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# Southern Discomfort Again

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**Giles Radice** is a Labour peer and author of the original *Southern Discomfort* pamphlet in 1992. He was chairman of the Treasury Select Committee from 1997-2001 and is the author of the new biography *Trio: Inside the Blair, Brown, Mandelson Project* (IB Tauris, 2010).

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# Introduction

Any party seeking to recover from electoral defeat has to develop a coherent analysis of why it lost, and what ought to be done to put it right. For a decade after New Labour's 1997 election triumph, the Conservative Party refused to listen to voters and, as a consequence, suffered its worst sequence of election defeats since 1832. In the 1950s and in the 1980s Labour made a similar mistake which condemned it to long periods out of power. If the party is to escape the impotence of opposition, it will need to shape a political strategy that can enable it to win next time.

The purpose of this Policy Network study, a sequel to the *Southern Discomfort* series carried out after the 1992 general election defeat, is to address the crippling weakness that Labour faces in Southern England – outside London – following the 2010 defeat. In the South East, South West, and Eastern regions, Labour won only 10 out of 197 seats, while in the South and the Midlands as a whole, Labour now holds only 49 out of 302 seats. We need to understand why the electoral alliance of traditional Labour supporters and the aspiring voters of the Midlands and the South, which gave Labour three record-breaking election victories, unravelled so dramatically.

It is our belief that only on the basis of listening carefully to the electorate will Labour find a path back to power. This is not to suggest that we should replace policymaking with focus groups or polls, slavishly pursuing the opinions of particular voters. But until we hear what the voters are saying, the party will never reassemble a successful election-winning coalition.

Our research includes interviews with candidates, key campaign staff and party activists in marginal constituencies, in the South and the Midlands. We also commissioned qualitative research with groups of wavering voters backed up by separate telephone interviews, alongside a large-scale quantitative survey, carried out by the polling organisation, YouGov, for which fieldwork was conducted on 26-27 August this year (the full version of the survey can be viewed at www.policy-network.net). The focus here is the South and the Midlands, but the implications and lessons are, of course, applicable right across Britain.

Our decision to focus on the South and the Midlands might seem misplaced, given that Labour also performed poorly in other regions, notably Lancashire, Cumbria, Yorkshire and Humberside. But we need to face up to Labour's fundamental strategic weakness. The party already has a dominant position in Northern and Celtic Britain. Even if it does better at the next election, there are simply not enough seats in Wales, Scotland and Northern England for Labour to secure a parliamentary majority. The key to recovery lies in the marginal constituencies of the South and the Midlands, in seats like Harlow, Stevenage, Gravesham, Loughborough and Northampton. Simply put, there are more marginal seats to be won in Southern Britain, though we recognise that there was a significant swing against Labour across most of the country.

In demographic terms, Labour lost ground significantly among unskilled (DE) voters normally considered its 'core' support – and we need to confront that fact. The party will restore its electoral fortunes, however, only when it performs better among the group labelled by psephologists as white collar (C1) and skilled (C2) workers. These voters can be found in every constituency across the UK, but are most heavily represented in Southern and Midland's marginals. Arguing that Labour should concentrate exclusively on mobilising its traditional support ignores the reality that DEs now amount to no more than a quarter of the electorate, while the C2s and C1s make up nearly half. Giving up on 'Middle Britain' would send a signal that Labour was no longer interested in power.

The party has to recover in the South for the sake of political principle, not just electoral advantage. Labour should aspire to be a national party with roots in every geographical and social constituency. The radical, reforming Labour governments of 1945, 1964 and 1997 were the product of broad-based progressive coalitions that united a sweep of constituencies and classes.

Labour should appraise its strategy with a sense of cautious optimism about the future, rather than despair. For sure, the 2010 result was the second worst since 1918. But in 1992 the party had just suffered its fourth consecutive defeat. Today, Clause Four has been re-written. Memories of the winter of discontent and political extremism have been banished. Despite Cameron and Clegg's unscrupulous attempts to project Labour as the party of economic incompetence and bloated government, voters no longer reject Labour as a matter of course. There are, nonetheless, significant lessons to learn as the party seeks to frame an election-winning strategy for the next decade.

