

**Old Labour
is back**

OLD LABOUR IS BACK

In April 1997, just a month before the general election, Tony Blair wrote: 'I have not created New Labour to see a Labour government give away power to the unions'.

Seven years later, with their popularity waning and desperate for union funding, Labour sat down behind closed doors with union leaders to agree the first Warwick Agreement in 2004. Under the deal negotiated there, the unions agreed to fund Labour in return for left-wing policies and taxpayers' cash, thereby reviving the spectre of the unions once again controlling a Labour Government.

As recently as 2006, Tony Blair was adamant about restricting the power of the trade unions over the Labour Party. Then, he said: 'you can't go back to a situation where 90 per cent of the [Labour Party's] funding is provided by trade unions'.

But in March 2007, with Brown set to be crowned Blair's successor, union bosses saw an opportunity to increase their influence and ditch New Labour. They called for 'the post-Blair agenda to be a non-Blair agenda', and during Brown's first week in Number 10 they proclaimed 'Let Tony Blair's government... be the last Labour government which boasted about the strength of its anti-union laws. Let it be the last Labour government which blocked social legislation from Europe'.

As this document sets out, under Gordon Brown the unions have relentlessly increased their grip on the Labour Party. Not only does nearly 93 per cent of Labour's funding come from the unions but, mired in debt, Labour were only able to get their accounts signed off by the auditors this year after the unions stepped in to guarantee the Party's funding arrangements. Without the unions Labour is broke, and the unions are getting their payback by strengthening their grip over Labour Party policy.

With Labour's popularity falling and Gordon Brown's authority seriously undermined by the major policy U-turns forced upon him, the unions look at the Prime Minister and see weakness. They know they have the Labour Party over a barrel.

This document shows how the unions are regaining control of Labour's agenda, demonstrating that he who pays the piper calls the tune. Brown's Government is lurching to the left in response.

Submitting to union demands, New Labour's pretence of putting economic stability first has been abandoned, in favour of rising borrowing, higher taxes and a re-writing of Brown's fiscal rules. The freedoms given to academy schools under Tony Blair's reforms are being curtailed under order from the unions. And Labour have caved in to other union demands, such as equal rights for agency workers.

As a result of their growing power, the unions are now exacting even more demands from the Labour Party. This weekend, union leaders are meeting Labour officials at Warwick University to set out a new list of left-wing demands to go in Labour's next election manifesto, from a return to secondary picketing to tax breaks for union membership.

Many of these demands wouldn't have looked out of place in the 1970s, or in Labour's infamous 1983 General Election Manifesto – which Gerald Kaufman called 'the longest suicide note in history'. Their adoption would bring significant harm to Britain's economy and society, at a time when both are struggling after eleven years of Labour misrule.

With a wave of strikes disrupting the country this summer, and union bosses dictating Labour's agenda, one thing is clear: New Labour is dead. Old Labour is back.

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1. LABOUR'S RELIANCE ON THE UNIONS

The Labour Party's origins lie in the trade union movement and it has always relied on trade union funding and support. The intimate nature of this relationship was at its most harmful in the 1970s, when trade unions held the Labour Government to ransom, leading to the Winter of Discontent and economic collapse.

Tony Blair tried and failed to reduce the unions' influence over Labour, but since Gordon Brown took over as Labour leader the unions have increased their financial stranglehold over the Party, so that they now provide nearly 93 per cent of the Labour Party's funding. As Labour made clear in their annual accounts last year:

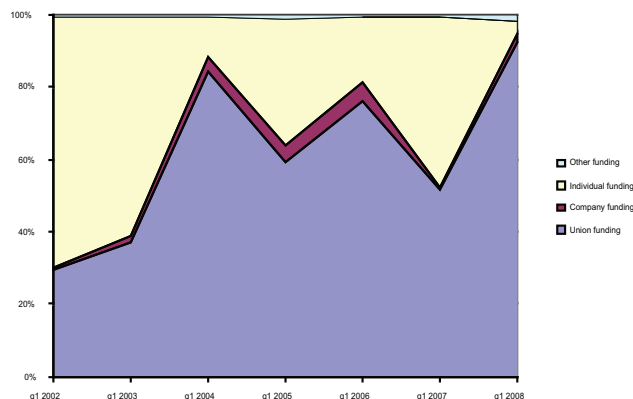
'we are grateful to the fantastic support that we receive from our affiliates, both trade unions and socialist societies, including the partnership we have with the Cooperative Party. The trade unions have again and again delivered for the Party and we are very grateful to them' (Labour Party 2006 Accounts, June 2007, p. 2).

How the unions are strengthening their grip on the Labour Party

Under Gordon Brown, not only is the national Labour Party almost totally reliant upon the unions for funding, but it is only able to stave off bankruptcy thanks to union guarantees of cash donations in the future.

