

## *Introduction*

The title of this book might at first blush seem doubly misleading. There is a possibility Gordon Brown might not become the next leader of the Labour Party. So I'm taking something of a risk in publishing the work at all. At the time of writing, however, he is the overwhelming favourite and in my view quite rightly so. Should Brown somehow fail to make it, the book – I believe – would not become wholly redundant. Most of the arguments I deploy below would apply whoever becomes the next leader.

A second reason why *Over To You, Mr Brown* could be seen as questionable is that Brown has been a central influence over New Labour from its very inception. Some of its most successful policies are due mainly to him. Since these policies are primarily economic, they are the underpinning of much else that the party has achieved in its ten years of government. However, there is no doubt that a Brown-led government will differ substantially – has to differ substantially – from those headed by Tony Blair.

I can't see any scenario in which Labour could win big at the next election. The party might not win at all. Labour supporters must face up to the fact that people could be irremediably fed up with New Labour, even with a (relatively) fresh face at the helm. Yet all is very far from settled. The advent of a new leader gives Labour the chance of revival – not as a party out of power, but one with ten years of real achievement to build on. At the moment, the Conservatives have no policy programme to speak of, and it will not be easy to develop a consistent one. Fresh policies adaptable to a Tory viewpoint are not waiting somewhere in the ether, ready to

be appropriated by the policy discussion groups the leadership has set up. There could be major divisions looming within the Conservative Party over taxation, the EU, crime and punishment, the environment and other issues once specific policies are introduced.

I argue in the book as a whole that there are three battles that Labour has to win if it is to stay in power at the next election, and be able to enact policies that will further transform the country for the better. These are the *battle of ideas*, the *battle of strategy* and the *battle of tactics*. New ideas are essential if Labour is effectively to counter the Conservative challenge and, even more important, rekindle enthusiasm amongst the electorate. Such ideas should be based, as they were in the early 1990s, upon an analysis of the major changes affecting our society today. Winning the battle of strategy means introducing a policy framework that allows values and ideas to be put into practice. It is in turn directly related to the battle of tactics, which concerns the nitty-gritty business of actually coming out ahead of the other parties in an election.

It is probably two years before the next general election. How will Labour fare under new leadership? What policies should be kept, and what policy innovations should be made? In the discussion which follows I try to answer these questions and suggest how Labour can use the transition to its own profit.

Over the past ten years in an electoral sense the party has had the most successful period in its history. It had never before been in government for two full terms, let alone three. In spite of its long-standing hold over power, New Labour has been dismissed by many as all sound-bites and no coherent policies. Others have said that whatever policies it does possess have been mostly appropriated from Thatcherite conservatism. New Labour has simply taken the party to the right and has given up most of the progressive causes for which it once used to stand.

These views are naive and inaccurate, as I seek to show in the text. The party reversed its fortunes by adopting a new political outlook and one rich in policy content – a third way programme. Policy innovation was essential to respond to a rapidly changing world. It is only through such innovation that we can defend the values of the left. A large part of the government's task over the

past decade has been to pick up the debris left by years of Thatcherite rule and prepare the country for a new era.

Since coming to power, New Labour has managed to shift the framework within which politics in Britain is carried on. As a result, the Tories have had to change ideological ground quite fundamentally in order to be taken seriously again. Tony Blair saw off a succession of Conservative leaders who clung to the old Thatcherite ways.

The UK has enjoyed a stable period of economic growth since 1997, the result of effective macroeconomic policy. Labour's emphasis upon getting as many people into work as possible was extensively criticized when first introduced, but has proven its effectiveness. Britain has something close to full employment.

These achievements have allowed large-scale investment in public services, and in anti-poverty measures. Such investment has been made without significant increases in tax rates; tax revenue has gone up mainly as a result of sustained growth. Labour's successes in tackling poverty and under-privilege more generally have been considerable. There are very few long-term unemployed in the UK, and low overall rates of youth unemployment. Compare that situation with France, where about a third of people under the age of 30 have never been in full-time work. Well over two million people have been lifted out of poverty in Britain since 1997. In France, Germany or Italy, by contrast, the proportion of people in poverty has been rising.