'Wavering' voters are hard-headed and sceptical about politicians' promises. In 1992,

'floating' voters were aspirant and upwardly mobile. Today, they are far more cautious about their own prospects, prioritising security and a better future for their children.

Labour should be able to appeal to these insecure voters but, according to our survey, wavering Labour voters in the South are now confused about what the party stands for. This is perhaps unsurprising given that Labour has only had an acting leader of the Opposition since early May, but the loss of ideological identity has perplexed voters: the party's values and political appeal are increasingly unclear.

At the same time, Southern voters no longer regard Labour as the party of fairness. Many perceive themselves as 'getting nothing' from government, in spite of improving public services; in contrast, there is a strong belief that groups who worked less hard, or who did not deserve help, are in receipt of a host of benefits. The debate about fairness is, of course, a complex one; after the financial crash, voters are as resentful about irresponsible bankers as they are about benefit cheats.

If Labour does not restore its reputation on the key question of economic competence, it will not earn the right to be heard on its wider aspirations for a better society

Ominously the Conservatives have succeeded in winning back Southern voters who grew hostile to John Major's government in the mid-1990s. Following the formation of the coalition, they are now more likely to trust the Tories to manage the country, and there are fears that Labour will damage the economy, raise their taxes, and spend profligately. More generally, they worry that Labour has little to offer ordinary, 'hard-working' families.

Shockingly, nearly half of voters in the South believe that public spending under Labour was largely wasted and did not improve services. They live in fear of profligacy and waste, not least because they themselves often manage tight family budgets. If Labour does not restore its reputation on the key question of economic competence, it will not earn the right to be heard on its wider aspirations for a better society.

In 2015, it will be eighteen years since the 1997 victory. Conditions have changed profoundly and Southern voters' perceptions of the economy have altered sharply; now it is as much a source of insecurity and fear as it is a means through which aspirations are fulfilled. That presents major challenges and the party cannot simply return to the strategy of the 1990s. But if Labour takes into account the needs and views of voters, it can gain sufficient support to win victory next time, and become once again the natural party of government.

## The original *Southern Discomfort*

Following Labour's 1992 general election defeat, The Fabian Society published *Southern Discomfort,* written by the Labour MP Giles Radice, in order to explain why the party had failed to make the crucial breakthrough in Southern marginals which would have brought it victory. The pamphlet was based on research among floating voters in Southern marginal seats, who had considered voting Labour but had in the end voted Conservative. Though many of these voters wanted change, they thought that a Labour government would mismanage the economy, increase taxes, and deliver the country into the hands of the Trade Unions. More generally they felt that Labour – seen as a class-based party rooted in the past – had nothing to offer upwardly mobile families such as their own.

**Giles Radice recommended a series of radical changes including:**

- Recasting Labour as the party of the individual both in its policies and its internal organisation.
- Rewriting Clause IV of the party's constitution to symbolise its acceptance of the market and commitment to the values of community and solidarity.
- Exploring the scope for more hypothecated and indirect taxation.

*Southern Discomfort* was followed-up with two further Fabian Society pamphlets written by Giles Radice (with Stephen Pollard) which explored these issues: *More Southern Discomfort: A year on – taxing and spending* in September 1993; and *Any Southern Comfort?* in September 1994.

# 1. Labour's Southern problem: 2010

At the 2010 Election, there was almost a wipe-out of Labour seats in Southern England, where almost half of British constituencies are located. 13 seats were lost in the South East, 8 in the South West, 11 in the East, 14 in the West Midlands and 11 seats in the East Midlands, a total of 57 seats or nearly two thirds of Labour's overall loss of 91 seats. Indeed, the Labour party now has no MPs whatsoever in Cornwall, Somerset, Wiltshire, Dorset, West Sussex, East Sussex, Kent, Essex, Suffolk, Norfolk, Cambridgeshire, Northamptonshire, Rutland, Warwickshire, Buckinghamshire, Hertfordshire, Gloucestershire, Worcestershire and Herefordshire.