- Unions donated £11 million to Labour in the last year.** Figures from the Electoral Commission reveal that in the last year Labour received over £11 million in donations from trade unions (Electoral Commission, donations from 2007Q2 to 2008Q1). In addition the unions have given over £76,000 in staff, office space, postage, printing and equipment (Electoral Commission, donations from 2007Q2 to 2008Q1).
- Labour reliant on unions for 93 per cent of funding.** In the first three months of this year (the most recent figures available) 92.6 per cent of the national Labour Party's total funding came from the unions (Electoral Commission, donations 2008Q1).
- Labour's dependence on unions increasing.** Labour's dependence on Union funding is increasing, as the graph below – which shows the sources of the Labour Party's funding in the first quarter of every year since 2002 – demonstrates.

The reliance on the unions has rocketed under Gordon Brown.



- Union guarantees help Labour escape bankruptcy.** The Labour Party was only able to get its accounts signed off and avert financial collapse after obtaining a written guarantee from at least one union – Unite – that it will continue to provide significant funding in the future (*The Times*, 29 June 2008).
- Unions have donated £70 million to Labour since 2001.** Since donations first had to be reported to the Electoral Commission in 2001, Labour have reported receiving donations totalling almost £70 million from the unions. However, this figure excludes *non-reportable* donations, for example those under the legal reporting limit.

Year	Total
2001	£9,802,044
2002	£6,708,688
2003	£8,030,659
2004	£10,819,188
2005	£11,976,820
2006	£8,615,480
2007	£11,372,093
2008Q1	£2,565,993

Total £69,890,964

- Unions give Labour £8 million in affiliation fees.** The Labour Party's last annual accounts show they received £7.97 million in 'affiliations' from the unions. Under this arrangement, the unions pay a fee for notional membership of the Labour Party and in return receive rights similar to those given to Labour constituency associations (CLPs) in terms of direct input into policy-making (Trade Union and Labour Party

Liaison Organisation website, accessed 23 July 2008).

How the unions are taking control of Labour constituencies

In addition to its control of the national Labour Party, the unions are also targeting local Constituency Labour Parties (CLPs) and individual Labour MPs, tying them in to left-wing policy agreements in return for cash.

- **New Constituency Plans increase union power.** The trade unions are buying influence over the Labour Party by forcing Labour MPs in vulnerable constituencies to sign up to trade union demands in the form of 'Constituency Development Plans' and appoint 'trade union officers' in return for cash to pay for local campaigning. This shows the unions are extending their grip over the Labour Party by buying off individual MPs, as well as targeting the national Party.

- **Unions now funding over 90 per cent of Labour's top marginal seats.** New research by the Conservatives reveals that 91 of Labour's top 100 marginal constituencies receive cash direct from the unions to help Labour MPs stay in power. In total, the unions have invested almost £378,000 in these seats since the last General Election in 2005.

- **Knife-edge Labour constituency given huge bung from the unions.** The constituency receiving the most union money is Hove, which has taken £28,095 since the last General Election, where MP Celia Barlow is defending a majority of just 420 votes.

How the unions helped Labour to election victory

The unions have also provided massive indirect financial and administrative support to the Labour Party, as the points below demonstrate. With the Labour Party's membership falling, and Labour's popularity under Gordon Brown plummeting, they will be even more reliant upon the mass mobilisation of union workers at the next general election.

- **Millions of direct mail shots.** During the 2005 election, the unions sent 6 million pieces of direct mail to their members urging them to support the Labour party, 1.8 million of these in the 100 most marginal seats. One union, AMICUS, even sent out a personalised DVD to all its members in the key

marginals. In addition, the unions facilitated 15,818 trade unionists in applying for postal votes through the unions' postal votes centre (National Trade Union and Labour Party Liaison Organisation, *General Election 2005: The TULO Strategy Delivered*).

- **Anti-Conservative propaganda.** A number of unions placed billboard and newspaper adverts explaining what a Tory government would mean to their members.

- **Campaigners in marginal seats.** The unions brought in several hundred volunteers to work on the campaign in marginal seats, which translated into thousands of hours of work.

- **Campaign drivers.** Unions provided more than 80 drivers to the Labour Party's offices in Scotland, Wales, London and the regions.

These details were until recently proudly displayed on the Labour Party website (www.labour.org.uk/trade_unions) but have now been removed.

How the unions formalised their influence over Labour policy

The cash-for-influence relationship between Labour and the unions was formalised in 1994, when Labour established the Trade Union and Labour Party Liaison Organisation (TULO). This explicitly had the aim of 'co-ordinating trade union support for the Labour Party and elections' and 'acting as a channel of communication between the Party and its union partners' (TULO website, http://www.unions_together.org.uk/NationalTULO.html, accessed 6 September 2007).

Detail of Constituency Development Plans

The TULO website gives the blueprint for how unions can exert control over Labour MPs by financing their Constituency Labour Party branches.

- The website reveals how unions use a legal change to pump money into local constituency Labour Parties – the same legal change that Labour MPs complain about when the Conservative Party finances its target seats campaigns:

'[Constituency Development Plans] came about after recent changes in the law with regard to donations to political parties. They enable trade unions to invest in [Constituency Labour Party] development over the long-term.'

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- It reveals how unions make sure that, in return for their funding, Labour MPs must do their bidding:

'If a CLP has a CDP in place with a union, then the [Trade Union and Labour Party Liaison Organisation] Officer should take an active role in ensuring that the terms of the agreement are fulfilled by both the CLP and the union, and take responsibility for writing the 6-monthly activity reports.'

'CDPs strengthen links between a CLP and a trade union, provide an action plan for developing a CLP, and union resources to back it up. The content of a CDP can vary – some are lengthier documents than others – but, generally speaking, they outline activities that the CLP has agreed to undertake, and the support that the union has agreed to provide in return.' (our emphasis)

2. LABOUR CHANNELLING TAXPAYERS' CASH TO THE UNIONS

As a result of the deal done at Warwick University in 2004, in return for the millions of pounds of support given by the trade unions the Labour Government has given special favours and taxpayers' cash in return. This cosy relationship, begun under Blair, is continuing under Gordon Brown and is likely to become more intimate as the cash-strapped Labour Party becomes every more reliant on union funding to stave off bankruptcy.

How Labour channel taxpayers' money to the unions

The Union Learning Fund (ULF) was introduced by Labour in 1998 to finance union-led workplace projects and union workplace representatives, increasing their power over private business.

■ **Fund increases influence with employers.**

According to the Government, the fund is responsible for 'helping trade unions use their influence with employers, employees and training providers to encourage greater take-up of learning at work and boost their own capacity as learning organisations' (David Lammy, *Hansard*, 12 December 2007, Col. 754WA).

■ **Union representatives foisted on employers.**

Union Learning Representatives (ULRs) were first legislated for in the Employment Act 2002. This gave the trade unions the right to designate member employees as ULRs. Section 43 of that Act required the employer to pay the ULR for any time off work he or she needed for such purposes at his or her usual rate of pay. ULRs have similar legal rights to Union Shop Stewards.

■ **£18 million going to union learning a year.**

The Labour Party's policy document being submitted this week to the National Policy Forum states that:

'Labour now invests over £18 million each year in union learning... Today, 18,000 union learning reps in over 6,000 workplaces have been trained and are supporting fellow workers (Education and Skills, Labour Party, 2008).

■ **£100 million to Union Learning Fund.**

Government funding over the ten years of the Fund's operation totals approximately £100 million. Since its inception in 1998, expenditure on the Union Learning Fund has increased dramatically:

Year	Funding (£ millions)
1998/99	1.7
1999/2000	3.1
2000/01	3.9
2001/02	6.3
2002/03	7.4
2003/04	12.2
2004/05	14.4
2005/06	15.4
2006/07	16.9
2007/08	18.4 (budget)

Source: *Hansard*, 12 December 2007, Col. 755WA

The 2004 Warwick Agreement committed Labour to guaranteeing real terms increases in the Trade Union Learning Fund each year until at least 2008 (*Britain is Working, National Policy Forum Report*, 26-30 September 2004, p.129).

How Labour set up a new fund to channel even more taxpayers' money to the unions

In early 2004, the Government announced a plan to create a new fund of taxpayers' money to prop up the trade unions. The Union Modernisation Fund (UMF), as it was called, was created through the Employment Relations Act 2004. There is no auditing, no ring-fencing or any proper accountability. It is a straightforward subsidy from a Labour Government to its paymasters.

■ **Unions free to spend taxpayers' cash.**

Under Section 55 of the Act, the unions can spend money channelled through the fund on almost anything:

'The Secretary of State may provide money to a trade union to enable or assist it to do any or all of the following-

- improve the carrying out of any of its existing functions;
- prepare to carry out any new function;
- increase the range of services it offers to persons who are or may become members of it;
- prepare for an amalgamation or the transfer of any or all of its engagements;
- ballot its members (whether as a result of a requirement imposed by this Act or otherwise)'.

■ **Another £10 million channelled to the unions.**

Ministers have admitted that 'between

£5 to £10 million has been set aside for the Union Modernisation Fund' (Jim Fitzpatrick, *Hansard*, 5 February 2007, Col. 736WA).

- **Round One: almost £1 million to fund unions' websites.** Grants made under Round One of the fund were announced on 21 March 2006. £3 million of taxpayers money was distributed to the unions, with around a third of the money (£947,000) given to projects to develop trade union websites (DTI Press Release P/2006/081, 21 March 2006 and *Union Modernisation Fund: Interim Evaluation of First Round*, DTI, September 2006).

Other grants made in round one included:

- **ASLEF.** Aslef's new website will be expanded to develop additional areas for members, branch secretaries and reps (DTI Press Release P/2006/081, 21 March 2006).
- **Amicus.** The pilot project seeks to improve the communication efficiency of branch secretaries and enhance engagement and participation of lay branch members (*ibid.*).
- **RMT.** New web-based membership system which will collect membership information and improve accuracy of records (*ibid.*).
- **TUC.** Development and testing of an online support system for union professionals in TUC affiliates, providing targeted advice and information to members and specialists (finance, legal, education officers, etc). The system will support the sharing of best practice through online discussion forums and consultation (*ibid.*).

Round Two: taxpayers fund migrant workers projects and websites. The second round of funding was launched in November 2006. Speaking at the TUC Annual Congress in September 2007, Employment Relations Minister Pat McFadden announced that 28 projects had been successful in being awarded grants worth a total of £2.8 million.

Grants made in round two included:

- **Unison.** Migrant Workers Participation Project. The project seeks to respond to the increasing diversity of the labour market and improve Unison's ability to supply services geared to the needs of a diverse membership. The aim is to involve migrant workers at all levels of the union (TUC, *Briefing on the Union Modernisation Fund*, October 2007).
- **BECTU.** The Networked Union. The project seeks to transform the members' relationship with the union by using web-enabled tools to empower them and enable them to: influence policy, take control of their own records, communicate directly with colleagues and access services more easily (*ibid.*).
- **FDA.** Integrated Membership System and Website. The project seeks to develop an integrated membership system and website to transform the unions' communications and membership services (*ibid.*).
- **Communications Workers Union.** Youth Empowerment Strategy. The project seeks to radically transform CWU's approach to recruiting and empowering young workers via development of a dedicated resource focussed on developing and supporting young reps, and with the aim of mainstreaming youth activity across union structures (*ibid.*).
- **Fire Brigades Union.** Feasibility study into impact of equal status of part-time fire workers. The project seeks to a) undertake an impact study of the consequences of the part-time workers regulations on the 'retained' members of the FBU; and b) implement the recommendations arising from the study (*ibid.*).

Round Three. At the same TUC Annual Congress, John Hutton MP, announced that £3 million would be allocated for Round Three of the UMF (John Hutton, speech to the TUC, 12 September 2007).

3. LABOUR'S POLICY CONCESSIONS TO THE UNIONS

Warwick I: how Labour signed up to union demands in return for funding

On 25 July 2004, behind closed doors at the National Policy Forum in Warwick, Labour struck a deal to secure funding from trade unions in the run-up to the 2005 general election. In return, the Labour leadership granted unions wide-ranging, left-wing concessions.

The concessions granted at Warwick included:

- Guaranteed real terms increases in the Trade Union Learning Fund each year until at least 2008 (*Britain is Working, National Policy Forum Report*, 26-30 September 2004, p.129);
- An extension of the eight-week rule on strike action to twelve weeks with no limit for employers who do not fully comply with conciliation moves (TGWU Press Release, 25 July 2004);
- Moving towards pensions becoming a collective bargaining issue (TGWU Press Release, 25 July 2004);
- The promise of a training levy if employers fail to meet the challenge of improving the skills of working people (Amicus Press Release, 25 July 2004);
- Making the charitable status of private schools dependent upon demonstrating clear public benefit (*Britain is Working, National Policy Forum Report*, 26-30 September 2004, p.159);
- Review the right of specialist technology schools to admit some of their intake by aptitude (*Britain is Working, National Policy Forum Report*, p.159);
- New sector forums bringing together unions and employers in low-paid sectors (TGWU Press Release, 25 July 2004);
- A threefold increase in the number of trade union 'learning representatives' to 20,000 (TGWU Press Release, 25 July 2004);
- Working with the TUC to develop the concept of a trade union academy (*Britain is Working, National Policy Forum Report*, 26-30 September 2004, p.129);
- UK Government backing for the Agency Workers' European Directive (TGWU Press Release, 25 July 2004);
- A whole host of safeguards to ensure equality of funding between PFI and conventional public spending (TGWU Press Release, 25 July 2004);
- The strengthening and development of the European social dimension (*Britain is Working, National Policy Forum Report*, 26-30 September 2004, p.21);
- Making it easier and more attractive for local authorities to gain greater control over local bus

networks (*Britain is Working, National Policy Forum Report*, 26-30 September 2004, p.78);

- 'A commitment to work in partnership with strong, modern trade unions to help unions such [sic] grow' (*TULO guide to the Warwick Agreement*, 24 April 2006)

Gordon Brown restated the Government's commitment to the agreement, telling the TUC conference:

'I am here today to tell you that... the Government will, as a priority, put into place this year and next the legislation honouring in full the Warwick agreement' (Gordon Brown, Speech to TUC Congress, 13 September 2005).

Warwick II: unions to exact new concessions from Labour

With Labour under Gordon Brown almost totally reliant on the trade unions to stay afloat, a new National Policy Forum between Labour and the unions has been organised to draw up proposals for Labour's next general election manifesto. In return for continued funding pledges – including the crucial funding of the next general election campaign – the unions have drawn up a huge list of policy demands.

Unions set out demands early. Ahead of the National Policy Forum the trade unions have been flexing their muscles. On 18 July, senior union officials went to Downing Street to hold discussions with a group of ministers including Ed Miliband, the Cabinet Office Minister responsible for the Labour manifesto, and the Employment Minister Pat McFadden, who is also the Policy Forum's Chairman (*The Guardian*, 18 July 2008).

The list of demands presented by the unions contained 130 amendments to six policy documents circulated in advance. The list includes:

- **Abolishing the ban on secondary picketing.** *The Times* reported that the unions are demanding that Labour overturn the ban on secondary action by workers employed by the same company; and enabling unions to ballot their members by phone or e-mail (reported in *The Times*, 25 June 2008, p. 3). *Tribune* also reported that unions were calling for workers in other factories should be able to strike if a company closed one factory and other closures were proposed (*Tribune*, 13 June 2008).

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- **Higher taxes to be levied above £40,000 income.** *The Times* reported that the unions are demanding the abolition of the upper earnings limit on national insurance, this would increase tax bills for those earning over £770 per week (*The Times*, 25 June 2008, p. 3; HMRC, Rates and Allowances, www.hmrc.gov.uk/rates/nic.htm).
 - **Tax breaks for union membership.** The unions are demanding tax deductions for union membership subscriptions (*The Guardian*, 18 July 2008, p. 1).
 - **Re-opening public sector pay deals.** Dave Prentis, general secretary of Unison recently said that, ‘if prices continue to spiral, that health agreement will be opened and if the Government says we are not going to, then we will take industrial action’ (Dave Prentis, *The Daily Telegraph*, 19 June 2008). He was supported by Mark Serwotka, general secretary of PCS, who said that ‘the 10p tax u-turn has shown that the Government can change its mind and it needs to change its mind on public sector pay’ (Mark Serwotka, *The Times*, 25 April 2008).
 - **Companies forced to employ union environment reps.** *The Guardian* reported that the unions are demanding that companies be forced to allow environmental workplace representatives to be created to encourage ‘green’ workplaces (*The Guardian*, 30 June 2008, p. 1).
 - **Equal pay for academy teachers.** The unions are demanding that staff in academies be paid the same rates as staff in other schools (*The Guardian*, 18 July 2008, p. 1).
 - **New leave rights.** Amendments tabled by the unions would give new rights for staff to take five days a year paid educational leave and would require employers to give staff mandatory time off to retrain (*The Guardian*, 18 July 2008, p. 1).
 - **Better relations with Cuba.** Three trade union bosses wrote to *The Guardian* to demand changes to the UK’s policy on Cuba. They wrote, ‘We ask that the UK government makes the case for improved and positive relations with Cuba at the forthcoming vote on the “common position”, and takes a lead from the independent route taken by Spain, which has “normalised” its relations with Cuba and in 2007 sent foreign minister Miguel Angel Moratinos to the island to sign an agreement to renew cooperation without conditions’ (Dave Prentis Unison, Billy Hayes CWU, Bob Crow RMT, *The Guardian*, 21 February 2008).
 - **New collective bargaining rights.** The unions want to extend existing rights to collective bargaining to cover equality issues (*The Guardian*, 18 July 2008, p. 1).
 - **New rules on private equity firms.** *Tribune* reported that the unions were demanding new rules to protect the jobs of workers whose companies are bought out by private equity firms, on the lines of John Heppel’s unsuccessful private members’ bill earlier this year. The TUC and unions maintain that buyouts such as Saga’s takeover of the AA last year lead inevitably to redundancies (*Tribune*, 13 June 2008).
 - **End to Civil Service outsourcing.** Mark Serwotka, general secretary of PCS, said recently that, ‘more of the civil service has been privatised under New Labour than under the governments of Margaret Thatcher and John Major combined... it is privatisation itself which benefits only the privileged few and which must be changed’ (Mark Serwotka, *The Guardian*, 11 June 2008).
 - **Breaking up companies in the energy sector.** The unions are demanding that the Government break up the dominance of the six major energy companies (*The Guardian*, 18 July 2008, p. 1).
 - **Royal Mail to remain in public sector.** Billy Hayes, general secretary of CWU, argued recently that, ‘our members are incensed that the government appears not to be listening to their concerns, whether that be on the future of Royal Mail, which we want to see remain in the public sector, or other concerns. Our relationship with the party is at an all-time low’ (Billy Hayes, *The Guardian*, 10 June 2008).
 - **A review of the way the oil market operates.** *The Times* reported that the GMB union believes oil companies are exploiting London’s light-touch regulation in a way that harms members and is calling for a review of the way the market operates (*The Times*, 25 June 2008, p. 3).
 - **New equality duty.** The unions are demanding that the Government extend the duty on organisations to promote equality to all voluntary and private sector companies. At present the duty only applies to public bodies (*The Guardian*, 18 July 2008, p. 1).
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- **Increased redundancy payments.** The Sunday Times reported that the unions are demanding higher statutory redundancy payments (*The Sunday Times*, 29 June 2008, p. 1).
 - **Not for profit train firms.** The unions are demanding that the Government extend the 'not-for-profit model' to passenger train operators the next time the franchises for these services come up (*The Guardian*, 18 July 2008, p. 1).
 - **New health and safety duties.** Amendments tabled by the unions propose that new duties be placed on company directors to 'take all reasonable steps to ensure health and safety' (*The Guardian*, 18 July 2008, p. 1).
 - **Mandatory pay audits.** *Tribune* reported that the unions were demanding mandatory company audits to ensure equal pay between men and women, a policy supported at last year's Labour Party Conference and by Harriet Harman before she became Labour deputy leader (*Tribune*, 13 June 2008).
 - **Extending Gangmasters legislation.** *Tribune* reported that the unions were demanding an extension of the role of the Gangmasters Licensing Authority into the construction industry in order to prevent exploitation of workers on building sites, a move supported by construction union UCATT but resisted by the Government (*Tribune*, 13 June 2008).

4. LABOUR LURCHING TO THE LEFT

Under Gordon Brown's leadership, and with the unions' stranglehold tightening, the Labour Party is lurching to the left. Brown has abandoned his pledge of fiscal responsibility and is caving in to union demands on key Blairite reforms – such as freedom for academies and labour market flexibility.

1. Breaking the fiscal rules

Gordon Brown and New Labour repeatedly staked their reputation in government on the responsible stewardship of the economy and meeting their fiscal rules. But now, Brown is abandoning even the pretence of responsibility by rewriting his own fiscal rules and building up a mountain of debt in the public finances, under pressure from public sector pay demands.

- **New Labour.** Gordon Brown repeatedly pledged the Government would meet its fiscal rules. In 2003, he said: 'We're not going to break our fiscal rules' (*BBC Newsnight*, 30 September 2003); in 2005 he promised 'a Labour Government will meet all its fiscal rules' (*Daily Mail*, 8 April 2005) and in 2006 he pledged that 'Britain will meet both its fiscal rules in this economic cycle and the next' (*Hansard*, 6 December 2006, Col. 306). And as far back as 1996, Brown said that it was 'completely wrong' for 'ever higher levels of taxation to support ever higher levels of public spending' (*The Scotsman*, 30 April 1996) and that New Labour 'will not build the new Jerusalem on a mountain of debt' (Speech to Labour Party Conference, 2 October 1996).
- **Union demands.** Faced with a weak Prime Minister, the unions are increasingly demanding higher pay settlements for public sector workers and higher Government spending. Mark Serwotka, General Secretary of the Public and Commercial Services Union, has warned the Government that it 'must act quickly and review its discredited policy of capping pay' (*Politics.co.uk*, 24 April 2008). And Dave Prentis, General Secretary of Unison, has threatened to 'trigger the re-opener clause in the NHS [pay] deal and go back for more money' (*The Independent*, 19 June 2008).
- **Old Labour is back.** On 18 July, it was reported that the Treasury is working privately on plans to reform Gordon Brown's fiscal rules on spending and debt, to allow increased borrowing in the future. The plans are expected to be announced in the Pre-Budget Report in the autumn (*BBC News Online*, 18 July 2008). Government borrowing so

far this year is £10 billion higher (66 per cent) than in the same period last year – the highest monthly rise in Public Sector Net Borrowing since records began in 1993, and the largest rise in the first quarter of the fiscal year since records began in 1946.

2. Hiking up taxes

As Gordon Brown abandons New Labour's economic policies, and after introducing 111 stealth tax rises as Chancellor, he is now openly increasing taxes on Britain's hard-working families in response to union demands.

- **New Labour.** In 1996, Tony Blair said that 'a high tax economy is not a high success economy' (Speech in the Swansea, 10 May 1996). A month later, he pledged that 'the days of reflex tax and spend are over' and that 'we will be fierce in containing public spending' (Speech in Bonn, 18 June 1996).
- **Union demands.** Under Gordon Brown, the unions have called for higher taxes. In June, Unite said 'a windfall tax on the billion pound profits of oil companies would redefine Gordon Brown's premiership and win back votes for Labour' (Press release, 2 June 2008). And this month, Brendan Barber, leader of the TUC, called for higher taxes on business and the 'well-off', saying the tax system 'is unfair' (*Accountancy Age*, 2 July 2008).
- **Old Labour is back.** Responding to union demands, the Government has raised taxes at a time when people are struggling to cope with the rising cost of living, with more tax rises on motorists due to come in next year. In the Budget, Alistair Darling announced a six per cent increase above the rate of inflation in all alcohol duty rates, which came into effect on 17 March 2008. Also in the Budget, Alistair Darling announced that Vehicle Excise Duty (VED) will increase in 2008-09 for cars in bands C to G. The VED changes will raise Treasury revenues from £1.9 billion in 2006 to a £4.4 billion by 2010.

3. Agency workers directive

Giving agency workers the same rights as full-time workers has been a key demand from the trade unions for years. It was a key part of the Warwick Agreement agreed between the unions and the Labour Party in 2004. Under Tony Blair, the Government resisted the unions' demands for its

implementation. But under Gordon Brown, with Labour reliant on union cash to stay afloat, Gordon Brown has caved in and promised to introduce legislation later in the year.

- **New Labour.** In 1996, Tony Blair promised: ‘no more bogus red tape and expensive bureaucracy’, and in 2003 he claimed: ‘an enormous amount of effort is going into seeing how we can limit new regulation and kick out unnecessary legislation... A lot of time is spent thinking how we can stop this happening’ (*The Independent*, 18 November 2003).
- **Union demands.** In February, when the Government refused to back a Private Member’s Bill on agency workers’ rights, Tony Woodley, joint General Secretary of Unite, said: ‘The evidence of the need for legislation now is overwhelming’ (*The Guardian*, 23 February 2008). Days later, on 25 February, a delegation of union leaders went to Downing Street to ramp up the pressure on Labour, and forced Gordon Brown into a U-turn. On coming out of the talks, Brendan Barber, the General Secretary of the TUC declared: ‘The Prime Minister made it clear he wants to make progress... We are not prepared to see this issue kicked into the long grass’, and Paul Kenny, the head of GMB union said: ‘The Prime Minister is committed to dealing with this issue and he has given a commitment to take action’ (*The Independent*, 25 February 2008).
- **Old Labour is back.** In his statement on the Draft Legislative Programme, Gordon Brown caved in to union pressure and announced the Government would introduce legislation to ‘ensure new rules’ for agency workers (*Hansard*, 14 May 2008, Col.1389). On 20 May, the Government announced that it was planning legislation for the autumn to guarantee agency workers equal treatment with full-time workers on pay and holiday entitlements after just 12 weeks in post (*BBC News Online*, 20 May 2008).

4. Reducing academies’ freedoms

Academy schools were a central part of Tony Blair’s public service reforms. But under Gordon Brown, Labour have caved in to union demands and imposed greater restrictions on their freedoms, diluting the very independence which makes them successful.

- **New Labour.** Setting up new academy schools and giving them the freedom to innovate and set their own agenda was a central tenet of Tony Blair’s

education reform programme. He argued that ‘the logic of changing to the specialist schools, of starting city academies, of giving greater freedom to schools in who they hire, what they pay, how they run their school day, is very clear. It is to escape the straitjacket of the traditional comprehensive school and embrace the idea of genuinely independent non-fee paying state schools’ (*The Times*, 13 September 2005).

- **Union demands.** But the unions are opposed to academy schools and the freedoms they have given. In July 2007, the Trades Union Congress published a report calling for academies to be returned to the control of local education authorities. The report criticised the ‘weakening of the remit of local authorities’ over academies, and the TUC General Secretary, Brendan Barber, called for ‘a new direction’ on education (*The Guardian*, 16 July 2007). In November, the National Union of Teachers called for the expansion of academies to be ‘halted’ and said that ‘existing academies should be reintegrated into the maintained sector’ (*The Guardian*, 2 November 2007). And in March, the NASUWT teaching union pledged to ballot on strikes in every school where staff oppose Government plans to become academies – up to 110 in total (*The Guardian*, 26 March 2008).
- **Old Labour is back.** In his first speech as Secretary of State, Ed Balls announced ‘all new academies will follow’ a more centrally-prescribed curriculum than they currently do, and in his first statement as Schools Secretary, Ed Balls set out his intention to give local authorities greater control over academies, saying that ‘at the funding agreement stage we already have a duty to consult local authorities and we take their concerns fully into account...Increasingly, inner-city local authorities such as Hackney, Manchester, Birmingham and Sheffield are putting new academies at the centre of their local school strategies’ (*Hansard* 10 July 2007, col.1322).

He has now gone even further, saying he wants ‘local government in every part of the country backing and promoting academies in its role as the local commissioners of education’ (Speech to ASCL conference, 7 March 2008). This runs entirely counter to the spirit and original vision of academies, that they should be a vehicle for a new education provider to enter the state sector at a local level, providing an excellent education and acting as a spur to the improvement of other schools.

5. Nationalising Northern Rock

Labour's abandonment of the original Clause IV in the Constitution, which called for 'the common ownership of the means of production, distribution and exchange', was a defining moment in the creation of New Labour. But within months of Gordon Brown taking over as Prime Minister, the Government nationalised a high street bank, taking Britain back to the 1970s.

New Labour. In 1995, Gordon Brown said: 'for the first time also the Labour Party has set down its commitment to a market economy... They say we want to nationalise everything... no-one can ever again question our commitment to a healthy and successful private sector, or to competition and enterprise' (*Evening Standard*, 28 April 1995).

Union demands. The unions have a long history of opposing private enterprise and supporting public ownership. The Public and Commercial Union's website states that the 'clear message' from a conference of 500 trade unionists on 9 February – just days before Northern Rock was nationalised – is that 'we must now campaign for the public ownership... and for the means of production to be put in the hands of the majority' (www.pcs.org.uk). The Transport and General Workers Union website proclaims that 'the T&G has a long and proud tradition of supporting public ownership' (www.tgwu.org.uk).

Old Labour is back. Five months after guaranteeing the deposits held by Northern Rock on 17 September 2007, Alistair Darling announced, on 17 February 2008, that the Government would nationalise it, leaving the taxpayer with liabilities of over £100 billion (*BBC News Online*, 18 February 2008) and taking the country back to the 1970s, when companies such as Rolls-Royce, British Leyland and British Aerospace were nationalised.

5. LABOUR: BACK TO THE FUTURE

Under Gordon Brown, union leaders are clearly determined to take the Labour Party back to its failed policies and plans from the 1970s and 1980s. Derek Simpson, the leader of Unite union, has said that Blairism has 'run its course' and that the party had 'clearly lost touch with millions of core Labour voters' (The Guardian, 21 July 2008).

Simpson also said: 'If you look at the decline of Labour after 1997, those who argue that New Labour and Blairism is a success and should be pushed more and more have actually seen Labour decline more and more... You can't keep feeding the patient the same medicine if the patient keeps getting worse and worse... [Labour] has to do something to reverse that, and continuing to do the very things that they were doing during the loss doesn't appear to me to be very sensible' (ibid.).

At the same time, union leaders are flexing their muscles and increasing strike action. With the spectre of a summer of discontent to come, the unions and Labour are taking us back to the future.

Strikes rising under Brown

Figures released this month by the Office for National Statistics show that in the first months of Gordon Brown's premiership, there were almost three times as many working days lost due to strike action as there were in the same period in the previous year, under Tony Blair.

- An average of 84,000 working days were lost to strikes every month during the first eleven months of Gordon Brown's premiership – equivalent to over one million days a year. This is more than four times the number of days lost to strikes in 1997, and almost three times as many as under Tony Blair in the final year of his premiership.
- Despite employing just a fraction of the workforce, the public sector loses 24 times as many days to strikes as the private sector.

ONS Strike data

UNDER GORDON BROWN			UNDER TONY BLAIR		
Month	Private Sector (F8Y2)	Public Sector (F8XZ)	Month	Private Sector (F8Y2)	Public Sector (F8XZ)
2007/07	3	184	2006/07	6	7
2007/08	4	83	2006/08	4	2
2007/09	3	5	2006/09	3	20
2007/10	1	326	2006/10	11	2
2007/11	3	14	2006/11	22	1
2007/12	0	68	2006/12	6	4
2008/01	2	2	2007/01	5	117
2008/02	1	12	2007/02	0	4
2008/03	2	65	2007 / 03		9 5
2008/04	18	127	2007 / 04		3 0
2008/05	0	2	2007 / 05		3 108
Total	37	888	Total	72	270
Combined total		925	Combined total		342
Average (month)		84	Average (month)		31

Source: ONS, 17 July 2008,

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14434>

Union demands taking us back to the 1970s and 1980s

Analysis of the demands currently being made by the trade unions shows that they echo Labour manifesto pledges from the 1970s and the early 1980s under left-wing leader Michael Foot.

THEN

NOW

The Unions in Control	<p>1983. Labour's Manifesto pledged they would: 'Prepare a five-year national plan, in consultation with unions and employers'.</p> <p>It also said: 'At the heart of our programme is Labour's new partnership with the trade unions. Our policies have been worked out with them' (Ibid.).</p>	<p>2008. According to the Labour Party's website, the National Policy Forum 'is responsible for overseeing the policy development work in the party'. 30 seats on the NPF are reserved for the trade unions.</p>
New pro-strike laws	<p>1983. Labour's Manifesto pledged to 'repeal Tory legislation on industrial relations and make provision for introducing industrial democracy'.</p>	<p>2008. The unions are reportedly demanding that Labour overturn the ban on secondary strike action by workers employed by the same company (The Times, 25 June 2008).</p>
Higher taxes	<p>1983. Labour's Manifesto pledged that 'some taxes will have to be increased, both to shift the tax balance towards those who can best afford to pay'.</p>	<p>2008. The unions are demanding the abolition of the upper earnings limit on national insurance. This would increase tax bills for those earning over £770 per week (The Times, 25 June 2008; HMRC, Rates and Allowances, www.hmrc.gov.uk/rates/nic.htm).</p>
Increased collective bargaining	<p>1983. Labour's Manifesto pledged: 'We will repeal the divisive Tory 'employment' laws and provide new statutory support for collective bargaining'.</p>	<p>2008. The unions want to extend existing rights to collective bargaining to cover equality issues (The Guardian, 18 July 2008).</p>
More time off work	<p>1983. Labour's Manifesto pledged: 'We will work through collective bargaining to reduce working time; and this will include more flexible working arrangements, more time off for study'.</p>	<p>2008. Amendments put forward by the unions to be discussed at the NPF would give new rights for staff to take five days a year paid educational leave and would require employers to give staff mandatory time off to retrain (The Guardian, 18 July 2008).</p>
Secondary picketing – picketing at a workplace or premises where you do not work	<p>1977. Three Labour Government Ministers joined the picket lines in the Grunwick dispute.</p>	<p>2008. The unions are calling for workers in other factories to be able to strike if a company closed one factory and other closures were mooted (Tribune, 13 June 2008).</p>
Public sector pay deals	<p>1974. Labour's Manifesto pledged: 'A Labour Government will, therefore Abolish the Pay Board apparatus set up by the Tories'.</p>	<p>2008. 'The 10p tax u-turn has shown that the Government can change its mind and it needs to change its mind on public sector pay' (Mark Serwotka, General Secretary of PCS, The Times, 25 April 2008).</p>
An end to outsourcing	<p>1983. 'We will reverse Tory policies on the privatisation of local authority services' (Labour Party Manifesto, 1983).</p>	<p>2008. Mark Serwotka, general secretary of PCS, said recently that, 'more of the civil service has been privatised under New Labour than under the governments of Margaret Thatcher and John Major combined... it is privatisation itself which benefits only the privileged few and which must be changed' (Mark Serwotka, The Guardian, 11 June 2008).</p>
Intervention in the oil market	<p>1974. 'We cannot accept that the allocation of available world output should continue to be made by multi-national oil companies and not by Governments. We will not permit Britain's own resources to be parcelled out in this way' (Labour Party Manifesto, 1974).</p>	<p>2008. The GMB union believes oil companies are exploiting London's light-touch regulation in a way that harms members and is calling for a review of the way the market operates (The Times, 25 June 2008).</p>