Overall, Labour has done a good job for the country, often in trying circumstances. Ten years on, however, a thoroughgoing overhaul of the party's ideas and policy outlook is needed. I propose in this book that Labour does so in terms of what I call a 'Contract with the Future'. What I mean by the phrase is that Labour should offer a contract to citizens to initiate a future for the country that is socially just, as well as economically and ecologically sustainable. It is the guiding thread of this whole book and to me it should be Labour's Big Idea.

I would like New Labour at this point more explicitly to rejoin the social democratic family of parties. The party in the 1990s was highly influenced by the New Democrats in the US, and in many ways fruitfully so. But the US is a different form of society from

those in Europe, more tolerant of inequality, and able to draw upon immense resources compared to Britain. Its influence in the world is incomparably greater, even if in the recent period it has been undermined by the unfortunate policies of the Bush Administration. Britain is a European country, and should aspire to a similar mix of prosperity and equality to that found in the best-practice Continental states.

Themes that have been latent in Labour's thinking should be brought more into the open. For instance, a great deal of attention has been given to improving public services. Yet Labour has failed to supply a clear ideological statement of what is the governing logic of such changes. We should seek to create a society with a robust sense of public purpose, with a developed and responsive public sphere. This goal is different from that of the Old Left, which identified the public sphere with the state. The state can sometimes be the enemy of the public sphere – when it is too bureaucratic, inefficient, unresponsive to citizens' needs, or controlled by producer interests – just as commerce and markets can.

How a given service should be provided is not just a pragmatic matter – as New Labour leaders have tended to say. Efficiency, in other words, should not be the only criterion. If a service is privatized, for instance, how much control will citizens have over decisions that affect them? Will competition give people more influence or less? Will the identity of a community or area be affected? As I argue below, to answer these questions we need a clearer definition both of the role of the state and of the nature of public services than Labour has so far managed to come up with.

Social democrats these days have to be market-friendly, and accept that capitalism has proved vastly more effective in raising living standards than any version of socialism or communism were. Communism failed as an economic system because the state was quite unable to replace the enormous complexity of pricing signals that markets are able to handle every moment of the day. Sometimes the centre-left should aim at extending the range of markets rather than trying to limit them. For instance, the completion of the Single Market in Europe should bring benefits to everyone in the UK.

However, we want markets to work for the general good.

Making sure that this aim is met should be as important a part of policy as a concern with public services. New Labour has tended to treat capitalism as a 'black box'. Its preoccupation with public services contrasts oddly with lack of discussion about the nature of capitalism, which tends to be taken as a given, and which we must respond to rather than try to shape.

When New Labour came to power, the status of business leaders was very high. Corporate leaders seemed to some to have special insight into trends going on in the world. I don't believe many people think this way any longer. Some such leaders have survived and prospered. Others, however, made calamitous decisions and their businesses have been emasculated or ruined. A few became mired in corruption, and even found themselves in prison.

No business executive affects to like regulation, but it may be necessary in order to save capitalism from itself. The government has an obligation to promote corporate responsibility, nationally and internationally. It should redouble efforts to regulate tax havens, reduce money laundering, and limit tax avoidance by individuals and by corporations. The theme of responsibility has to be fundamental to Labour's political outlook. Responsibility applies to everyone – to the rich just as much as the poor. We should contest the culture of irresponsibility, or me-first individualism, that pervades some of the higher financial circles in particular.

I don't think this view means reverting to the ideas of the Old Left. The City, for example, contributes a rising proportion to GDP. It is one of the great success stories of the British economy, and should be recognized as such. But where are our versions of Bill Gates or George Soros – people who have made fortunes, but spent them for social and humanitarian purposes? Those we do have, such as the Sainsbury family, tend to come from backgrounds with established philanthropic traditions, not from the high-tech or finance sectors. Peter Lampl, who has donated extensively in the education field, was for years a businessman in the US.

Should Labour under Brown put up taxes? No – we should be thinking rather of possible tax reductions for poorer groups, perhaps as part of a trade-off with the introduction of more green taxes. There is one possible exception, though. Labour should consider a tax on the top wealth-holders. The money would not go to

the Treasury, but into a trust used to help children from poorer backgrounds succeed in the educational system. Those who do extremely well should give back to the society that has provided them with opportunities, and should help the less fortunate.