Labour's current weakness in the South and the Midlands is dramatically illustrated by the following figures: In the South – outside London – it now holds only 10 out of 197 seats, while in the South and the Midlands combined it holds only 49 out of 302 seats. By contrast, at the 1997 'landslide' election, the party won 133 seats in the South and the Midlands. In terms of seats, Labour is virtually back to where it was in 1992, when *Southern Discomfort* was written. The BBC political analyst David Cowling has aptly described the result of the 2010 election as, "the dismembering of New Labour's 1997 electoral triumph", although it is striking that despite the geographical fracturing of Labour's coalition, no significant gender divide has opened up in voting patterns over the last thirteen years.

*Southern Discomfort* set out how much Labour needed to change if it was to recover from the 1992 election defeat and to win crucial seats in Southern England (see opposite). It showed how the party was failing to appeal to relatively affluent workers – the skilled and white collar occupational groups – who did not believe that Labour had anything to offer aspiring, upwardly-mobile voters.

The *Southern Discomfort* findings also underlined the impact of economic and social change. In the South, owner occupation was the highest in the country. Fewer were working in manufacturing and more in financial services than in any other region. There were more high skilled and white collar workers. Employment was higher in the private sector than in the public sector. And, despite the recession of the early 1990's, it was by far the most prosperous part of the country.

The pamphlet also stressed that Labour's 'Southern problem' was more than geographical; it was associated with social change. It concluded that if there was to be another Labour victory, "the party must respond to underlying shifts in popular attitudes which have already taken place in the South but which are now beginning to occur elsewhere".

Under Tony Blair and Gordon Brown, Labour did respond to the challenge. It broadened its appeal by incorporating the aspirations of the affluent working and middle-classes, described as 'middle income, middle Britain'. In 1997 and 2001, Labour won landslide election victories, putting together an alliance of its' Celtic and Northern heartlands with the aspiring voters of the Midlands and South, an unbeatable combination of the unskilled, skilled, white-collar and professional workers and their families. The basis of that alliance was the promise of bringing together economic efficiency and social justice to create a fairer, more equal society. Though losing seats, Labour won again in 2005 by holding on to enough of its Southern and Midland's marginals.

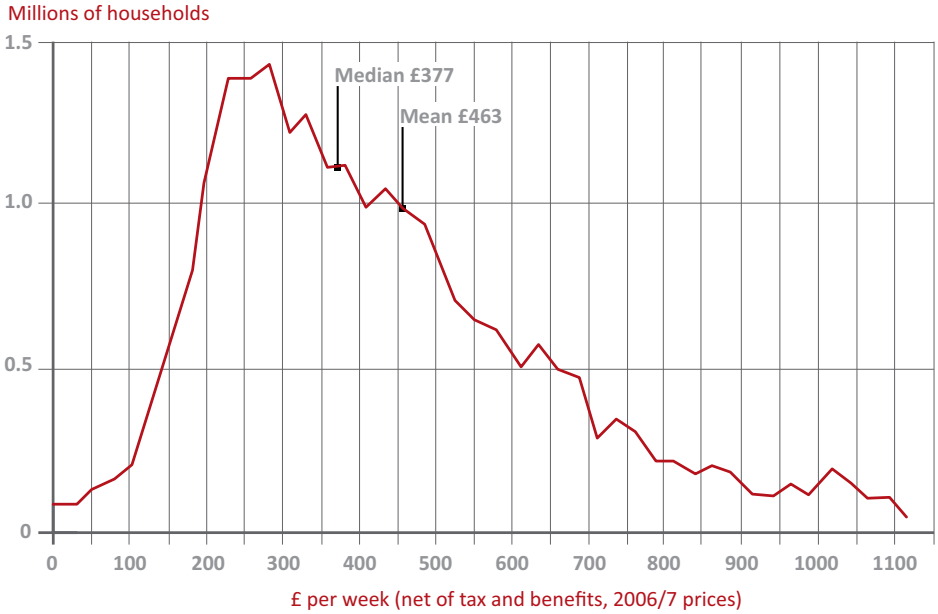
There were obvious reasons for Labour's 2010 defeat. These include the impact of the global financial crisis, especially on personal finances and the housing market; uncertainty about the future; an unpopular leader; and the feeling that Labour was 'out of touch' and had run out of steam after thirteen years in office. In addition the South and the Midlands, which had especially benefited from Labour's decade of economic growth, were feeling the pressures of forces that are sweeping the world, including the impact of the globalised economy and mass immigration. In the early 1990s, the challenge had been to adapt the growth model developed under the previous Conservative government to advance centre-left goals. But today, the assumptions underlying that growth model have been undermined and, arguably, economic insecurity is now greater than it has been for many years.

