

# REVIEWS

## Strategies for social democratic surrender?

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*The Condition of Britain: Strategies for Social Renewal*

Kayte Lawton, Graeme Cooke and Nick Pearce

IPPR, 2014

Reviewed by Howard Reed

*The Condition of Britain* is the third in a long-running series of publications from the Institute for Public Policy Research which are essentially ‘shadow manifestos’ containing detailed policy suggestions designed to influence future Labour governments. Historically, IPPR has published a report of this kind to coincide with each key moment of change for the Labour Party over the last two decades. The first such publication – referenced explicitly as an antecedent in the newest report – was the report of the Commission on Social Justice launched by John Smith in 1992 in the wake of Labour’s fourth consecutive election defeat, which reported just after Smith’s death and succession by Tony Blair, and which laid the policy groundwork for some – though not all – of the re-tooled social democratic approach which characterised the first parliamentary term of New Labour, up to 2001 (Commission for Social Justice, 1994).

The second report was *Social Justice: Building a Fairer Britain*, of which the present reviewer was a (minor) co-author: this appeared just before the 2005 election and was an attempt to push New Labour towards a more explicit tax-and-spend strategy, rather than the stealth redistribution which had characterised the Blair/Brown years (Pearce and Paxton, 2005). *Building A Fairer Britain* may have played a role in the minor shift to the left which characterised the Brown government, although the speed at which the economic landscape changed after 2007 makes it hard to be sure; the near-collapse of the UK banking system in 2008 and the deepest recession

in a century were probably bigger factors (totally unforeseen by the authors of *Building a Fairer Britain*, although in their defence they were hardly alone in that).

## Securing Osborne's legacy

Unlike the 1994 Social Justice report, the 2005 report is completely unmentioned in *The Condition of Britain*. This is an unfortunate omission but is probably because the authors would have some difficult explaining to do if they had made reference to the 2005 recommendations – because the IPPR is now recommending the complete opposite of what it recommended back then. Nine years ago Nick Pearce and co-authors were arguing for a modest increase in government spending as a share of Gross Domestic Product (at full employment) from 42 per cent to 45 per cent to funnel further resources into social security, childcare and early years interventions to reduce poverty and inequality. In 2014, the very same Nick Pearce (with different co-authors) instead accepts more or less *en masse* the Coalition Government's draconian cuts in public expenditure (which are forecast by the IMF to leave the UK with the smallest public spending as a percentage of GDP of any G7 country by 2017: Taylor-Gooby, 2012) – including over £30 billion cuts in social security benefits and tax credits, which fall very heavily on the poorest families (see e.g. Reed and Portes, 2014, chapter 4) – as a *fait accompli*. Equally worryingly for the future of social justice, the IPPR also acquiesces to more than £20 billion of hugely regressive reductions in income and corporation tax which George Osborne has enacted as a huge giveaway to middle and upper income families while pretending to be trying as hard as possible to close the deficit.

Before discussing the recommendations of this report in any detail, it is important to be crystal clear that its capitulation to George Osborne's economic agenda means it is a complete and utter failure in terms of offering an alternative to the Coalition Government's neo-Thatcherite small-state model for government – and that this marks a substantial shift to the right for the IPPR in 2014 compared to 2005. I would go so far as to say that the subtitle of the report should really be 'Strategies for social democratic surrender', because that is what its political positioning amounts to; a colossal betrayal of the British left. If George Osborne received a copy of *The Condition of Britain* for his holiday reading he will be feeling very flattered; if Labour comes into office intending to implement this programme, Osborne can rest assured that none of his legacy is at risk.

The saddest aspect of this whole enterprise is that, although the framing is fatally flawed, many of the IPPR's detailed policy proposals in the third section of the

report are good, within the (severe) limits of the constraints the co-authors have set themselves. The report's suggestions on criminal justice reform, restructuring local government to allow the most effective councils a lot more power and autonomy, universal childcare and parental leave are all very welcome, and by far the best part of the report. However, not all the proposals are worthwhile, even on their own terms, and sometimes the IPPR completely misses the mark: for example, a future Labour government would be ill-advised to waste time and effort trying to revive the 'contributory principle' in the benefits system by ring-fencing the National Insurance fund, which completely ignores the reality that National Insurance increases have been used as a more politically expedient alternative to income tax hikes for at least thirty-five years. This is one area where the IPPR should actually have listened to George Osborne a little more; his long-term proposal to merge income tax with National Insurance contributions is one of his only sensible ideas (although it is nowhere near being implemented). Meanwhile, the proposal to part-fund universal childcare through real-terms reductions in Child Benefit for older children robs little Peter to pay littler Paul, and is likely to increase child poverty, while the effect of universal childcare on parental employment (compared with the current subsidy regime through tax credits/Universal Credit) may not be as positive as is generally assumed (see Emmerson et al., 2014, chapter 8).

