LABOUR TRIBUNE

MPs

HEALING THE DIVIDE

Essays on how we build a future that brings together Leavers and Remainers
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A substantial minority—especially on the political right—never accepted the 1975 referendum as a settlement. Supported by a large part of the print media, for 40 years British political life has been accustomed to seeing ‘Brussels’ and everything emanating from, or associated with Europe, routinely criticised, mocked and abused. Boris Johnson’s record as a Brussels correspondent became a byword for mendacious reporting, with the sole purpose of undermining attitudes to the EU. With the passing of the World War 2 political generation, no high moral defence has been consistently made on internationalist grounds, and even the benefits of the Single Market, negotiated by Thatcher, had to be framed by intensely negative arguments about the rebate and more. ‘Up yours, Delors’ anyone?

Even the modern pro-Europeanism of 1990s/early 2000s New Labour was largely defensive in nature. No wonder, when it came to the referendum campaign, the case against wrote itself whilst pro-Europeans were left scrabbling for anything that might resonate with an electorate steeped in Euroscepticism.
We know quite a lot about the characteristics of ‘leave’ voters. Educational attainment was, according to Yougov analysis, the single factor associated with a leave or remain vote, with age a close second- 64% of over 65s voted leave- with under 25s voting remain by a the same proportion; 70% of voters with GCSE qualifications or below voted leave and 68% of graduates choosing remain. In looking at how voting patterns played out across the country, these elements can’t be ignored- but they still have to be understood in a context of place, identity and what Europe clearly came to mean in terms of explaining unhappiness with the present and a hope for a different future.

Britain has not been alone in struggling to come to terms with the cultural and social changes which have transformed the country over the last half century. We have seen long established patterns of working and civic life melt away, and the loss of the community elements of that life are acutely felt. Then there were large workplaces- factories, pits-with trade union organisations; churches, towns where most of the population worked where they lived; council housing and relatively low mobility. Now: whether in modern manufacturing, office, retain or leisure, work is certainly not-unionised, and is certainly less of a collective experience; worship has declined, commuting has increased, estates are multi-tenure and mobility usually greater. And whilst all this was happening, conglomerations- from banks and former building societies to familiar stores changed first the names on the high street and then saw many of them driven out of local communities altogether, whilst the scaling up of the public sector- away from the small District Hospital to the big regional centre, for example, may have made sense rationally, but not necessarily emotionally. If local identities felt increasingly undermined, a sense of national identity was also changing too. The collapse of the former Soviet Union in 1989 unfroze national identification across eastern Europe and beyond, whilst closer to home, devolution for Scotland and Wales was one factor encouraging a renewed impetus to the debate about a distinctly English identity.

Big cities have their stresses, of course, but their relative economic and creative dynamism offset the losses, and a second wave of urban regeneration fostered new urban pride, even if by no means everyone shared in its benefits. For far too many towns and smaller communities the change and the loss has been highly visible and wholly inadequately offset. When some saw significant arrivals from the accession countries
in the second half of the last decade, it was, for some, a further sense of a familiar world slipping further and further away. Time and prosperity would have softened that, but the crash and post-crash austerity put that out of reach.

The warning signs have been there for many years and politicians failed to take heed. They paid no attention to the growing support for UKIP among those communities that were falling behind and becoming increasingly dependent on the state for benefits, whether unemployed, or in low paid work. Eight out of ten of the areas where workers receive the lowest wages voted leave.

Globalisation creates winners and losers and if the welfare state stops looking after the losers then they are bound to feel justified resentment towards those who have let them down, namely the political elite. There is clear evidence of a link between those areas who have been left behind, and more recently, felt the full brunt of Tory austerity, and large majorities for voting leave. The Gross Incomes of those with low skills fell consistently from 2001 and dropped dramatically as a consequence of Tory austerity. The Tory’s Welfare Reform Act ushered in ten different benefit changes intended to save £18.9Bn by 2015, including the roll out of Universal Credit, Bedroom Tax and the Benefit Cap among others. The average loss of income to each working age Briton was estimated to be £440; in the City of London that figure was £177 but in Blackpool it was £914. The average loss of income was 23.4%, in the poorest areas that rose to 46.3% and just 6% in the richest.

Low income areas also rely more heavily on public services that came under siege from cuts. Since 2010, spending on the NHS flat lined while demand grew while across the country education spend went down by 19% in real terms. Between 2010 and 2015 Blackpool suffered over twice rate of cuts to its local council expenditure than the national average. In the referendum it voted 68% leave while the City of London voted 75% remain.

Professor Thiemo Fetzer of Warwick University, argues in his paper ‘Did Austerity Cause Brexit?’ that the ‘austerity shock’ tipped the balance of the referendum in favour of leave. He highlights the fact that there was a 11.6 percentage increase in support for UKIP in elections prior to the
referendum, in areas most exposed to Tory austerity.

Over the last 35 years the richest one percent have more than doubled their share of incomes. People are not blind to this scale of inequality. The reaction that things must change may not have been immediate, but the accumulated slow burn of resentment built up over many years and culminated in the most impoverished areas voting overwhelmingly for Brexit.
There can be no doubt that immigration played a key part in the outcome of the 2016 EU referendum.

The changes that extended free movement into the United Kingdom with the accession of the A8 – which included countries such as Slovakia, Slovenia, Poland and Czech Republic – attracted people to the UK due to employment opportunities, language skills and economic opportunities. This coupled with the then booming economy meant that there was a demand for labour which some employers exploited, and used as an opportunity to casuallise labour, and in many areas of the country the pace of change and demand for housing led to pressures which were not anticipated at the time of the accession. This caused concern in some communities and was a contributory factor in many working class community.

Often overlooked is the fact that many second and third generation immigrants, including those from Indian, Jamaican and Pakistan, were concerned that freedom of movement and pressures on the levels of migrants was excluding those from outside the EU. This equally led to a
strong leave vote from these communities.

The debate on immigration was solely focused on negatives, whipped up by populist forces, such as UKIP, who offered simplistic solutions to complex concerns.

Against that background, in the run-up to the 2015 General Election Labour focused on policies to tackle the exploitation associated with some the immigration from A8 countries.