The changes in the occupational and class structure noted in *Southern Discomfort* have continued over the last two decades. More than 80 per cent of voters in Southern England now own their own home; a higher proportion than ever work in financial services; these regions have the highest income per head and the highest proportion of professional, white collar and skilled groups in their workforces; the public sector comprises under 17% of total employment in the South-East and East of England rising to just over 21% in the South-West; less than a quarter of workers are members of trade unions; fewer children live in poverty, and more young people go on to university.

Viewed over the long-term, these changes have enabled many Southern voters to enjoy the benefits of rising affluence. There is also evidence, however, that over the last five

years the earnings of those on middle incomes – between £20-30,000 per annum – have been increasingly squeezed. Graph 1.0 (see below) shows the distribution of median household income in the UK. It suggests that if we define the 'squeezed middle' as those clustered around the median of the income scale, this group differs significantly from those just above them in terms of living standards and real wages. These voters have shared only modestly in rising prosperity since the late 1990s. And they are an important component of the 'middle Britain' constituency that Labour has to attract in the South and the Midlands if it is to win next time.

**UK INCOME DISTRIBUTION**




SOURCE: TUC, Life in the Middle

The economy in the South and Midlands is changing rapidly, with polarisation and 'hollowing out' in the labour market increasing as a result of technological change, as well as the impact of migration and temporary agency working. There was some growth in real wages a decade ago but over the last few years these have fallen as pay rises have failed to keep pace with inflation; household incomes are more unstable than at any time in the last forty years, leaving many families anxious and uncertain about the future; disposable incomes in the South vastly increased under New Labour, but there has only been marginal growth in real terms since 2005 and, as a proportion of the increasing national average,

1. Labour's Southern problem: 2010

they have slipped back since 1995; despite the minimum wage and tax credits, 'in-work' poverty is a growing problem; and given the impact of the global recession, job insecurity is widespread. There has been a marked increase in the 'long hours culture', as people are forced to juggle two or even three jobs to make ends meet. The contraction of financial services will have a major impact on the employment market in the South-East – though it is the first region to reap the rewards of new growth – and the continuing decline of manufacturing industry in the West Midlands will lead to further job losses in the years ahead.

"Lots of areas in the West Midlands are now acting like seats in the South"

Improving the quality of public services such as health and education has been one of Labour's greatest achievements in office. But there is considerable evidence that, in the South, investment and reform has had markedly less impact. In education, for example, a higher proportion of parents still use the independent sector – over 10% compared to the national average of 7% – and given the higher standard of living, it is often harder to recruit public service workers. Public services are facing new pressures and demands, including a rapid rise in population in many areas, not least as the result of higher inward migration.

Over the last two decades, middle income families have been forced to take on increasing responsibility, bearing financial risks in areas such as student support and pensions that in previous generations, they would not have had to face alone. Overall, there is less government support, and greater reliance on the market and private provision. With an ageing population, caring for both children and elderly parents has become even more important, and in many households both men and women now work. This has created a 'sandwich' generation of parents who are juggling numerous, often conflicting demands, as the role of women continues to change. The result is Britain's increasingly 'squeezed middle'. It is these voters who hold the key to Labour's recovery in Southern England.

## The Midlands: a key electoral battleground

We have included the Midlands in our study both because of its critical electoral importance and because, as was predicted in *Southern Discomfort,* it increasingly shows some of the features of the South, including constituencies with a higher level of home ownership, an above average population of white collar and skilled workers, and a greater proportion of suburban seats. There are also fewer people employed in the public sector in the East and West Midlands – 18.5% and 21% respectively – than the national average. One party organiser in the West Midlands told us: "Lots of areas in the West Midlands are now acting like seats in the South. Seats that stayed Labour during the Thatcher years or were won in

1992 have now all been lost such as Sherwood, North Warwickshire and Nuneaton. The social make-up of these areas has changed, in particular, because of the decline of the mining industry. Our message doesn't resonate with them anymore".

