

Speech by **Pat McFadden MP**, Chair of Labour's National Policy Forum, to the Young Fabians, 7.30pm, Tuesday 19<sup>th</sup> February, Wilson Room, Portcullis House, Westminster

## **CHECK AGAINST DELIVERY**

I'm delighted to be at this Young Fabians event this evening and my thanks to David and Mark for inviting me and organising this event and to Polly for chairing the Q&A session which will follow this speech.

The Fabian Society has always served as a valuable Labour forum where people can air fresh ideas, challenge old assumptions and take forward political debate.

And as chair of the National Policy Forum I am conscious that this is a vital year for our policy process. It will bring together several years of work on documents covering the whole range of domestic and foreign policy. In addition the NPF is also stepping up to the increased role given to it by the party reforms agreed at last year's conference.

After almost 11 years in power, the horizon looks very different from in the run up to 1997. And the power and sweep of those changes demand from us fresh thinking, new ideas and a recognition that the issues most pressing for the country today are in many ways different than they were a decade or more ago.

Our goal remains the same – to have a broad and winning coalition of voters who want to do well for themselves and their families, people who want to change Britain for the better, to see a decent society where rights are matched by responsibilities and where our country stands proudly in the world as a force for good.

Inevitably, after such a long period in government, decisions will have been taken which have upset one group or another. That goes with the territory but in the end it is not the deciding factor. More important is whether voters feel we understand the future and can lead Britain through it. After three terms the country will look to us for a change of gear, a sense that we understand the very different issues which face Britain and the world going into the second decade of the 21<sup>st</sup> century.

And this is a challenge for both traditional Labour and for New Labour, because just as it would be wrong for us to remain focussed on the post war consensus with more money, so too would it be wrong for us to freeze the world around 1996 – a bit like Life on Mars two decades on - and not to appreciate the profound changes which have happened since then.

It is always tempting in politics to fight the last war, to learn the lesson of the last battle rather than see the trends which will shape the battle of tomorrow.

For a party to win, it has to ask the right questions about the future.

And tonight I want to pose a few questions I believe it is important that we address in this vital year for Labour. These issues raise questions of empowerment, of rights and responsibilities and of how government and people have to work together to deal with today's problems. People may say I have left this issue or that issue out but my

purpose tonight is not to try to write the manifesto. It is to show that the world has moved on since 1997 and that we must too.

I want to touch on the role of the state, migration, social exclusion, globalisation and climate change - all of which are issues which are either far more prominent than they were a decade ago or have to be tackled in a very different way.

First, the role of the state. How should this change in the light of the issues we face today?

Technology has changed profoundly how most people live their lives over the past decade. The internet had been invented before 1997 but its influence on daily life was miniscule then compared to now. Think of a world pre ipod, pre texting and pre broadband. Many of the applications we take for granted had not even been invented.

Today, it is hard to underestimate the impact of this change on people's lives, their work, the way they find things out, the way they acquire goods and services and the way they speak to one another. And the younger they are, the more true this will be.

If people want to download music, they can, at any time of day or night. If they want to buy online or pay a bill, they can, at any time of day or night. If they want to find something out, they can, without asking permission from anyone or finding it filtered through an expert.

All of this is empowering and it is not just empowering for the IT comfortable – greater choice and control is empowering in a much wider sense. Technological change has opened up a world of choice not previously there. It changes profoundly the power relationship between consumers and providers of services. People are now used to a world of choice, of different providers, of services tailored to their specific needs. But the state has yet fully to respond. We need services more flexible and more personalised than in the past, with greater power and control for the person using the service.

People will no longer accept one size fits all services designed by the centre and handed down from on high. Traditionally, public services have been provided on the basis of a model where equality was often equated with uniformity, not consumer choice. But if we really believe the service should revolve around the user rather than the other way round, that has to change. New Labour has made some moves in this direction but we will need more. And don't believe for a second this is just to the advantage of the already motivated middle class. It is precisely those who lose out from one size fits all – who don't have the capacity to buy their way to something different – who have to most to gain by offering alternatives.

Secondly, technology changes *how* services have to be provided. The fact is that for many things people buy or want to do, the concept of opening hours has been rendered obsolete. The debate over GP opening hours is only the beginning. If government is really to deliver services which suit the public, there will have to be more extended opening hours and weekend access than there is at present. Too often the public experience of accessing public service has been to take time out to fit around how the service operates. It should be the other way round.

In a world where aspirations and expectations are rising, if we as government do not respond to how much people have become empowered in the private sphere of their lives, the danger is that the public sphere becomes a realm where people are used to

everything taking longer. But we should be much more ambitious than that, not just out of a sense of keeping up but because many of the big issues facing society require government and people to work together and because empowerment and responsiveness are good in themselves. These are things Labour should believe in and they should underpin the future of public service reform.

Of course, this kind of flexibility also impacts on the staff side, and we are rightly concerned about that. If the traditional nine to five day is in decline, if flexibility and a greater focus on extended hours and seven day a week service is in the ascendancy, then what more can we do to facilitate flexible working and jobs which allow the delivery of those services without people having to work excessive hours? We already have flexible working for parents of young children and carers. Imelda Walsh is leading a government review on extending this to the parents of older children. Looking to the future, we will need to consider more broadly how to equate rewarding and fulfilling work with delivering services in a changed way from the traditional nine to five model.

A debate about the role of the state will of course not only be about technology. It will also be about the boundary between government action and personal responsibility – in everything from obesity to respect on our streets to how we respond to climate change. Government has a role in these issues but so too do individuals. It is no longer simply a case of coming up with the right government programme. In the 21<sup>st</sup> century the state has to evolve, to keep up with the empowerment people are experiencing in other spheres of their lives and to appreciate the need for people and government to have a shared commitment to the issues that face us. This is about *how* the state does things and *what* it does – about both methods and boundaries. And getting this right is critical to the success of dealing with more and more 21<sup>st</sup> century problems.

The next question I want to raise tonight is that of rights and responsibilities and how this impacts on issues such as migration and welfare reform. Just as with technology and the role of the state, migration is far more prominent today than it was in the past, as forces from the enlargement of the European Union, to the destruction of cold war barriers and the fleeing from trouble spots around the world have all driven a global movement of people probably greater than any seen before.

Traditionally, parties of the left have shied away from the issue of migration associating it with use by the right to whip up fears or foster division. But one of the things most frustrating for the public, the vast majority of whom are not racist, is the sense that you're not allowed to talk about this, that whatever they feel it is beyond the boundaries of legitimate discussion. We on the centre left should have nothing to fear from a rational discussion about an issue of major importance to the country.

Let me declare an interest. My parents came from rural Ireland in the 1950s. They moved to try to build a better life, as migrants always have done and always will.

And today and over the years, migration has undoubtedly been good for our economy. The government estimates that in 2006 it was worth £6 billion to the economy. And rather than levelling wages down, foreign born workers on average earn more than UK born workers. Migration has filled labour gaps, given Britain access to skilled and talented people from all around the world and provided energy and creativity that would not always have been there without it.

Ask business their view and overwhelmingly they will agree that migration has been a benefit. And if we are honest, we like it as consumers too. If the Polish plumber is

cheaper than the alternatives, that is popular with the households who employ him. And to take another example, do we believe Japanese car factories would have become established here, employing tens of thousands of British workers in good jobs if we had not allowed the Japanese managers in those factories to come and work here?

So the economic benefits are clear and most people would acknowledge them but they also ask questions about migration and entitlement because in Britain there is a deeply held sense of fairness about the distribution and allocation of public goods.

Most people in Britain have a view of public services based on the concept of exchange – they believe if someone has worked hard and paid in then it is legitimate for them to draw down help when it is needed, in the form of NHS treatment, state pension or whatever. Yet often public service operates on the principle of need, not exchange.

