prime Minister seem designed more to compromise the opposition than to advance the case of Labour. The attraction this has are all short-term and fragile. If you put yourself in hock to non-Labour interests then the damage they can do is immense. It creates hostility and resentment amongst those within the Party, with genuine Labour commitments and genuine ability. It also leaves the government vulnerable to immensely hostile publicity should the fair-weather friends turn against you.

When challenged on this, Gordon Brown said that he would not be forced to make a 'false choice' between traditional Tory values and modernising the Party. It was a ridiculous explanation. There is an overwhelming desire within the Party to make Labour a modern, accountable, democratic socialist Party. You don't do this, however, by handing the job to the Tories. It is clear that the journey back to Labour is going to have to be led by the Party rather than its Leaders.

This was always going to be the case for the new Brown administration. Gordon's problems were not about making a break from Blair, they were about whether he could break from himself. As Chancellor, he presided over an economy that has become increasingly dependent on business patronage and the financial services sector. Patronage has come at a price of transferring large slices of public services into private contracts. The continuing array of private finance schemes pushed into the NHS, public transport, local government, and regeneration programmes saddle the public with huge long-term bills and diminishing control or accountability of public services. The 'marketization' of national public service agencies work only fuels the bonfire of hidden privatisations.

We are left in the absurd position where public sector workers were told to accept wage increases below inflation levels, because they are the frontline of the government's economic stability programme. This comes at a time when house prices continue to run out of reach or affordability. It comes at a time of spiralling credit debt. And it comes at a time when boardroom levels of self-reward reach record levels.

Economic instability is not rooted in the public sector, but in the government's refusal to re-regulate private credit debt. It used to be that the government would set minimum reserve requirements for its central bank and, in turn, the central bank would set limits on the amount of real money that had to be held on deposit by other banks and high street lenders. It was about controlling the extent to which private banks could create new money as they pleased.

This summer's crisis in the world financial markets was not triggered by an explosion of public sector pay or public investment programmes. It was driven entirely by deregulated parts of the financial sector, throwing money into the most risky and speculative of ventures.

When any such system crashes, it is politically absurd to put the blame (and the pain) onto public sector workers who have played no part in the crash itself. To do so turns the public sector into an artificial background when the real problems lie elsewhere.

This autumn is likely to produce a wave of public sector strikes from workers who simply refuse to accept this role as scapegoats for the casino economy. It will take the government into a collision with important sections of society and the labour movement whose loyalties have traditionally been Labour. Gordon's array of new advisors will doubtless urge him to stand firm against public sector pay increases. They will not urge him to pay for improvements in public welfare services by cutting the array of welfare payments to the corporately rich or closing tax loopholes to the privately rich.

The most urgent challenge Labour must address is whether we can put public welfare above today's prevailing interests of private welfare. Between them, this is the society Blair and Brown have taken us into. It is open to doubts whether Gordon can lead us out of it. No amount of standing ovations will cover over that question.