In 2010, Labour did badly in the Midlands, losing 25 seats with a swing against it of nearly 9%. In some constituencies Labour performed calamitously: in Ashfield, for instance, there was a 17.5% swing from Labour to the Lib Dems and the seat was retained by just 192 votes. The region has been hit by the continuing decline of manufacturing industry, including high-profile take-overs such as MG Rover and Cadbury, leading to widespread fears of redundancy and job losses. A better performance in the Midlands will be critical to a Labour recovery.

1. Labour's Southern problem: 2010

# 2. Why Labour lost: party views

Despite Labour's result in the May 2010 general election being its second worst performance since 1918, at national level there was a sense of relief that the party had avoided total humiliation. During the campaign, a combination of economic recession, an unpopular prime minister and a Liberal Democratic resurgence had raised fears that Labour would be forced into third place in the popular vote. But, as our research showed, there was a very different mood among Labour party activists at grassroots level in the South and the Midlands where nearly two thirds of the overall loss of seats occurred. Many felt let down by the leadership which they believed was out of touch and not listening to either its party activists or to the voters.

To find out why Labour did so badly in the South and the Midlands, we commissioned a series of interviews with candidates and party workers in constituencies that Labour failed to hold in 2010, including Harlow, Norwich South, Lincoln, Ipswich, Stevenage, Swindon, South Gravesham, South Derbyshire, Redditch, Cannock Chase and North Warwickshire.

At first glance Labour should have had a good chance of winning most of these constituencies at the last election. None are in 'blue chip' Tory heartland areas. All have had Labour councils until relatively recently. The impact of Labour's policies in government has been largely beneficial. And yet these seats were lost, some of them heavily. In Harlow, which Bill Rammell narrowly held in 2005, Labour was decisively defeated. It lost Cannock Chase for the first time since the 1987 election. The defeat of Labour in Norwich South, seat of the former Home Secretary Charles Clarke, was another savage blow. Of course, in every constituency special factors were at work. In Redditch, for example, parliamentary expenses were a major issue. In Norwich, the Labour vote splintered to the Liberal Democrats and a resurgent Green Party. In North Warwickshire, proposals for a high-speed North-South rail link hit Labour hard among voters who were worried that the quality of their local environment would be damaged.

There was however, wide-ranging agreement about the reasons for Labour's defeat. The party was widely seen as out of touch, particularly on the issue of immigration. The Duffy debacle in Rochdale, where Gordon Brown was heard dismissing a former Labour voter

as a 'bigoted' woman, was symptomatic of Labour's apparent refusal to listen to the concerns of ordinary voters. But not listening went wider than just immigration policy. "The party leadership didn't understand whatsoever about the things people were saying", was a general comment.

Labour claimed to be the party of 'fairness', but many voters did not see it as a 'fair' party. Large numbers felt that there was little connection between hard work and reward in Britain after thirteen years of Labour government. One party organiser summed it up like this: "We had a good story to tell on the economy and tax credits. But they said, I'm hard working, I pay my dues, and I don't seem to get on, while others are getting benefits and bonuses. The ordinary working people are at the bottom of the pile. People who go to work and do the right thing are trapped".

Labour also failed to counter the charge that it was time for a change. Voter fatigue had set in after thirteen years in office. There was very little open or bitter hostility to the party, but general discontent about the government's performance, a feeling that it had run out of energy and dynamism. Gordon Brown and his team struggled to articulate their vision about what five more years of Labour would mean in clear and simple terms. "The national message was not coming across", said a party activist. One candidate concluded that, "Giving someone else a go was one of the top reasons for our defeat".

There was a very strong sense that, though the Tories had been denied a majority, Labour had definitely lost: "They were anti-Labour, but not pro-Tory. So we are in a different position to where we were with the original *Southern Discomfort.* Then we were unelectable because people were frightened of us". Voters were fed up with the Labour government and hungry for change, but by no means certain that Cameron's Conservatives deserved a decisive majority.