I would like to see Labour now become more explicitly egalitarian. However, equality has to be pursued in tandem with economic dynamism and job creation. When I talk about Labour rejoining the social democratic family, I mean the family of avant-garde centre-left parties. The social democrats in the Scandinavian countries have suffered mixed fortunes of late as far as elections go, but they have consistently been in the vanguard of reform and modernization (not without plenty of domestic struggles). They have pioneered decentralization in public services, incentives and competition, foundation hospitals, increased voice and choice and other innovations. The Scandinavian nations are open societies, which have reconciled economic success with high levels of social protection.

Their success is not primarily the result of high tax rates, but comes mainly from policy. They have done what Labour has to do here: spend less on older people and more on the young – not by depriving the over 60s, but, on the contrary, by improving their status and rights, including the right to work; invest in women, especially in terms of job opportunities; invest in IT, science and technology; elevate educational standards and skill levels; and develop further ‘flexicurity’ in labour markets (the New Deal) – flexibility plus security, provided by retraining and effective career advice. The Scandinavians are not anti-business. On the contrary: Finland is ranked by the World Economic Forum as the best country to do business of any across the globe. Yet Finland and the other Scandinavian states are also the most egalitarian. The social democrats in these countries are third way political parties, prepared to embrace change – as are similar successful parties in Spain, New Zealand and Chile.

Aspiration, ambition and social mobility should be keynote ideas for Labour. This is a country in which it has been difficult for people from deprived backgrounds to do well. A lot of progress has been made since 1997, which can be further built upon. The Tories have mounted an attack on Labour on this score, saying that the

level of mobility in the UK now is less than it was two or three decades ago. Don't they realize that if chances of mobility are low today, this is because of what happened at that time – in other words, when the Conservatives themselves were in power? Studies of social mobility by definition refer to people born 20 years ago or more. Labour's policies, such as Sure Start and baby bonds, should ensure that future generations do better, especially if those policies are further radicalized.

Like the Scandinavian social democrats, Labour should become serious about decentralization and devolution. Quite apart from the contribution such processes can make to the strengthening of democracy, they are important in responding effectively to globalization. Cities and regions, for example, today interact directly with the global economy – they need local leadership to help give such responses drive and direction.

Devolution is not real if it doesn't involve power, and if it doesn't involve money. It won't be easy to revive the regional agenda, since it is one of the fields where Labour policy has gone distinctly awry. The proposed regional bodies would have had very little real power. Voters were not prepared to endorse essentially toothless organizations. Yet in principle such an agenda could help the country a lot. Regions are becoming more and more important as globalization intensifies, as the experience of other countries shows. I would like to see it reactivated and strengthened, and more progress made towards simplifying the clutter of local government.

Decentralization in health care and education means further radicalizing Blairite policies, not retreating from them. Gordon Brown seems to have insisted upon watering down the Alan Milburn proposals for foundation hospitals. He did so at least in some part for good reasons. It is a policy that has to be closely monitored, in terms of both quality of care and implications for inequality. Yet if these issues can be coped with, as I think they can be, we should aim for a system giving foundation trusts more local power than they have under the watered-down scheme that Labour eventually adopted.

Herein lies one of the main tests for Brown. The Treasury, where he has spent the past ten years, could be seen as the epitome of centralizing government. One of the lines of the Tory critique as soon

as Brown comes to power will be – already is – that enormous sums of money have been spent to little effect, because the state is not the vehicle to deliver true reform. So when Brown talks of the state becoming the servant of the people, he has not only to mean it, but also to show how it can happen.

‘No to a two-tier system’, the defenders of the centralized state will say. Yet a two-tier approach is exactly what we’ve had in health care and education for many years – those who can afford to, opt out. It is not a system that has worked for the poor: health and educational inequalities in the UK are worse than in most other EU nations. ‘Phoney universalism’ (pretending that everyone is the same) has served to exacerbate inequalities, not overcome them. Choice and voice are not intrinsically the enemies of greater equality, nor is competition. The opposite is true. At the moment these are the privileges of the more affluent – they are a core part of the ‘middle-class capture’ of the welfare state.

The public (state-based) and private (not for profit or commercial) sectors need to be integrated more, not less. This theorem applies both to health care and education. France, for instance, has one of the best health care systems in the world. The country has a much higher proportion of privately run hospitals and health care centres than the UK, integrated within the overall health system. In education, Labour has largely left the private – i.e. ‘public’ – schools alone, working with the intention of bring the best of the state system up to their level. The private schools, however, still dominate access to elite positions. They cannot be abolished, nor should they be, since many of them provide top-class education. What we could do, however, is increasingly make them open to all children, regardless of ability to pay.

Green and Brown when mixed together don’t make a particularly attractive colour – a downright unpleasant one, in fact. Yet today there must be a thoroughgoing greening of the Labour Party. Along with the possible proliferation of nuclear weapons, climate change is the most urgent threat the world faces. Brown’s name is going to give him quite a lot of trouble with comedians, but Brown must learn to think and act green.

Those who demand that others change their lifestyles should accept it for themselves. I would like to see every member of the

cabinet driving or being driven in a hybrid or electric car – or walk if they can. Gordon Brown should make visible changes to his lifestyle. I don't think it's enough to mention, as he recently did, that he doesn't take many holidays abroad. The Parliament buildings at the moment are something of an environmental disaster area, with energy inefficiency on a large scale. Why not try to make improvements, and get parliamentarians to follow strict rules of energy conservation?

There is a new agenda here, which Labour must seize. Some of our main problems today come not from scarcity, but from abundance. This is true of climate change – think of the number of cars on the roads, the tremendous expansion of air travel and so on – but it is also true of other areas of concern, such as health. We live in the first society in which far more food is produced than we can consume. In the developed countries, starving from lack of food is unknown. Obesity, however, is a major problem; in its wake come chronic illnesses, such as heart disease and diabetes. Lifestyle change, and how to bring it about, without intruding upon individual freedoms, has moved to near the top of our most pressing concerns.

This observation applies to the 'ageing society', among other areas. Ageism is the sexism of our time. It is resonant with consequences for the economy and the wider society. Old age is no longer something that just 'happens' to people. How we age now depends a great deal upon lifestyle factors. Labour should drop the term 'pensioner' altogether. It suggests that when people reach a certain age they become dependent, unable to live an independent and flourishing life.

Among social scientists, there is an upsurge of interest in happiness, and how to maximize it. Mental illness seems to be on the increase, as does a range of forms of addictive behaviour. I don't think happiness is the sole or even dominant value leading to the good life. So rather than happiness, I speak more dryly of *positive welfare*. The welfare state in the past was based upon 'negatives' – the avoidance of risk. We need more positive goals today, for a system that has to be more interventionist – not only a safety net. Later in the book I detail what these goals should be.

I think we are approaching the end of the welfare state in the

way it was originally designed. I don't mean this in the way right-wing authors do – the idea that the welfare state should be run down because it isn't needed in today's world. Rather, it has to be redesigned to be more proactive; concerned with investment and with tackling social problems at source; focused upon economic dynamism and productivity, not an organization that steps in when the job of the market is done; and more pluralistic – a regulatory agency in a welfare society, in which a variety of groups and organizations are involved in welfare protection.

The object of social policy should be the fostering of active, responsible citizenship. Lifestyle change cannot be achieved by governments acting on their own. All of the four main forces in our society will have to work together to promote it. These are the state, business, voluntary or third sector groups – and citizens. The responsible and responsive state (which I later call the ensuring state); socially and environmentally responsible firms and corporations; the responsibilities of the third sector; and the civic responsibility of citizens – these should be the energizing forces of the Contract with the Future.

As is obvious to anyone walking down the street in one of our major cities, Britain is a far more diverse society than it used to be. Immigration and cultural diversity are foremost among people's concerns today. Multiculturalism, many assert – including, most recently, David Cameron – is dead. We must abandon it in order to emphasize our common cultural heritage. I say, by contrast, long live multiculturalism! Its band of critics doesn't seem to take the trouble to understand what it actually means.

They see multiculturalism as the coexistence of closed and separate cultures, not as a means of actually integrating minorities into a dominant culture. Multiculturalism doesn't imply treating every cultural belief as equivalent to any other; it doesn't condone communities separating themselves off from the wider society; and it doesn't mean denying that a society needs a core set of values, and a generally agreed identity, to keep it going. On the contrary, it means bringing cultures and communities together, fostering dialogue between them and insisting upon common acceptance of values and laws.

Islamic radicalism, and the more diffuse feelings of alienation

found in some Muslim communities, have to be understood against the backdrop of globalization.<sup>1</sup> The French scholar, Olivier Roy, has argued persuasively that radical Islam is not a product of religion per se, but the result of the ‘deterritorializing’ of Islam. The question, ‘Who am I?’ never came up in traditional Muslim culture – and nor did issues such as ‘Should I wear the veil?’ Only when Muslims are in everyday contact with other cultures do such questions become urgent and difficult.<sup>2</sup> In other words, we are talking here about identity politics. Much more on all this in what follows.

Whether Gordon Brown would agree with the ideas and prescriptions I have set out in this book, I do not know. I have not consulted him about them. He has certainly started to put flesh on his own views in a variety of speeches over the past few months. Brown argues for a new constitutional settlement, and has given a general outline of what form it should take. He promises a different style of leadership from that of Blair. He follows Blair, however, in regarding education as his overriding priority. Brown has spoken up strongly in favour of a British identity in the face of growing nationalist separatisms; and he has declared the need to renew a sense of national purpose. I discuss his speeches and writings in some detail below.

What he hasn’t said much about so far is foreign policy. His views in this field will be of great importance – to the country at large, and to his own political future. In my view, he must seek an opportunity to show independence of mind from the current US regime. He should look for a negotiated withdrawal of British troops from Iraq, on the basis of a handover to the Iraqis in the Basra area and a difficult job well done. He should contribute to moving the international community back towards a greater emphasis upon the rule of law and the importance of international cooperation.

With the whole spectrum of international relations changing, and formidable new geopolitical players emerging, Britain hasn’t a hope of influencing the course of world events if it doesn’t act in conjunction with the rest of the European Union. The special relationship with America has some meaning, but it is bound to become weakened eventually, as the US increasingly turns its attention to the rising powers in the East. The worst situation for Britain

would be if the country found itself stranded between the US and the rest of Europe, with little or no influence upon either.

Brown thus far has displayed little enthusiasm for the EU; but a new generation of European leaders is emerging and he could and should be prominent among them. Some of the major problems that concern us today – climate change, energy security, migration, international crime, drug-running and people-trafficking – can't be resolved by individual nations. The EU is our best hope of dealing with them in our region of the world.

Very little of all of this will be plain sailing. One can see several points of tension and difficulty for a Brown-led government.

Although there may be a nominal contest inside the party, Brown will come in as an unelected prime minister. More than 70 per cent of voters in the UK think that he should speedily call a general election. There is virtually no chance that he will do so, but such a situation could drain his legitimacy.

Much of Brown's reputation has been built on his management of the economy, where he has repeatedly won out over the many critics who have announced across the years that it is all going wrong. However, at this point there seem to be some cracks appearing in the edifice, such as the recent unexpected rise in inflation, an overvalued housing market and a continuing rise in levels of personal debt.<sup>3</sup> A cash crunch is looming in the public services, just at a time when progress needs to be renewed to convince the electorate that Labour has handled reform in a competent way. Funding cannot continue at the levels of the past few years.

There could be problems maintaining order within the party. Brown will have to face down the Old Left, and deal with potentially fractious trade unions, just as Blair did. If Brown concedes too much to the traditionalists, he could perhaps keep the party happy, but his tenure as Prime Minister will be short. The police inquiry into the loans for peerages might present problems that will run on into the Brown era. At the time of writing, the outcome of the investigation is unknown, but even if no prosecutions are brought, and even though Brown himself is not directly involved, mud has a way of distributing itself widely and sticking.

A further and quite fundamental worry is the status of the UK itself. How strong will Scottish, Welsh and English nationalism

turn out to be? Currently, they are all on the rise. Brown has set out his stall for a reinvigorated British identity, and this is the right thing to do. But will the three mainland nations nevertheless start to pull apart?

A Brown-led government will have these and other problems to overcome if Labour is to get a fourth term in office. It is likely to be an uphill struggle all the way. The biggest obstacle of all is not the Tories, but public disenchantment – not only with the Labour Party, but with politicians more generally. Brown must show real leadership quality. Otherwise a jaded electorate will vote to ‘give the others a chance’, as happened in Labour’s favour in 1997.

In the chapter 1, I analyse the origins of New Labour, which were deeply bound up with the thinking of the Democrats in the US in the run-up to the Clinton presidency. Labour took many worthwhile ideas and policies from the New Democrats, but this connection also explains where the government could do better. I look at Labour’s main successes over the past ten years, as well as where it has fallen short.



*Tony Blair listens to a reporter's question with Gordon Brown, at a news conference at Labour Party headquarters in London, Tuesday, 29 April 1997. Two days remain before the general election.*