## The wrong objections to New Labour

Mention of child poverty brings me to the second fundamental weakness of *The Condition of Britain*, which is that it spits in the face of some of New Labour's biggest achievements while not addressing some of its biggest weaknesses. The Blair and Brown Governments made substantial improvements to the living standards of lower-and-middle income families in the UK by combining redistribution through the tax and benefit system with large-scale real terms increases in investment in (some) key public services. To be sure, progress was markedly uneven; child poverty was still far above the government's target level by 2010, the tax system not progressive enough and still riddled with widespread avoidance and loopholes for the rich, and many public services outside the priority areas of the NHS and education – particularly social care and public housing – were still woefully underfunded when Gordon Brown walked out of 10 Downing Street for the last time. But nonetheless these were genuine and worthwhile achievements which *The Condition of Britain* should surely be celebrating: instead the report trashes the New Labour record for all the wrong reasons, recycling crude right-wing propaganda from the Centre for Social Justice to argue that redistribution through the benefit and tax credit in the 2000s

was ‘unsustainable’, despite the fact that overall social security expenditure actually *fell* as a proportion of GDP between the decade between 1997-98 and 2007-08, and only increased after that because of the severity of the 2008 crash (Browne and Hood, 2012, figure 4.1). Conservative (big and small “c”) thinking runs all the way through this report like a stick of Bournemouth rock, from the failure to consider large-scale tax increases on the wealthiest and richest to fund renewal of Britain’s public services and social security (1), through the omission from the report of any reference to the huge potential for increased trade union membership and collective bargaining arrangements to increase wages, which have now been falling at the middle and bottom of the earnings distribution for six years straight (see e.g. Lansley and Reed, 2013), right through to the complete lack of any reference to climate change or environmental policy – an extraordinary lacuna given that this is arguably the IPPR’s very strongest and most important area of policy contribution over the last decade. The report also completely ignores perhaps the biggest medium-term threat to Britain (and other European countries’) social renewal – the Transatlantic Trade and Investment Partnership (TTIP), an EU-US trade agreement which threatens to replace government by the democratically-elected representatives of the people with government by multi-national corporations through secret courts. When clear and present dangers like TTIP are not even mentioned, it’s hard to take the report seriously as any kind of strategy for government.

In summary, while *The Condition of Britain* offers some useful individual policy measures, it falls a long way short of offering any kind of renewal for Britain or the left. In 2014, with the Labour Party still looking a deeply unimpressive opposition, progressive forces are crying out for a blueprint – or if you will, a ‘redprint’ – which would crystallise the immense anger and frustration over the Coalition Government’s exploitation of the economic crisis as an excuse to gut the public sector and deliver huge giveaways to middle-to-upper Britain at the expense of the least well-off and most vulnerable parts of society; a radical and transformative economic and political programme which would expose the lies that post-crash, ‘Con-Dem’ Britain is built on and offer a new path to a more equal, sustainable and prosperous post-capitalist settlement. Glimpses of such a strategy exist, in the series of *Plan B* reports from Compass (see e.g. Reed, 2013), much of the research programme of the New Economics Foundation, and elsewhere in the UK. *The Condition of Britain*, despite being keenly anticipated and marketed as a true ‘game-changer’, is sadly not anything of the kind... rather, it is for the most part the absolute embodiment of ‘business-as-usual’ for British capitalism. And for the centre-left, that is a tragedy.

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## References

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## Note

1. Despite the fact that the present reviewer actually collaborated with one of the co-authors of *The Condition of Britain* on a recent research project on wealth taxation which made some very radical proposals for a progressive wealth tax (Lawton and Reed, 2013).