This included:

- Gangmaster legislation extension to new areas;
- Banning recruitment agencies from solely recruiting foreign labour;
- Strengthening Homes of Multiple Occupation legislation;
- Supporting communities with a migration fund (which the Tories scrapped upon entering office);
- English language courses;
- Strengthening community cohesion;
- Making a positive case for overseas students, entrepreneurs and skilled workers; and
- Increase in the number of Border Guards to ensure we have integrity in migration.

Since the referendum has produced a leave result, now’s the time to look at how we re-examine migration. The factors that drove people to vote leave are still present.

Any future Labour policy needs to recognise the positive contribution that people coming to this country can make. Today’s overseas students are tomorrow’s leaders in business and politics. Why wouldn’t we recognise, and welcome, people who want to come to this country to invest, create jobs and contribute to our NHS? But in a world where we have left the European Union new rules need to be established to meet the concerns of those who are here now and to make sure we remain competitive and humane in the future.

Labour immigration policy must therefore be firmly rooted in several key areas.
Healing the Divide

It should always have at its heart economic reality: the skills we need and the areas of the country that can support an increase in population. And we have to maintain an integrity in our migration system. Which means the rules we set should be enforced and our borders kept strong.

Without reciprocity immigration policies garner little public support. Policy should be designed so that the interests of UK nationals overseas are preserved. But above all immigration policy must be compassionate. The policy should not be pernicious and should respect people’s right to fall in love, form partnerships or maintain family ties wherever they are in the world.

These principles must underpin Labour policy.

However, there are a number of options that could be sought to renew confidence for the immigration system.

The Close Partnership model:

The first is one that gives special immigration status to EU nationals. This would establish a special agreement between the UK and remaining EU nations which aims to maintain our close historical and cultural ties. We may wish to try and secure preferential treatment on the following principles:

1. Freedom of movement, if proof of employment is provided.
2. Freedom of movement for students and scientists.
3. Right to family – enabling partners of UK nationals to live and work in the UK
5. Reciprocal arrangements for UK nationals living in EU countries and rights for EU nationals who are residing in the UK before final departure date from the EU.

These could ensure that a reciprocal arrangement is put in place allowing people to work and study in the remaining EU nations. However, they would not be able to ease the newly imposed burden on those travelling to EU nations for leisure or retirement.
This variant of reform would be best for maintaining strong links with the remaining EU nations as it would be going some way to recognising the importance of the fundamental freedom enshrined within EU treaties: freedom of movement. However, there are obvious questions as to whether such an approach could gain the wide support of the electorate.

Align EU with the rest of the world:

The next option could be one likely to reduce the number of EU migrants. It would transfer over a number of policies in place for non-EU migrants to EU migrants, however, it may be important to introduce concessions to EU migrants to reinforce the links we have with our nearest neighbours.

We could achieve a slowdown in migration by a two-pronged approach.

First, extend the Tier 2 skilled workers visa to skilled workers from Europe. This would still mean that jobs in the UK need to be offered to British citizens first before being offered to someone from abroad (the so called Resident Labour Market Test).

We could then extend the thresholds we apply to others such as income minimums. But not on the current terms as these are inflexible and uncompassionate. We should allow a generous Intra-Company Transfer scheme (uncapped), provided workers were coming to do a managerial – not a routine – job. Tier 2 should remain uncapped.

Other aspects that could be included are: a generous short-term visit visa (around 12 months), allow workers to transfer their visa to a new UK employer, preferable treatment to students and scientists, and EU citizens having a fast-track access to British citizenship within, say, three years instead of the standard five.

This would potentially reduce levels of immigration and still support a thriving economy.

No deal option:

The final option the UK could opt for is one where we scrap, not only the current arrangements with the EU on immigration but the current
system we use for the rest of the world.

This would require an upheaval of a system that is proven to work – non-EU migration policy – and cause potential confusion for businesses trying to gain access to labour.

Not only would this large upheaval result in uncertainty, it would undermine any chance of a reciprocal agreement being reached between the UK and the remaining 27 EU nations. This could be to the detriment of the UK economically and diplomatically.

Different systems that operate around the world revolve around Green Cards and points-based criteria. The UK already has a hybridised version of the two for non-EU migrants.

**Conclusion:**

We need more light and less heat when it comes to discussing immigration. The EU referendum has shown that people’s concerns on immigration are quick to change with the issue dropping down their list of concerns when asked.

We need to secure a fair deal for those that come to this country, but also one for those who live here now. Labour policy needs to carry the faith of the UK public and should demonstrate that decision makers can react to their concerns with truth.

We cannot forget the pledges we have made to our constituents in previous elections. We must protect workers’ rights, distribute the benefits of immigration through an integration fund, maintain strong borders and have a sensible outlook on the migrant student population.

Labour is the party that can pave a way forward on immigration that is based in economic truth, reciprocal and most importantly compassion.

If those are the tests, then the Close Partnership Model has to be the way forward.
Yvette Cooper

Two and a half years on from the Brexit referendum, our country feels more divided than ever. The Government and Parliament are debating the Brexit deal. But too little time has been spent working out how to heal the divides or challenge the inequalities that underpinned the Brexit vote in the first place. Politics isn’t bringing people together, it is fracturing instead.

The divides aren’t just between people, they are between places. Cities were more likely to vote remain – the biggest cities voting 60% to remain. Towns, on the other hand, were more likely to vote leave – on average 55%. 22 of the top thirty Remain areas are cities. 27 of the top thirty Leave voting areas in the referendum are towns.

The gap in the Brexit vote between cities and towns is underpinned by a growing economic divide. Many towns across the country haven’t had a fair deal in recent years. In towns like ours in Yorkshire and across the country, we have seen investment and skilled jobs move into the cities, transport connections fail, town centres under pressure and public services withdrawn. Crucial decisions affecting our towns are too often being taken in cities far away so the promise of taking back control is an appealing one. Yet no matter what happens on Brexit itself, nothing is currently being done to tackle the frustration and widening gap facing
towns, and the Conservative Government is making it worse. Labour has to build a strong plan to tackle the injustice and heal the divide.

Without action the urban economic divide will keep getting worse. Manufacturing and distribution jobs are disappearing from towns. Jobs in tech, services and culture are growing in cities. The number of jobs in English town constituencies has grown by just 5% in five years, compared with 11% in city constituencies. Overall, economic growth under the Tories has been only two-thirds the rate in towns as in cities.

Recent waves of technological change and globalisation have created amazing new opportunities that many cities have seized, however they have been much tougher on our towns. Big cities with their universities, diverse skills and sheer market size have proved best placed to seize new opportunities. However industrial towns have lost traditional industry through waves of automation and the trade shocks described by Liam Byrne. Seaside towns have lost their tourists as people find affordable holidays abroad. Market towns have lost their markets as shoppers move online or head to the cities and shopping centres instead. Big city centres still include new retail developments as well as quirky niche shops. But town centres are being hollowed out as shops, banks and post offices close, undermining people’s sense of community, identity and confidence. Future automation trends could make things worse.

But instead of responding to this widening opportunity gap between city and town, Conservative Government policies have made things worse. Ministers focus on cities and city regions, assuming wealth and opportunities will trickle down and trickle out. Instead of trying to shape the impact of technology or globalisation on communities, or helping towns respond, Whitehall has made it harder. Economic investment reinforces inequalities rather than narrowing them. Transport investment is concentrated in cities and particularly in London. The big infrastructure investment like Crossrail or HS2 is either within or between cities. Meanwhile miles of bus routes have been cut from our towns. Each wave of broadband and mobile communications upgrade starts with the cities giving their businesses the first opportunities, before spreading more gradually to towns.

At the same time towns have been harder hit by Tory austerity and the
loss of public sector jobs. As public services shrink back to fewer, bigger centres to save money, many towns have lost services altogether - the A&E, the maternity unit, the police station, magistrates courts, solicitors practices and swimming pools. Too often big public services such as the NHS or the Court Service make decisions that are completely out of touch with towns like ours – focusing only on the quality of the service once someone finally makes it in through the city door, not on the hassle and barriers that patients, families, crime victims or witnesses from our towns might all face struggling to get to them. Nor do they consider the cumulative impact of austerity and different public service cuts on the places that depend on them. So town institutions are disappearing and so are the professional jobs within them.

I fear these deep divides are going to get worse whatever happens on Brexit unless we start standing up for our towns. Many of the ideas in other chapters on work, skills, public services and identity are important to our towns. But healing the divide requires changing the way we think about places too. Action is needed across the board but here are three areas where we could start.

First, we need a fundamental change of approach, away from trickle down and trickle out economics. The Government seems to think if you only support cities, everything will just trickle down and out to the towns, but it hasn’t worked. Cities will always be a vital source of growth and wealth generation across the regions, but Britain needs both our towns and our cities to prosper because the growing economic gap is bad for all of us.

Government needs a proper industrial strategy for towns. It needs to shape the impact of technology and globalisation so towns can benefit, and to empower towns to seize new opportunities and benefits rather than repeatedly losing out. That means giving much greater support and priority to investment in towns, as well as supporting local councils and combined authorities to develop clear strategic plans about towns’ economic purpose and connectivity. Instead of rolling out new broadband or 5G infrastructure in cities first, why not start in nearby towns? Instead of always using all the transport money on overruns for big city projects like HS2 or Crossrail, why not start by improving local trains and buses to connect towns? Towns need better education, retraining and apprenticeship opportunities so young people aren’t all forced to move
away to get on, and older workers can reskill.

Every town has a story, a unique combination of history, geography, skills and culture that can give it economic purpose or community pride, that can help it punch above its weight. But towns need strong, locally driven plans to make the most of their strengths and restore their sense of purpose in a changing economy too.

Second, towns should get universal service guarantees to cover public services that towns need and should expect – NHS services, buses, libraries, community centres, post offices, banking services, parks, leisure and sports facilities. These services support the local economy but even more importantly they make it possible for communities to gather and thrive.

And third, we need to give towns more power and more respect. Devolution deals have concentrated on the cities, but there is still too little power or control in towns, and too little support for local government even though there are fantastic innovative ideas coming from local councils across the country. Key planning and investment decisions with huge local impact on towns are usually taken far, far away. It’s time we did more to support local creativity and celebrate the pride people have in local culture too. Arts Council funding is more than four times higher on average in city constituencies than it is in town constituencies. That’s why the Labour Towns group of MPs is calling on the Government to establish a yearly Town of Culture award, to generate new investment, footfall and national recognition for the towns involved, and to empower communities to be creative and ambitious.

Most of all we should value our towns as the backbone of Britain. We should be proud of our towns – with strong communities, unique histories, local skills and industry.

Whatever the Brexit outcome, if we want the urban divide to heal rather than grow, then towns need renewed purpose and regeneration, including their fair share of investment and opportunities so they can flourish in the changing economy. I don’t believe the Conservatives have the values or the policies to ever heal this divide. Only Labour can. But it means the responsibility on Labour is even greater than ever to be able
to reach out as a broad church into cities and towns, across the Remain and Leave divides, to pull people together and make our country fairer and stronger, true to the values that have always been at the heart of our movement.
Today’s globalised capitalism, based on the needs of Wall Street and the City of London, prioritises capital ahead of production. Wealth and investment is no longer confined by national boundaries, and over the forty years since Thatcher ushered it in to the UK, it has allowed globalised corporations to move skilled jobs abroad, or to import cheaper labour to the UK, in order to drive down wage costs and drive up returns to shareholders. So once proud and prosperous manufacturing towns saw their factories and steel mills replaced by call centres, which were themselves then replaced by warehouses and pizza shops. Exploitation became global but the effects were very local. This globalised exploitation cannot be met with a local response – it has to be global too.

Yet the mantra was always that governments can’t intervene, as though the free market was truly sacrosanct. Democratically elected governments were the only block to globalised corporations doing what they wanted with impunity, so the capitalists forged a new orthodoxy, telling the government to butt out. Michael Hesletine’s pledge as Tory Environment Secretary to “intervene before breakfast, dinner and tea” – or was it “lunch and dinner” ? - may have been startling at the time but it was still stamped upon.
New Labour’s response was to focus not on defending existing jobs, but on reskilling and the use of the tax and benefits system to minimise financial distress; an option quickly removed by the Tories and LibDems after 2010.

So with national governments unwilling to act against the globalised market fundamentalists, much of the response to globalisation has been to focus on the local: devolution of some powers over spending decisions followed by devolution of limited government resources. Which all too often means devolution of Tory austerity and with it the removal of responsibility for central government to take further action to support local and regional growth. Too many on the left have seen devolution as the answer to Tory austerity and the squeeze of globalism, when regional and sub-regional government without the necessary resources will simply exacerbate the problem and increase people’s sense of the futility of politics, as another layer of government is denied the resources to make radical improvements in people’s lives.

The problem has been further exacerbated as much of the devolution has been centred around the large urban areas with their figurehead directly elected mayors. Smaller towns and more rural areas are squeezed out by the big cities which are sucking in investment and political attention, so squeezing out the towns. Town centres diminish as wages stagnate. So a further divide is not just between town and country, but between city and town, as a mish-mash of different local government arrangements is used to deliver different forms of devolution, to address a national problem of under-investment often not caused by domestic power structures at all but by Conservative austerity and global capitalism sucking wealth out of the UK.

It has been a hugely successful tactic of the Conservatives to deny local and regional government the resources to deliver successfully the services people need to halt the national decline, and then to blame those local councils and mayors when services fail. So school and children’s services budgets have been slashed, and we have lost 21,000 police officers nationally, but an increase in knife crime is apparently all down to Sadiq Khan.

As Labour found after 1997, its big plans for regional government, so desperately desired outside London during the Thatcher-Major years,
dissolved to nothing after two years of the Labour government when folk had a government they felt really cared for all of the UK. So rebalancing of power must come with a genuine end to austerity, with real resources to councils and mayors and whatever structure is in place; but crucially it must also come with a national government strategy committed to actively defending the UK against pillaging global corporations value-stripping the UK; committed to redistribution; and specifically sharing growth fairly across the UK, rebalancing the UK economy to towns as well as cities and to rural as well as urban, so that no region gets left behind. Devolution on its own is no solution at all.

Plans to allow councils to keep all their business rates must be resisted: richer Tory areas will simply get richer, and their business rates income will be used to depress council tax rates, so giving them artificial political credit for a low council tax they do not deserve. Fairness in redistribution must remain the bedrock of a socialist government programme.

The answer to the threat of globalised capitalism cannot be simply devolution of Tory austerity, nor even more money for regions under a Labour government: a government that is prepared to stand and fight for the people who elected it is a government on the side of the people and against de-skilling and exploitation. Communities may fight for the minimum-wage, zero-hour scraps provided by an Amazon warehouse on a former manufacturing site, but the government must enforce proper employment and union rights and make companies like Amazon pay their proper share of tax on UK operations. An active government, willing to overturn the orthodoxy of 40 years of neo-liberalism and get tough with the globalised exploiters would be a good start in defending the communities left behind, and restore people’s faith that politics can work for them again.
The industrial revolution, starting in the 19th century, transformed our economy and our country for good and for bad. But some of the most important lessons to learn from centuries of advancing technology changing how we work is that if we, the left, can embrace change and shape it for the benefit of workers, this change can be a blessing, rather than a curse.

History tells us that in the long run, technology can be a net creator of jobs. The introduction of machines into industrial production brought skilled jobs and better pay over time. With the help of government action and a reform of how our economy works, the growth of Artificial Intelligence (AI) and automation can do the same for many of today’s workers.

In the last few decades, we have seen a fundamental shift in the nature of work in the British economy. Through the decline in manufacturing and the growth in insecure jobs, the traditional working class has seen huge changes. The decline of Trade Union power has been a major contributory factor in the growth of inequality. That decline in organisation of
workers has seen an increase to exploitation in parts of our economy, for example in non-unionised warehouse operations or in some parts of the gig economy. Trade unions played a crucial part in delivering greater prosperity alongside vital improvements in working conditions and safety at work. Unions are as relevant today as ever as technological change puts workers at risk in an unequal power relationship with some employers.

The example of Hermes and their deal with the GMB which gives better pay and conditions to self-employed couriers shows what is possible for workers. Hermes’ management recognised the value of their workers and the importance of looking after their people. The concept of treating staff well if you want good service for your customers is pretty obvious to many responsible business people. Hermes and the GMB have demonstrated how it can work in practice. The deal also demonstrates the potential for responsible employers to partner with unions and to show leadership to other businesses who see workers as a cost to their bottom line, rather than an investment in the success of their business and as real people, who are helping management to deliver success for the enterprise.

Christine Lagarde, Chair of the International Monetary Fund, in 2013 said that she believes “the economics profession and policy community have downplayed inequality for too long. Now all of us have a better understanding that a more equal distribution of income allows for more economic stability, more sustained economic growth, and healthier societies.” Legarde’s point is that tackling inequality isn’t just to the benefit of the lowest-paid in society, it would benefit the wider economy as a whole.

We are going to see growing levels of automation in the workforce as technology advances and massive corporations look for more ways to decrease costs and increase profits. However, as a labour movement, we must fight for a future where work matters, not a future where work becomes a luxury with an army not at work. We must fight for a future where work is shared, including a reduced working week. Work defines and workers define themselves by the job they do. If you get talking to someone on the train or bus, it is likely that one of the first questions that will be asked is “so, what do you do?” It comes down to the ‘dignity of work’ and its importance to people’s sense of self.
We then have to define why good work matters. How workers are treated by their employer matters. Employees being able to see clear paths for progression and wage growth matters. Workers being given a voice in how their employer is managed matters. Being paid a real living wage which means that workers don’t have to pick up other jobs to make ends meet and can feel comfortable financially matters. These are all factors which contribute to a ‘good job’ and we should be striving to ensure that not only do we reach full employment but that every worker can have a ‘good job’ where they are valued and they feel comfortable. That is how companies and countries can best succeed. All the more important now because ‘good work’ is fundamental to tackling the politics of discontent, the millions of people who believe that the world of work and the country they live in no longer works for them.

As automation spreads further across industry, work is going to change and workers are going to need the skills to change with it. It has long been recognised that a major effort is necessary to improve the skills of many British workers and college leavers. Skills and decent jobs need to be located as a central part of an intelligent industrial strategy that works to Britain’s strengths and adapts as industry changes. The basic elements of a system already exist in the form of industrial councils and industry skills partnerships; and this consensus needs to be built on. There is a need to increase investment in training and there is a case to use tax relief to help achieve this. Employers who do not train and rely on poaching should support financially those who do.

The whole skills agenda needs a boost to make it more attractive, more glamorous and more central to the life of the country. At present vocational education and training is too often regarded as inferior to academic education and yet it is crucial to personal, corporate and national success.

Through a period of fundamental change in our economy, Trade Unions and representation at work is going to be more important than ever before. But there are now just 6.5 million people who are members of trade unions in the UK. This is down from 7 million at the start of this decade, and from a peak of 13 million in 1979. Strong Trade Unions are essential for better conditions for workers, as well as a successful, fully-functioning economy. Studies have shown that where levels of collective bargaining are lower, inequality tends to be higher. Labour must,
therefore, as a matter of public policy, seek to strengthen Trade Union power after the withering away we have seen under the Tories.

For 20 years or so, the UK economy has seen a steady shift away from wages and salaries, in favour of profits. Most of the resulting fall in the wage share has been borne by the lowest paid and the weakening bargaining power of labour has played a prominent role in this. Trade Unions need a changed framework of power if they are to become more effective and change the dynamic in favour of the worker.

A Labour Government should therefore seek to put in place measures to encourage collective bargaining at sector levels and to secure fair pay across the UK. The objective could be to establish Joint Councils or Living Wage Councils of employers and unions, on a sectoral basis, which are given incentives and encouragement to agree decent minimum rates (including overtime rates), hours, holidays and pensions, together with procedures for union recognition; and also for the handling of disputes and grievances. It is in the clear interest of better employers to spread their good practices and decent pay rates to competitors who may be undercutting them. Fair treatment of workers, therefore, and fair competition, not driven by a race to the bottom, are complimentary, not conradictory. That’s why employers like Hermes need support and encouragement from government so that their attempts to deliver a fair settlement are not undermined by competitors who would rather cut corners and pay less to undercut them.

There are already sector skills councils, such as in the automotive and construction sectors, and it has been Labour Party policy to encourage employers and unions to build on these in the direction of collective bargaining, for example in the care and hospitality sectors.

New autonomous and AI technologies present challenges to the labour movement and the progressive left across the Western world. But the technology being developed, alongside the economic opportunities available should be presented as exciting optimistic signs of the benefits of new technology. The Intergovernmental Panel on Climate Change estimates the economic benefits of decarbonising the global economy are $26 trillion. Such potential should be presented to give hope to those facing the challenge of change at work.
Since the financial crash a decade ago, we have seen falling living standards, stagnating wages and an increase in insecure work. It is vital that through action by a Labour Government and collaboration with Trade Unions, the world of work of the future is one which provides good work for all through higher wages, strong workers’ rights, natural paths of progression, high levels of available retraining and increasing Trade Union density. Such an analysis sits alongside the potential for business to benefit from economic opportunities which follow from environmental and other societal necessities. The potential risks from technological change are significant. The impact on workers must be addressed. But the potential for an economy which delivers for businesses and for workers has in fact never been higher either. We should seize the opportunity with both hands.
In my darkest hours I fear it will become the image of the century; a mythic symbol of the chaos shaking the West. High up in the lush marbled lobby of Trump Tower before a vast golden door, President-elect Trump poses gleefully with Nigel Farage and the leaders of the British Brexit movement, each delighted with themselves.

It wasn’t supposed to be like this. Thirty years ago this year, I was sitting in a student common room in Manchester, watching in awe as students, workers, citizens defied the soldiers, took out their hammers and battered the Berlin Wall into history.

What followed was what economists call the Great Moderation; a golden era of extraordinary growth around the world, as politicians, New Labour amongst them, stitched together what Bill Clinton liked to call, a ‘world without walls’. Trade deal after trade deal fell into place; NAFTA; China’s admission to the World Trade Organisation; the doubling of the size of Europe. It was quite a fin de siecle. And then it crashed. And the surge of populism that followed now threatens the post-war order.
So what has happened?

Let’s tease apart the short run from the long run. In the short run, financial crisis are often good news for extremists. In a study of over 800 elections over the last 140 years, the far-right increased their vote share by 30% after a financial collapse. And this crisis was no different. Across Europe, the populist vote (on left and right) has soared from 9.1% in the 1960’s, to over 26% in the 2010’s. In countries like Italy, France, Greece, Spain, Hungary and the UK, the surge in populist parties like the Five Star Movement, Front Nationale, Syriza, Podemos and UKIP were extraordinary.

But the long run change in politics and economics is even more important. Thirty years on from the fall of the Berlin Wall, we can now stand back and see in plain sight just how our economic model for the last thirty years of globalisation has helped fuel the chaos.

Our method of globalisation has produced profound new inequalities; indeed, just twenty six people now own as much wealth as the poorest 3.7 billion people. These inequalities help foster a disgust with elites that is the rocket-fuel for populism. As a recent paper confirmed; “more unequal countries do indeed exhibit stronger populist support.’

Beneath the seething outrage we can now divine just how globalisation created losers who we simply did not compensate - and who have responded by voting to wreck the status quo.

Economists have long known that trade is good for growth. In one of the most cited studies of nations that globalised after 1980, David Dollar and Aart Kraay found “a statistically significant and economically meaningful effect of trade on growth: an increase in trade as a share of GDP of 20 percentage points increases growth by between 0.5 and 1 percentage point a year.”

But the question then remains: who gets the gains? And the answer is: not ordinary working people. As Dani Rodrik recently put it: ‘[T]rade generically produces losers...No pain, no gain.’ These studies are now well-advanced in America:
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- A study of NAFTA for example, found that blue collar workers in industries exposed to imports, saw real wages fall. Between 1990 and 2000, affected workers saw pay-packets grow 8% more slowly than workers in unaffected industries, while general welfare gains totalled an under-whelming 0-0.08%.
- China’s accession to the WTO, on the other hand, created huge gains for firms like Wal-Mart, which made its owners, the Walton family, amongst the richest on the planet. But the ‘China Shock’ cost perhaps as many as 2 million manufacturing jobs between 1999-2011.

This seismic change showed up on election day. Amongst the states hit hardest by the China Shock - Ohio, Pennsylvania and Michigan - voters flipped to Donald Trump.

But we can now see a similar effect at work fuelling in the Brexit vote.

Even though the UK was a very open economy before the latest era of globalisation, much changed. Between 2000 and 2015, UK imports (by value) nearly doubled. This had a huge impact on the manufacturing industry that was once the heart and soul of the towns and cities created around the factories of the industrial revolution, and which once provided so many jobs to lower-skilled, less trained workers. Between 1997 and 2015, manufacturing jobs fell by almost a third - that’s 1.4 million workers - and the import shock from China and the A8 proved to be the biggest shock of all; imports from China, between 2000 and 2015, rose five-fold, and imports from the A8 rose by a factor of six. This huge rip-tide in our economy created massive waves for some workers. As one study found that ‘the combined effect of import competition from China and the A8 accounts for between 22 and 35 per cent of the reduction in the manufacturing share between 2000 and 2015’. This hit workers hard. In fact, between 2000 and 2007, ‘UK workers initially employed in industries that suffered from high levels of import exposure to Chinese products earned less and spent more time out of employment compared with individuals that were in industries less affected by imports from China’.

Overwhelmingly, these voters voted to Leave the EU, not least because those hit hardest by the import shock of globalisation, went on to suffer ‘globalisation without compensation’.
In any policy debate, we have a question of scale and speed of a solution. And we can now conclude that governments of both left and right, radically underestimated the speed and scale of the redistribution needed to compensate the ‘losers’ from the ‘import shock’ of globalisation.

To explore this, we married together a rough analysis of data on the ‘import shock’ calculated by academics Pierro Stannig and Italo Caltone, with data on public expenditure prepared by the Centre for Cities.

Let’s imagine for a moment that over the last decade, the UK successfully redistributed the gains of trade to those areas hit hardest by the import shock. In this case, we would see a rise in public spending in the areas hit hardest by globalisation.

In fact we see the opposite. The big towns and cities hit hardest by the ‘import shock’ actually see the bigger cuts in public spending - and this appears to be correlated to the Brexit vote.

So, if we take the big towns and cities that voted to ‘leave’ the EU, we can see that most suffered a big import shock over recent decades. But rather than benefit from any kind of compensation in the form of higher public spending, these areas all saw big cuts in public spending.

In fact, the correlations show that the places with the worst import shocks actually suffered the deepest public spending cuts. So, Blackburn, for example with an import shock score of 0.7, suffered a 27% cut in local spending. With some exceptions (like Blackpool), areas with a very high leave vote suffered not only big import shocks, but big public spending cuts as well.

It is now vital for us to learn the lessons of what went right and what went wrong for the years ahead because the disruption of globalisation will be put in the shade by what lies ahead in the fourth industrial revolution when AI and automation risks a wipe-out of perhaps 1.1 billion of the world’s 3.2 billion jobs. We know these profound shifts will demand a new social contract for the 21st century; for workers; for families and places. So we had better get on with designing what it looks like.
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That means radical reform to the three major systems at the heart of any political economy: the tax system, social security - and the financial markets.

The tax system will inevitably have to shift and rebalance to tax wealth more effectively. And international cooperation will have to be patiently advanced, step by step, to bring more and more of the wealth created by Technopolies but hidden tax-free, into the tax system.

Second, social security will have to change as the public demands a very different kind of social security system; a system which not only re-trains workers as technology wipes out old jobs, but which helps families both replace income in times of misfortune, and build up wealth of their own over the course of their working lives.

Reform of financial markets will, I suspect, need be more radical.

Bluntly, finance needs returning to its original purpose. The history of finance demonstrates that early financial pioneers often saw themselves as social reformers. Henry Duncan in Scotland who opened one of the first savings banks, or Friedrich Raiffeisen in Germany who created the first agricultural credit union, saw their activities as having social purpose, in much the same way as Nobel Peace prize winner Mohamed Yunus does today in Bangladesh. Their activities are critical to the improvement of the lives of poor people, and critical to creating inclusive growth. But there’s not many in the finance industry who see the business in that way. Yet the ‘purpose of finance’ is not a question simply for experts. It is a question for all of us. And unless this debate begins to define the hallmarks of a successful, inclusive, financial system, it will prove impossible to re-regulate the industry at the very hard to today’s capitalist system. There can be no reform of capitalism, without radical reform of financial markets.

‘Progress’ wrote Nye Bevan in the only book he ever penned, ‘is not the elimination of struggle - but rather a change in its terms’. Brexit has changed the terms of our struggle. Its time for a new agenda to match.
Our country faces an existential challenge far deeper than the immediate issues in the current Brexit debate. Every corner you turn in Parliament at the moment are people having conversations about immediate challenges of Brexit. But that debate is far from what it needs to be. If the Brexit story is to deliver any benefit at all, it has to start with renewed focus on the deeper causes of Brexit, and our journey to address them.

The absence of a proper debate that also engages and informs the public has been a characteristic of the post-referendum period where the debate has continued down the fault lines set by the referendum campaigns.

Whilst the Leave campaign have been successfully challenged on substance (£350bn for the NHS, easiest trade deal in history etc) – they have certainly won on emotion and narrative. The story they told about our nation travelled and resonated across the country. The most powerful words in politics – “take back control” has still yet to be properly understood. It needs to be and to be understood by the left. Until we do
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so, and own this emotionally as well as in policy, we will struggle to unite across the fault line between leavers and remainers which continues to persist.

At the heart of this has to be an analysis of power and where it lies, and of its counterpart – powerlessness. Just a quick canter through an MP’s caseload will give clues. Powerlessness in getting a job, in getting repairs done to your home, in getting a home or stopping an unfair eviction, in getting redress from difficult neighbours, in getting the police to respond after a crime is reported, in stopping drug dealing in the alley around the corner, in stopping a community or youth centre being closed down. The list goes on. The national version is also evident. Getting trains to run on time. Preventing the demise of the steel industry or now car manufacturing. Stopping delays to your hospital appointments. Seeing no pay rise as food prices, bus fares and rent go up.

In such a context, national statistics about growth in the economy seem irrelevant if there is no visible impact on the challenges people face in their everyday lives. More so than before, and with potentially worse to come if the economy goes through a deep downturn, there is a growing narrative on the failure of globalisation and the rise of the voice of the “left behinds”. The rise of that voice is for good reason – a deep inequality of power socially, politically and economically that has come to manifest itself in the power of “taking back control”.

The economic failure of globalisation, the failure of mainstream politics and the withdrawal of the state under austerity has also led to a growth of identity politics and the rise of the “other”. Our cultures have become more focussed on that which divides us, not that which unites us. Tackling the economics and the politics is vital if we are set to reverse the social divides. The steady rise in hate crime is a testament to this. Cameron and Osborne have also choked off the working class communities and resources that went into them. The paradox we face is of communities most hit by austerity now seeing a Tory-led Brexit as the solution to the problems they genuinely face.

So how must public policy on the left address this? Some important responses to this have recently been laid out by Ian Bremmer in his latest book. His ideas include a new role for the state and a Government,
meeting the needs of citizens and bringing people together rather than building walls, a new definition of social contract, a re-focus on what we mean by “social security”, a new focus on the pursuit of happiness.

He’s right about this as a place to start but on its own it doesn’t go far enough. But there are two key challenges. Firstly, how do we link the solutions to the challenge of the lack of control? How can we see a public services reform agenda that can demonstrate how citizens and communities can take back control. How can devolution strategies be seen to respond to this. If all we see is devolution of responsibility without resources, we are set to fail. Central to this has to be the role of the state.

Secondly, we cannot address the issue of taking back control in isolation. We need to define a new internationalism, a renewed sense of purpose about our place in the world and what we want to achieve. As an example, Gordon Brown saw the development of Africa as a moral purpose and drew in the rest of the world. It was a conversation that we had in the Party and outside, that drew in movements for economic justice and symbolised our place and purpose. In contrast, we see today the rise of the right, the success of “take back control” in Trump’s America following the Brexit referendum and the momentum in different direction with a fragmented left struggling to redefine itself. The Tory right are leading the way with the story of our nation. It’s vital for the left to respond with an alternative narrative to the post-imperialist story that has become a new and dominant paradigm.

These deep questions – a domestic reform agenda for the redistribution of power through devolution and a re-focus on a positive national identity with a new left internationalist narrative about our place in the world are more urgent than ever. In just a few short years, Britain has gone from a nation that won the Olympics bid based on a story of diversity and global outlook, to becoming a nation with a rise of nationalism and fundamental questioning about our history, our nation and even our Union. Something has deeply broken. Our economy has grown less than last year with worse to come. People are less happy and less secure.

As people can no longer look to the next generation being better off than that last, I believe we are witnessing the ending of a post-Cold War
consensus on prosperity which we took for granted.

The UK has a choice to make. What role do we want to play in the world, and how and who do we want to influence. We need to be sure of our direction as a nation. Unless we resolve the question of our identity and role in the world, we’ll struggle to win the prize of tackling the domestic questions that are so critical to bring our nation back together and lead an agenda that sees people take back greater control of their lives and their communities.
This is the paradox: England and the English are ever-present in our culture and politics, yet England – as England – is barely mentioned in national political debate. If English identity is discussed, it is to be disparaged and abused.

The cost of ignoring England and the English has been high. To Remainers, the cost was the overwhelmingly English decision to Leave (with most support from England and from English-identifying voters). Labour has paid the price of lost votes in places and amongst English people once proud to be Labour. Those who want an inclusive society see the persistence - albeit amongst a minority – of an ethnicised and racist national identity.

National identities are much more than flags and football. They offer a ‘world view’; a narrative that explains why ‘people like us’ are the people that we are, why things happen in the way they do, and what we share in common. In a multiple identity society, different national identities have evolved to tell different stories about the experience of different groups of people.
England is diverse, and deep divisions of age, geography, wealth, education and values are reflected in different understandings of national identity. Put crudely, ‘Britishness’ sits more lightly on those for who the modern world – including the EU – works best. ‘Englishness’ has emerged most strongly for those at the rough end of economic and social change. They were as likely to blame the EU than welcome its influence.

Most people say they are English and British, but the emphasis they give to each is significant. The ‘more English’ are also more likely to be rooted in a community, town, county or region, and less likely to see themselves as European. They are more patriotic, and more socially conservative. Less confident about change, their resistance to rapid migration is a reaction to the disruption of established communities more than simple racism. English identity is also strongly linked to powerlessness. They are most likely to want English laws made by English MPs, to resent the Barnet formula and to over-estimate the power of the EU.

They are not, though, ‘English nationalists’, the fantasy promoted by liberal commentators. There is very little English nationalism. Leave was certainly led by Anglo-centric Brits like Johnson and Rees-Mogg, but there is no evidence that English Leavers shared visions of ‘Empire 2.0’. Indeed, they tend to give the union itself low priority. The appeal of ‘take back control’ was the desire to be listened to for once, not a resurrection of past glories.

Many of those lost English voters are older, or poorer, or more working class, and are less likely to have been to university. They are economically precarious and least likely to think it is worth voting at all. If Labour does not exist to work with those people to change the world, it’s not clear what we are for. The good news is that many are on the left on economic issues. But these voters are also English: they are proud to be English (and British too). If Labour is not palpably proud to be an English party and proud to be a British party then we send a clear message: ‘we are not people like you’. Many will not even listen to our policies because most voters look for a party they can identify with before they will listen to policy.

In England more people emphasise their English than British identity,
but Labour members tend to be British rather than English and to place little value on national identity or patriotism. Activists prefer to talk about policy and not identity but are often trying to avoid difficult conversations with people who are more socially conservative. We say we are ‘For the many not the few’ but it too often sound as though we don’t like a lot of the many.

We can build a majority to reform capitalism and make it work for the common good, but only if we can unite those who are on the left economically, including those English voters. To do that we have to find common ground across cultural divides. Bringing England and the English into our politics is an important place to start.

To start with, the left must signal that it wants to represent those voters, and that we are willing to have the difficult discussions on issues like migration they want to talk about. We should work to end the marginalisation of England and the English in our political life. Why, for example, does Labour talk about Rebuilding British in England, but Rebuilding Scotland north of the border? Education and social care are devolved, so our national education and national care services are only for England. Why don’t we call them English national services? Labour should publish a manifesto for England, as proposed by the English Labour Network.

We should be at ease with celebrating an inclusive patriotic English identity. Shadow Communities Secretary Andrew Gwynne recently backed calls for CLPs to celebrate St George’s Day and support Labour’s plans for four new national bank holidays.

In turn, the left must challenge England’s double democratic deficit to make England’s nationhood and political identity a reality. It is the only part of the UK where voters cannot elect representatives to make national laws, nor is there any forum for national political debate. The UK government has made England the most centralised state in Europe and given disproportionate investment to London at the expense of England’s regions. England needs both national democratic institutions and entrenched statutory devolution of financial and executive power to elected local leadership. Labour’s promised constitutional convention could bring this about, but it needs preparing now and to start with
urgency.

Crucially, the left must learn to frame its radical ambitions for economic changes in the language of progressive patriotism, something that earlier Labour figures (including Attlee and Benn) took for granted. Challenging, for example, who owns companies, land, utilities and resources are national and democratic questions, not just socialist.

Brexit happened, in part, because no one wanted to listen to the English. Can Labour learn the lesson?
The fabulous new book, The Class Ceiling makes the reality plain. Even when children from working class families break barriers in childhood and education, and struggle through to get the same jobs as their middle class peers, there is still a penalty.

On average, that penalty is £6,400 a year, or 16% of annual pay, and as we know, class isn’t separate from gender or race, far from it. Working-class women earn £19,000 a year less than middle-class men in the same jobs, and BAME working-class women face the biggest penalty of all. Even when you compare people with the same degrees from the same universities, there is a class pay penalty of £5,000 every single year.

As this shows, what your parents did for a living still makes a huge difference to your life chances. Class inequality is deeply ingrained in our society, and I believe it remains a burning, vital issue of social justice.

We are the party of equality and social justice. We are the party of working people; the working class. We know that at our core. It cannot
be clearer that class inequality and class discrimination must be part of our living political agenda.

We live in a deeply divided country, and these divisions were exposed, for many of us so, so painfully, by the recent referendum. When the brutal Brexit debacle finally ends, our communities will be seeking the sunny uplands they were promised. People are rightly going to be looking for an agenda that fixes the problems many voted to solve and we need to find solutions that unify across that division. There will be fertile ground for our narrative: rebuilding Britain so it truly works for the many - by tackling inequalities, including class, and working to end poverty.

Simply recognising the importance and urgency of articulating a Labour class agenda does not mean that solving the issues of class inequality will be simple.

Usually we can easily agree on what being the party of the working class means; it’s when we campaign against child poverty and zero hours contracts, when we fight for unionisation, a living wage, high-quality state education and healthcare. When we fight for a social security system that expresses, spreads, and guarantees for all the solidarity that is a real, living part of the history of working class communities.

But sometimes it’s hard. We fought for access to learning and the professions, for the right for the children of working people to seek higher education. Millions of working class people, like me and my sister, took those opportunities, although despite our efforts access has remained hugely biased towards the middle class and privately educated. From the 1920s to the 1970s, we made social housing a reality for the many. The Tories used that asset as an opportunity. With Right to Buy, they’ve turned the promise of homes for all, a permanent universal social service, into housing wealth for one generation at the expense of the future.

We created millions of good public sector jobs, with pay, conditions and progression previously reserved for the middle class. Arguably, this lead to the only enduring burst of absolute upward social mobility our country has ever seen.
Some of our past achievements have been corrupted by Tory administrations and Tory ideas, but even when we’ve had successes that have dramatically improved the lives of the many, we’ve helped to create social change that has altered the story of class in our country.

Many children of working class parents, and their children in turn, now own a home, have a degree, or work in a job where they have control, opportunities, and earning power. It is now entirely misleading to think of working class people primarily in terms of the factory floors where both my parents worked.

Nowadays working class people are more likely to be care or call centre workers than in manufacturing. But, as the class pay gap shows, it is equally misleading to pretend that class isn’t about the work we do or where that puts us within the economy and society.

It is overwhelmingly working class people, not those from middle class backgrounds, who are vulnerable to poverty and homelessness, stuck in precarious work with little opportunity to grow or progress, and unrepresented in our institutions.

The working/middle class divide still matters in policy terms as well. When we think about designing public services, for example. We have to ensure that they don’t just serve those with the sharpest elbows. We have to remember that this was the fate that, in some places at least, befell much of the wonderful Sure Start provision, even before austerity slashed it. The same will apply as we move towards public ownership of the utilities. We need to make sure we get rid of the poverty premium at the same time we cut out the profiteers, and that means designing services that are responsive to those with the greatest needs, not just those with the most insistent voices.

These messy realities of class are sometimes uncomfortable for us to recognise. We have to face them, but we can’t get bogged down. Because there’s another class distinction, one that is more important now than it’s been since our party first came to power almost a century ago.
This distinction unites all of us in our movement. In many ways, it’s the driving force of so much of our narrative and policy agenda now, from our commitment to end austerity without raising taxes except on the top 15%, to our emphasis on tackling tax avoidance, dirty money in the City of London, and profiteering from exploitative and socially destructive business practices.

I’m talking about the gaping chasm between the rest of us and those at the very top. Those who take a vastly outsized share of the benefits of economic growth. Those who simply have no connection with the rest of us because they don’t go to our schools, use our NHS, live in our communities. Those whose fortunes are so strongly tied to those of capital. The few.

Both ways of understanding class have power within our movement, and both capture part of the social injustice that afflicts our society and our world today. A true Labour class agenda, the agenda we need to unite our country after Brexit, will include both.