

Competitiveness, the New Labour Project and Part 2.2 of the Project to Restructure the Working Class

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Background to paper

- GCRP: Open access research project:
www.politicsofglobalcompetitiveness.net
. Preface:
“the logic of global competitiveness... is now leading force shaping both global and domestic politics around the world”
- Update previous analysis of New Labour Project (NLP):
 - Social reform and attempts to restructure working class.
 - Latest developments – Harker, Leitch and Freud Reviews and Government response.



New Labour Project

Part of a second phase in Neo-liberal hegemony

- Thatcherism represented a 1st phase – based on the deconstruction of social and institutional structures of post-war social democracy.
- New Labour Project (NLP) emerged as a response to the negative consequences of 1st phase strategies
- **But** – these were cast in terms of *competitiveness*, rather than *social democracy*.
- Key concerns:
 - To draw decommodified labour back within the scope of the labour market.
 - To increase productivity of economy.
- Social justice was thus seen as a precursor to competitiveness.
- NLP therefore part of a broader 2nd Phase in the construction of Neoliberal hegemony.



Key components of 2nd Phase Neoliberalism

- Craig and Cotterell.
- Neo-liberalism with a human face.
- Attempts to contain crisis tendencies of first-phase restructuring.
- Bring capital and labour together.
- Regulation and management of neoliberal globalisation – ‘to make it work’.



5 Aspects of the NLP

- Ideology:
 - A framework for justifying the project, with Third way as rhetorical device.
 - Need to match the economic transition from above with the social and institutional transformation below – the 'Double movement'.
 - Promotion of generalised competitiveness rather than National Comparative Advantage
- Institutions:
 - Rules based macro-economic policy and constitutionalism... But... autonomy also
 - Public sector reform
- Social:
 - Labour market reform – broadening scope of commodification, enhancing labour power
- Capital:
 - Incentives to increase investment and innovation
 - Competition policy – 'productivity churn'
 - Entrepreneurship
 - Renewal of physical infrastructure
- Strategic alliance:
 - Electoral
 - Organic intellectuals and Cadre professionals – like me!!!!
 - Implementation alliance: Private sector, TUs, Communities and civil society.

Restructuring the Working Class

Part 1 of the Project to Restructure the working class

- Principally destructive, within Phase 1 Neo-liberalism.
- Concerned with deconstructing the ideological, social and institutional underpinnings of the post-war fordist working class.
- E.G.s – Trade Union legislation, Privatisation, 'cold bath' labour policies.



Problems facing NLP

- Spatial and social concentrations of worklessness.
- Low productivity growth, associated with comparative advantage within EU borders.



Part 2.1 of the Project

- Attempts to tackle worklessness.
- 'Active' labour market policies to promote transitions to more active job seeking and work.
- A 'new definition of full employment'.
- Short-term unemployment tolerable and part of the normal functioning of the labour market.
- Long-term and structural unemployment a sign of market, social and institutional failure.
- Attempts to increase competitiveness through skills.
- Enable the working class to cope with risk.
- Constructive rather than destructive, within Phase 2 Neoliberalism.



Challenges facing Part 2.2

- Part 2.1 partially successful (strong job growth and increased employment).
- Immigration.
- Crowded entry level and cyclical and 'in-work' poverty.
- An even more marginalised inactive population.
- Skills challenge even more pronounced given progress of emerging market economies.
- Evidence that scope for social mobility has declined.



Part 2.2 as a watershed?

Part 2.2 is a watershed within Phase 2, not a new project:

■ Continuities:

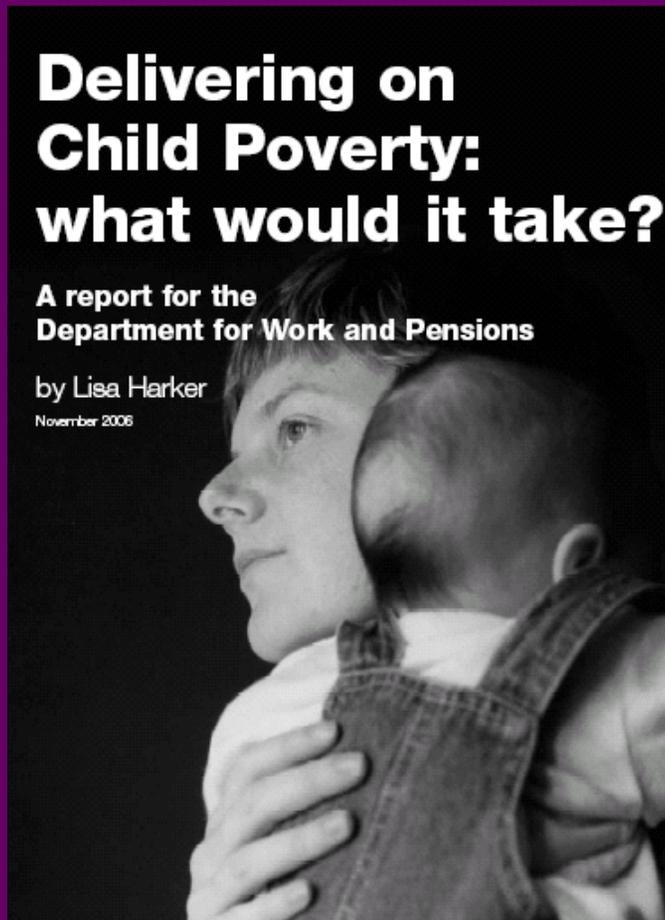
- Competitiveness is key.
- Social inclusion is to facilitate competitiveness.
- Key to social inclusion is paid employment in the market.
- Expansion of labour force and relative productivity remain central concerns.

■ Change:

- New concern with sustainability of employment.
- Recognition of need to facilitate progress in labour market to 'good jobs'.
- Tackling inactivity will require even greater attention on structural barriers.

Part 2.2

Harker Review of Child Poverty



- Explicit critique of 'work first' approach to social inclusion.
- In-work poverty remains a problem.
- Continues to suggest that expanding labour force is the key... but...
- Important to support sustained employment and progression in labour market.
- Continues to highlight childcare issue.

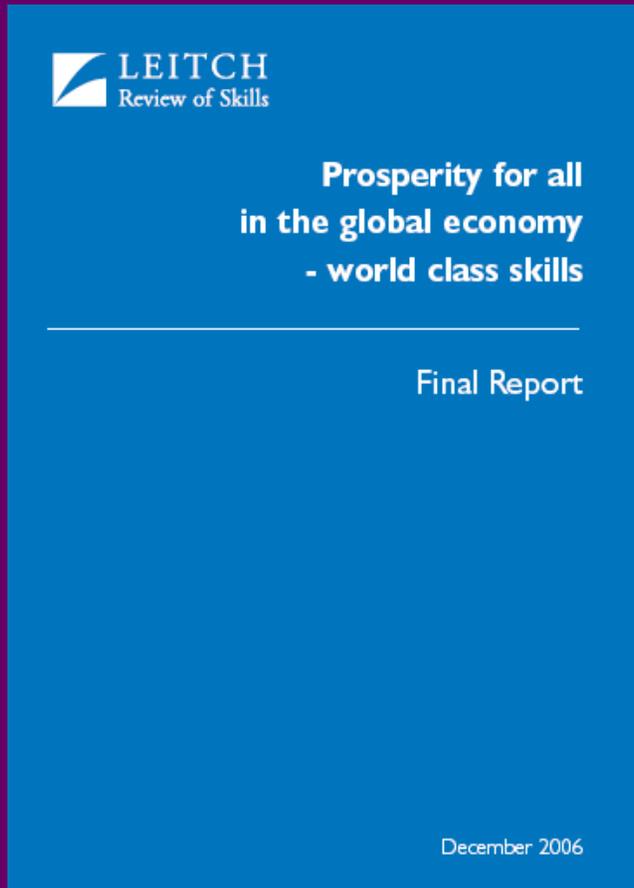


Leitch Review: The Problem

“The rapid growth of emerging market economies, including China and India, is shifting the global balance of economic activity. By 2015, China is likely to have become the third largest economy in the world, after the US and Japan. This creates new markets for UK firms and provides cheaper goods for UK consumers. It also means the UK will have a decreasing share of output in the sectors in which these countries have a comparative advantage. To maintain and improve growth, the UK must manage the resulting domestic structural change, allowing workers and resources to shift to more productive activities and sectors. This structural change is contributing to growth of high skilled jobs in the UK. To adapt to it the UK needs more highly skilled workers.” (Leitch, 2006:32).



Leitch Review of Skills



- Need to establish culture change among workforce, employers and skills system.
- Institutional simplification.
- Linking skills and Welfare systems.
- An escalator effect on the whole workforce.

Freud Review of Welfare

Reducing dependency, increasing
opportunity: options for the future
of welfare to work

An independent report to the
Department for Work and Pensions

by David Freud

- Reform to enhance competitiveness; cut spending; promote health and well being.
- Split the approach to long- and short-term unemployed.
- Individualised service delivery to tackle intractable barriers to work.
- Privatisation of delivery.
- No regulation of quality of work – flexibility to promote movement up GDL.



Policy Response to Harker, Leitch & Freud

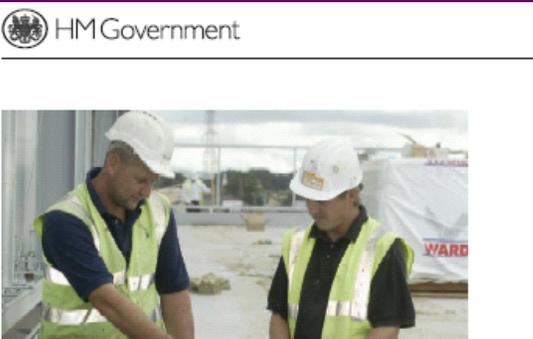


March 2007

Working for Children

DWP Department for Work and Pensions

The cover features a photograph of a family sitting on a sofa. A young girl in the foreground is eating a piece of fruit. The background shows a man, a woman, and a baby.



HM Government



World Class Skills:
Implementing the Leitch Review of Skills in England

Department for Innovation, Universities & Skills

The cover features a photograph of two construction workers wearing white hard hats and high-visibility yellow vests, standing on a construction site. One worker is looking at a document held by the other.



July 2007

In work, better off:
next steps to full employment

DWP Department for Work and Pensions

The cover features a close-up photograph of a young woman with dark hair, wearing a red top and a headset, smiling. She appears to be in a customer service or call center environment.

Continuities

- Centralise the competitiveness challenge – particularly Leitch and Freud Responses.
- Skills to enhance productivity and competitiveness.
- Need to tackle long-term worklessness and inactivity.
- Childcare provision and increased female participation, including lone parents.

The competitiveness challenge

“It used to be that natural resources, a big labour force and a dose of inspiration was all that was required for countries to succeed, economically.

But not any more. In the 21st Century, our future prosperity will depend on building a Britain where people are given the opportunity and encouragement to develop their skills and abilities to the maximum...” (DIUS, 2007:3).



Changes

■ Response to Leitch and Freud promise a 'step change', not only in policy but in culture and attitudes:

"This document sets out the practical reforms that we will be introducing in England to spark of this 'skills revolution'...Changing the culture in this country in relation to skills is at the heart of that revolution. We need to embed the value of skills in our culture in a way it never has been before. We need individuals to feel that it is their responsibility to improve their skills throughout their working lives, because the benefits that will bring for them and their families. We need employers to take responsibility for the skills of their employees, because of the increased productivity and profitability that investing in skills will deliver. And when that do take that responsibility, they need to know that Government accepts its responsibility to support them." (DIUS, 2007:7).



Changes cont.

- An integrated skills and welfare system:
 - Providing sustainable job entries and progression.
 - Enable restructuring of working class: some sections moving up GDL, while space created in 'entry level' occupations for currently inactive groups.

"We recognise the importance of assisting unemployed and inactive people in moving from worklessness to employment. As set out in Chapter two, we know people without the right skills fare badly in the labour market. We need to develop an integrated employment and skills system to enable people to compete effectively and succeed in the labour market, giving them the skills to progress in work and to lift themselves, and their families, out of poverty." (DWP, 2007:53).



Changes cont.

- Intensification of NLP strategic alliance:
 - With individuals and families:
 - Skills and jobs pledges;
 - Enhanced job matching, sustainability and career planning.
 - Increased in-work incentives;
 - Increased conditionality and sanctions.
 - With capital through:
 - Commission for Employment and Skills;
 - Employment and Skills Boards;
 - Local Employer Partnerships;
 - Skills and Jobs Pledges; and
 - Expansion of privatisation of welfare system: contracts with training and welfare providers.

Conclusions

- Harker, Leitch & Freud = a step-change *within* the NLP.
- This is still located within Phase 2 Neo-liberalism.
- The current agenda can be seen as part 2.2 of an attempt to restructure working class, with specific aims:
 - Move large sections of workforce up the GDL.
 - Create space within 'entry' level work.
 - Shift inactive groups into the space created.
- Continues attempts to enhance productivity & expand scope of commodification of labour power – absolute and relative surplus value for competitiveness.
- Not about national competitiveness *per se*:
 - E.g. migration and competitiveness are accepted.
 - E.g. no attempt to protect domestic firms – partnerships can be with foreign firms (indeed these are often courted – e.g. as welfare partners – Working Links etc).
 - E.g. attempts elsewhere to spread the model – through EU (e.g. employment strategy etc) and through development/trade agenda.