Labour was clearly damaged by relatively poor leadership ratings, although there is little evidence that any other senior Labour politician would have significantly boosted the party's poll position. Gordon Brown had been unpopular since the spring of 2008, and many – though not all – of our intermediaries cited Brown as a major factor in our defeat. As one party organiser put it: "The fact is there was a national

"I'm hard working, I pay my dues, and I don't seem to get on, while others are getting benefits and bonuses. The ordinary working people are at the bottom of the pile"

feeling for change: an anti-Gordon Brown feeling in the country. People felt disconnected from him – they couldn't relate to the government itself – they couldn't see what they wanted in Brown".

With respect to policy issues, immigration was mentioned by nearly all the organisers and candidates, in particular as a proxy for economic anxiety and insecurity. Here are some of the comments: "It's not a race issue, it's this unfairness thing – other people get to the front of the queue and get handouts before they do". "We lost a lot of our core vote to the racist parties and the Liberals. But you've got to be very careful about mixing up why they voted for racist parties – they're not racists, they were frightened for their job – we never gave them an answer". Another said, "It was out of control. They said we were bringing in millions of unskilled workers who were in direct competition with them for jobs and housing".

"They said we were bringing in millions of unskilled workers who were in direct competition with them for jobs and housing"

Linked to the immigration question were major concerns about Labour's capacity to address rising economic and employment insecurity, fuelled in particular by rapid globalisation. As one organiser put it, "the economy was an issue in so far as it affected their own situations. People's nervousness about their own family circumstances was being fed by all the issues. There was a lot of pessimism about their finances". Although the economy was a weakness for Labour because of the insecurity it generated, it was not a complete negative. As the polls showed, the Conservatives did not have a clear lead on the issue. There was recognition that Brown had helped get the country through difficult times, and the crisis intervention in the banking system had been effective. But there was great uncertainty as to the impact of the deficit on their jobs, incomes, and living standards.

In some constituencies, especially the new towns, housing was a very prominent issue. It was felt that lack of social housing alongside barriers to home ownership particularly for first-time buyers, was a major failure by the Labour government: "It was a massive problem, people are stuck in flats for long periods, and this also links into immigration. We should have invested in housing at an earlier stage." Another view was that, "We faffed around for too many years – our commitment was too late, the damage was done and that again morphed into the immigration argument." Or even that Labour's unpopularity, "was a toxic mix of the economy, immigration and housing."

Education, health and help for families such as tax credits and Sure Start were areas of strength for the party: “They appreciated schools and health if you really asked them”, and, “When we engaged, we could win the argument on the economy, schools and school building.” But; “the people who use education and health were not the same people who were using them 13 years ago, so they don’t know what it was like before Labour.” There were strong concerns about wasteful spending and the scale of the deficit, a sense that government’s role and the size of the public sector had breached acceptable limits.

# 3. Why wavering voters deserted Labour

It is not sufficient to consider only the views of organisers and local party activists. Labour's problems need to be looked at through the eyes of the voters which it needs to attract if it is to win the next election. As in 1992, we commissioned a qualitative survey of former Labour voters, this time drawn from white collar and skilled groups in the South and the Midlands. We backed up this survey by a series of revealing telephone interviews. The interviewees confirmed the opinions of the Labour candidates and organisers. Key concerns were the economy and insecurity, immigration and welfare, as well as 'unfairness' and Labour being 'out of touch'.

In 1992, similar 'waverers' considered themselves upwardly mobile. They wanted to improve the standard of living and quality of life, of themselves and their families. They were Britain's 'aspirants'. In 2010, after the worst recession since the 1930's with the prospect of massive public spending cuts, and with the continuing impact of globalisation, 'wavering' voters are far more cautious about their economic prospects. "The main issue is that we are struggling... Every time things are penalised, we are, but we are just over the limit when things are given out", said one respondent. Another said, "The thing is, we're in an income range where you don't get any help from the state but pay full whack on taxes." A third voter was pessimistic about the future saying that he was, "not very confident in my grandchildren being able to get a job when they leave school. People who try to get on don't get any help from government, but if you don't strive to get on, then you do get help." There was also scepticism about Labour's management of the economy. One respondent said: "If your husband is out of work and you spend £200 a week when you earn £100, you're in debt, simple as that, and that's what the government did." Another's view was similar: "They had money to start with and then they spent it all and they didn't think about replacing it."

"People who try to get on don't get any help from government"

Some people mentioned immigration, when prompted, in their initial response about why they didn't vote Labour in 2010; others brought it up when discussing the economy, benefits or housing; very few did not see immigration as an issue. For one interviewee, the Duffy 'gaffe' symbolised Labour's failure to take immigration seriously. "There was that interview with that woman, (Mrs Duffy) she was saying what people think, she was

talking about their concerns and he (Gordon Brown) completely misunderstood". Another said: "I'm Labour, or I was Labour, and I sympathise, but there's no fairness, no fairness, it's absolutely ridiculous. Millions of immigrants have come in and it's making everything harder", though there was also a firm and contradictory response: "I don't think so, that's all a bit of hot air. A lot of foreign workers do jobs British workers don't want".

There was a lot of concern about the money being spent on welfare benefits and anger that the system was being abused. Typical comments were: "More and more people are going on the welfare state"; "We have a sub-culture which has completely different values. They say: why should I want to work when I get this? That scares me, it's not getting smaller"; and, "Labour didn't grasp welfare reform, they didn't tackle benefit-dependency. They should have overhauled the benefit system." However, everyone agreed that the state should help people who couldn't help themselves: "I'm totally for paying taxes and national insurance to help people if they genuinely can't manage. That's what the state is about, that's what society is." Voters in Southern England acknowledge that material self-interest has to be combined with solidarity and help for the most vulnerable, underpinned by a sense of duty and fair rules.

There was a strong reaction to the statement "Labour understands the needs of ordinary working people". "I didn't vote Labour this time because I had the feeling they had lost touch with reality", was one reply. "People felt very let down – Labour was out of touch", and, "They're not realistic about how far people's incomes go these days. They've lost touch", were other typical replies. However, another respondent was more positive, remarking: "they introduced the minimum wage, right? They put money into lowering tax for working people, health and education". But there was little clarity about what Labour stood for. "What does Labour stand for nowadays? Blimey… well that could be part of the reason I didn't vote for them – because I don't know". There was a feeling that Labour used to stand up for ordinary people, but didn't any more: "There's a real identity issue", "I couldn't see the difference between them and the Conservatives, they blended into one."

"Labour didn't grasp welfare reform, they didn't tackle benefit-dependency"

With respect to Labour's leadership, there was little support for the then Prime Minister Gordon Brown: "He lost the plot" was a typical response, though there was admiration and respect for his intellect. There was also uncertainty about what would make people vote Labour. "You'd have to see a united party with a strong leader". Health and education were mentioned as Labour strengths, but there was concern about mismanagement of

public spending: “Labour never faced up to the amount of money being spent, like on IT systems which never worked. It was disgraceful that GP’s got paid more for less work”. The jury was still out on the coalition. There was strong approval for the idea that politicians should work together for the good of the country. There was not much admiration for the Tories or the Liberal Democrats. “We didn’t really want the Conservatives but what choice did we have? You can’t vote Labour now”. “I voted for the Liberals because I didn’t like the other parties. It was a default vote”, said one.

# 4. The new electoral battleground

Our polling survey confirms both the findings of the qualitative interviews carried out among voters in Southern England, and those of our interviews with party activists. It also emphasises the scale of the political challenge that Labour faces. The survey helps to explain why the party lost the 2010 election; it underlines not only the long term challenge from the coalition, but also uncertainty about what Labour stands for.

## The age of insecurity

Wavering voters felt far more insecure than they were a decade ago. In thinking about their own future, 41% of voters in the South and 47% of those in the Midlands were not confident that they would have enough money to make ends meet, and approximately 40% feared redundancy and difficulty in finding work.

Nor were they at all certain about a better future for their children. 59% of respondents in the South and 67% of those in the Midlands felt that the next generation would be the same or worse off than them. