

## **Blackburn and District Trades Union Council**

### **Statement on General Election 2017**

On 30 June 2016, as she stood for election as Leader of the Conservative Party, Mrs Theresa May said: 'There should be no General Election until 2020. There should be a normal autumn statement held in the normal way, at the normal time, and no emergency budget.'

It was a policy she reiterated on 3 September 2016, speaking to the BBC's Andrew Marr: "I'm not going to be calling a snap election. I've been very clear that I think we need that period of time, that stability, to be able to deal with the issues that the country is facing and have that election in 2020".

It appears, therefore, contradictory that she should now package her "volte face" on the issue with the claim that she and her Party offer "strong and stable" leadership. In calling a "snap" General Election she reverses not only her specific previous commitments but also the reasons given, by a Government in which she was Home Secretary, to justify the Fixed Term Parliaments Act 2011.

Mrs May appears to have established for herself a public image of sober dependability. She is by no means unused, however, to the occasional rapid turnaround.

One might cite the 2017 Budget hike in National Insurance Contributions (NICs) for the self-employed, which was dropped within days of being announced.

Or her commitment to having workers' representatives on company boards. "So if I'm Prime Minister" she said whilst campaigning for the Conservative Party leadership, "we're going to have not just consumers represented on company boards, but employees as well" . But when her Government published, a few months later, its "Green Paper" on "Corporate Governance Reform" this had become merely one option that companies might wish, of their own accord, to consider.

The "Economist" of 22<sup>nd</sup> April commented that Mrs May's election u-turn "is a reversal that might mean fewer u-turns in future". But it was also scathing about the reasons given for her latest change of heart: "Mrs May says the election is necessary to protect the Brexit process from mischievous opposition parties that plan to derail it. That is nonsense: although most MPs, including her own, campaigned to Remain, they have dutifully upheld the referendum result in Parliament".

It is, indeed, difficult to see what an election will effectively change on this front, unless the outcome is a defeat for the Conservatives – which is unlikely to have been what Mrs May meant. If the Conservatives remain in Government the election will have done nothing to deflect the Scottish solution of decoupling from the UK in order to remain in the EU. If anything, the prospect of prolonged Conservative rule will enhance the attractiveness of that option. Those who want a second referendum when "what Leave means is actually made clear" will wax or wane in public influence according to how the eventual settlement is received. And the Labour Party, meanwhile, had, up to the point of being forced by the election to be more specific, given the Government quite a free hand in respect of a definition of what the anticipated future relationship with the EU would be – ie. not in the Single Market, not in the customs union, not subject to the European Court, not part of a community within which workers may move freely.

It is interesting that Mrs May seems to think that leaving the EU is not a guaranteed success - "division in Westminster will risk our ability to make a success of Brexit". If there are any risks to Brexit, however, that are not inherent they must surely lie more with the apparent clumsiness of the current Government's approach.

Article 50 of the Lisbon Treaty says: "In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State," (the one deciding to withdraw) " setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union".

The UK has given our EU partners a clear outline of what we see our future relationship with them as being. Certainly there is enough for the EU to "take account of" in agreeing the arrangements for our withdrawal. The EU may be pleased to hear that we wish to have a new trade agreement with it going forward, but there is nothing in Article 50 to suggest that this needs to be part of any arrangements for withdrawal. Any reluctance to rush into trade discussions would be typical of how slowly the EU tends to move on such matters rather than evidence of it wanting to "punish" the UK. The very sense of comfort it gains from the Single Market means that it does not normally make hasty decisions on "external" trade deals. One would not expect it, for instance, to divert attention from the current, close to fruition negotiations with Canada and Japan, each of which has lasted well over two years, to accommodate the UK. The situation is, admittedly, novel insofar as there has developed a high level of entanglement between the UK and some other EU economies in specific sectors – and this may generate a higher than normal level of urgency. But it seems to us that our Government will only provoke unnecessary delays and confusions if it fails to acknowledge that the EU's primary concern will be the "arrangements for withdrawal". It will also have to present a case to the EU as to why it would be to the latter's advantage to have a "free trade" deal with the UK. If Mrs May does win the General Election, the size of her majority will be of little interest to EU negotiators on either of these matters.

The "snap" General Election, therefore, does not have anything to recommend it in relation to the current Government's management of our withdrawal from the EU. If anything, in adding a period of delay it will put even more pressure on what is already regarded in some quarters as a very tight timetable.

Seen from this perspective, there would have been merit in Parliament telling the Prime Minister that it wasn't going to endorse a General Election proposed on such flimsy grounds.

Mrs May clearly hopes, and indeed expects, that having a General Election now will give the Conservatives an unassailable majority in the House of Commons until 2022.

It will, nevertheless, give the electorate an unexpected opportunity to "turn the tide" of British economic and social policy more in favour of the majority of citizens.

The key political reality for British workers since the end of the 1970s has been that our share of economic growth has, as a general trend, fallen.

For almost all of the 1960s and 1970s the UK wage share of Gross Domestic Product was between 58% and 61%. The exception was the three years 1974 to 1976 where the wage share briefly went above 62% of GDP (peaking at 64.5% in 1975). After 1981 the wage share declined rapidly, falling to

53.8% of GDP by 1988. The end of the 1980s saw a partial recovery (to 56% by 1991) and then a further decline, to a low point of 51.7% in 1996. The late 1990s saw another partial recovery (to 55.3% in 2001) and then a small decline through the 2000s to 53.5% in 2007.

Real wages have yet to return to their pre-“financial crisis” levels. Andrew G Haldane, Chief Economist, Bank of England, told the TUC in November 2015 that they were still 6% below that level. “Since the crisis,” he said, “we have seen one of the largest and longest squeezes on wages since at least 1850”.

Alongside the fall in the wage share, there has been a general rise in the inequality of earnings. The most highly paid have taken an ever larger share.

As shown in the TUC Report “Decent Jobs Deficit” another characteristic of the contemporary labour market has been the increase in insecure forms of work. Over 1 million people are in part-time work because they cannot get full-time work and there has been a corresponding growth in zero-hours contracts, agency work and involuntary “self-employment”. Around 6.4% of all employees in the UK are on temporary contracts. Since 2011 the reported incidence of zero-hours contracts has risen rapidly, from 0.6% to 2.4% of the working population. The problem of low pay is particularly associated with workers in insecure employment. The Quarterly Labour Force Survey April-June 2013 found that average gross weekly pay for permanent workers was £479.26, whilst for those on zero-hours contracts it was £185.19.

The growth in insecure and badly paid employment is also associated with a feature that Dr Steve McIntosh called “hollowing out”, in a Report he did last year for the Department of Business, Industry and Skills. This meant that some local economies are losing jobs in the middle rank by income, whilst the number of jobs that are the lowest paid has grown. The September 2014 “Centre for Cities” Report “Unequal Opportunity” showed that this feature affected some cities more than others. Of 59 cities compared in the Report Blackburn with Darwen ranked 7th highest in respect of the growth of polarization between 2001 and 2011 – and this is an area where low pay is already prevalent. In Blackburn one in three workers earns less than two thirds the median wage but this falls to one in ten in the South East.

Commentators on Brexit and on Mr Trump’s victory in the USA speak about people who feel “left behind”. Mrs May speaks about “an economy that works for everyone”. The underlying reality, we say, is much more serious. It is a story of significant working class losses in the share of national wealth – a tide against labour that we desperately need to turn.

It is a story made even worse by what has simultaneously happened to our social wage and our social infrastructure.

If, for instance, unemployment benefit (now Jobseekers Allowance) had kept pace with earnings since 1979 it would now pay over £100.00p a week. Instead, our Welfare Benefits system has become, for many, a punitive and demeaning nightmare.

Our railways and public utilities have been handed over to the private sector solely for the purpose of increasing ways in which those with money can make even more profits.

Since privatisation, the average price of a train journey has increased by 23.5% in real terms. Fares on some routes have increased by 245%. If our railway was run in public ownership, we'd save £1.2

billion a year, enough to fund an 18% cut in rail fares. That's because we wouldn't be wasting money on shareholder profits, fragmentation and a higher cost of borrowing.

The real prices of gas and electricity have increased by 13% and 67% respectively since the year 2000. Corporate Watch research suggests each UK household could save £158 a year if energy was publicly owned. Over 10% of English households live in fuel poverty. It doesn't need to be this way. Studies examining the UK energy market have concluded that electricity prices are 10-20% higher than they would have been without privatisation.

“Austerity” has had a particularly damaging impact on the ability of Local Authorities, particularly in poorer areas, to function effectively. As Tom Crewe pointed out in his December 2016 “London Review of Books” article “The Strange Death of Municipal England”: “No other area of government has been subject to the same squeeze: since the start of the decade spending by local authorities has been reduced by 37 per cent, and is scheduled to fall much further over the next five years. For many Councils this will mean the loss of more than 60 per cent of their income by 2020..... What we really mean when we say that austerity has slashed the state – it is a vital distinction, and not made nearly often enough – is that it has wrecked the ability of elected local authorities to provide and administer many of the features and functions of the state as we understand them”.

“Between 2010 and 2015, £4.6 billion was cut from adult social care budgets in England. The services that remain are hopelessly overstretched: pay is generally abysmal and training limited (37 per cent of care staff have no recognised qualifications). By 2014, nearly 90 per cent of English councils were unable to offer any support for people with ‘low to moderate’ care needs (which includes those unable to undertake ‘personal care tasks’, ‘work or educational roles’ or ‘social and family roles’). Around two million older people now rely solely on support from family and friends. In September, the King’s Fund concluded that ‘access to care depends increasingly on what people can afford – and where they live – rather than on what they need. This favours the relatively well-off and well-informed at the expense of the poorest people, who are reliant on an increasingly threadbare ... safety net.’ There is no let-up in sight: councils have a further billion pounds of cuts planned for the current year, with more to come until, in 2019, the gap between needs and resources will reach an estimated £2.8 billion, and spending on adult social care will fall below 1 per cent of GDP. One consequence is that the NHS can no longer safely discharge patients into the community, leading to a shortage of hospital beds”.

Even the NHS is being placed under an extraordinary combination of stresses. In addition to picking up the social care shortfall it is facing a period in which the money it has been allocated is predicted not to meet its expected running costs. Privatisation, meanwhile, is chomping through it like woodworm. According to the “We Own It” website “we've already wasted an unnecessary £250 billion by involving the private sector in building new hospitals through Private Finance Initiative. That's enough money to pay for the whole NHS for two years. Now, instead of spending all our money on patient care, we're wasting at least £4.5 billion a year (and possibly as much as £10 billion a year) on running a market in the NHS. Administration costs rose from 5% of the NHS budget in 1979 to over 14% in 2010. 65% of local NHS leaders are spending extra on commissioning NHS services. In 2015, private firms won 40% of all contracts offered by Clinical Commissioning Groups”.

The election of a Labour Government would not solve any of these problems overnight. They show how profoundly our society has turned away from trying to be “a society that works for everyone”.

Nevertheless, it seems indisputable to us that only a vote for the Labour Party stands any chance of making the outcome of this election a contribution towards “turning the tide”. Brexit, whether “hard” or “soft” will not do this. The Liberal Democrats will not do this. UKIP will not do this. Labour’s policies include more progressive taxation, state bank investment in public services, support for industry, an end to NHS privatisation, public ownership of the railways, community ownership of energy, an end to zero-hours contracts, the restoration of employment and trade union rights and building half a million new council houses.

We have an opportunity to reject austerity, privatisation and inequality. If we do otherwise, we will have only ourselves to blame.