This is not solely an issue of migration – the question of needs based allocations and exchange based concepts of fairness apply more widely than that – but migration can sharpen the issue because of a sense that the rules of entitlement have either been broken or do not work in a fair way. My colleague Liam Byrne has been leading the debate around a concept of earned citizenship, where the right to stay long term in the country is based on a sense of reciprocity, of a two way street where rights of residence go alongside respect for the law and playing by the rules.

The question is whether this sense of reciprocity, this notion of something for something has wider application in the allocation of other public goods. It is important that the centre left discusses this openly if we want to speak up for – as we should – the benefits of migration and an open engaged and confident stance on globalisation and our place in the world.

This issue of rights, responsibilities and the rules of entitlement - also has relevance in how we tackle poverty and social exclusion. We have a good record here. 600,000 children taken out of relative poverty. One million pensioners out of relative poverty. A minimum wage putting a floor of decency under the labour market.

I want to make two points here.

First, that for the most excluded, those with multiple problems who are furthest away from the labour market, the rising tide will not lift all boats. They need specific help tailored to the often messy reality of their lives rather than to the funding streams government has decided. Too often these families find different agencies taking a picture of their lives with no one producing the movie. We need to break down these boundaries. It is painstaking and it is hard, but it is worth it when mainstream programmes not necessarily geared to the hardest cases can pass them by at a tremendous cost to them and to society as a whole.

Second, we cannot simply abandon a proportion of the working age population to a life without work and the opportunities it brings.

Let us be clear: there should be no question of forcing people genuinely incapable of work through disability into work. The decent society demands that we offer help and support to those in our community who need it most. But we also need to do more to ask whether all those currently out of work could not do more to find work, and whether together there is not more we can do to equip people for today's labour market, not only because we care about the cost of benefits to the country but also

because we do not view a life on benefit as some kind of social goal attained but instead an opportunity lost.

Rights and responsibilities matter here. We should ask ourselves why someone in that situation is not achieving their potential and whether there is not more we should do about it. The devolution of social care budgets to individuals empowers them over their care package. Surely there is scope for a similar agenda of empowerment matched by rights and responsibilities over their work finding package.

This is why the government's welfare to work reforms are very much in the right direction. Remember, all of this takes place in what is for the most part a healthier job market than in the past. In many parts of the country – though not all – opportunities are there. There are some 600,000 vacancies in the job market. But people need the skills, the motivation and the sense that there is a responsibility to take advantage of them. Facing up to this is a critical issue for us in the coming years.

And this brings me to the issue of globalisation. We hear a lot about it. India and China. Big numbers. Imports. Graduates. Growing economic power. It can all sound daunting and discussion of it can sound clichéd. Certainly, it too has a greater impact on our lives than was the case a decade ago.

Britain has, quite rightly, positioned itself as a globalisation optimist. We have embraced the two way flow of investment and people this entails. People see goods manufactured in China and call centres being set up in India and sometimes assume it is a one way street. But globalisation is a two way street. We have, for example, 500 Indian owned companies in the UK creating or safeguarding jobs here in Britain.

Our capital city is the pre-eminent financial centre of the world. We compete in the international market for foreign students, attracting some of the world's brightest young people to study here, to hone their skills and hopefully to develop an affinity with the country where they are educated.

The world is becoming more open. Tom Friedman's talked about it becoming flatter. And he was right to say that both political change in terms of the decline of communism – in fact if not always in name - and technological change have brought millions more into world markets and created opportunities hitherto unthinkable in many countries. Yet the impact is uneven, even within states. The world may be flatter but as Richard Florida has pointed out, it is spiky too. There are critical clusters of creativity and energy like London's financial centre, Bangalore's software and business processing clusters or Silicon Valley's creativity and new economy entrepreneurship.

We have spikiness in Britain too – parts of the country making the most of globalisation but valleys in between where it can seem like more of a threat than an opportunity.

For the talented and connected, the possibilities are greater than ever before. Yet the export of traditional industries and the economic changes entailed in these global shifts can be unsettling for many communities.

The solution does not lie in protectionism or in trying to keep out world change. Our mantra should be "equip the worker" not "protect the job" because the job will change over time. Industries will rise and fall. They always have done. The question is whether we can help people adapt. And for our globalisation optimism to be justified

in every part of the country we need to offer a better deal on opportunity, education, skills and the attractiveness of the local environment.

So on city academies and school trusts we need to move on from a sterile debate about governance to a realisation that these reforms are essential to giving some of the most disadvantaged children in the country more opportunities than they have enjoyed up until now. We should embrace the progressive outcome of better schools in poorer areas rather than implicitly telling people they have no choice if they don't have the money to move nearer to better performing schools. That is not exactly an approach steeped in fairness.

We should be passionate about raising ambition and standards precisely because we believe in opportunity for all. The question about our education reforms so far is not whether they have gone too far but whether they have gone far enough. Labour has to be the driving force in creating more opportunity for children of whatever background, including backing the desire of concerned parents to get the best education for their children. We cannot afford more unfulfilled potential, more children written off because they never had the chance. This has to change and it has to be part of our agenda going forward.

So too for people in work. The skills we start out with may differ hugely from those we will need after a decade or two in work. How do we make it easier for people to train and retrain, to equip themselves for change and to offer more in their work throughout their careers, rather than a burst of learning either before they start or in the early years of work? This too will be essential if the benefits of globalisation are to be felt in all parts of our country and not just some.

But dealing with the spikes and valleys is not just about education, vital though that is. It is also about the local environment, about encouraging the spread of job growth areas like services and creative industries. For this to happen we need to do more to help areas recover from the industrial changes of recent decades. Business will locate where it wishes, but it is more likely to locate if former industrial areas are cleaned up, if the housing is attractive, if the quality of life issues which attract workers have been addressed. Some of our big cities have been major successes in this story of change, creating thousands of jobs in what you might call the experience economy. But life is tougher for some of our smaller cities and that too is important if we're to justify globalisation optimism for every part of our country.

Finally for tonight, there is of course the issue of climate change. Again this was on the agenda to some extent a decade ago, but the impetus to act was nothing like as strong and the urgency nothing like as great as it is today.

I don't want to go into the potential effects or the debate on targets but instead to talk about the relationship between this issue and behaviour. I start from the premise that most people want to do the right thing. They are concerned about this issue, though uncertain about which course of action will have the most impact. It is crucial that we get the conversation right between politicians and the public on this.

So let us tell people clearly how they can make a difference. There is no point in expecting everyone to do everything possible but most people will do things to make their contribution. So let's settle on clear things which have the greatest impact, whether it is changing our lightbulbs, domestic recycling, or other changes.

This is important because there can be a danger on this agenda of politics and the public drifting apart. Most people are not going to do without their annual holiday or

take kindly to being told they should. A green agenda which looks anti aspirational is not going to appeal, particularly if those advocating it are fond of jetting off to the sun themselves.

Government alone cannot tackle this issue, nor can individuals without government action. We have to work together. So let us get this dialogue on what we as individuals can do right, while of course taking the governmental decisions as we have been doing on energy, transport and the like.

### Conclusion

There are of course more issues which are high on the agenda today in a way that was not the case a decade ago. The critical debate about security and the response to international terrorism will go on, as will discussion in many other areas. I have not tried to cover everything but instead raised a few examples where change is happening fast and where we must respond if we are to meet the test of leadership the country will set for us.

This is an agenda united by a concern with empowerment, choice, rights and responsibilities and equipping people to face the future with confidence.

Sometimes, after a long period in power, parties may feel they have done what they can and that they can only recharge their batteries in opposition. I do not remotely feel that with this government. We have many more years of progressive change within our grasp.

The world is changing fast beneath our feet. And in the end, asking for a new mandate is a question about the future, not about the past. Times and issues and expectations are changing. We have to respond to that to answer the call of leadership into the future. I believe we can do it, but only if, fearlessly and with confidence, we ask the right questions, and have the right answers.

**Ends**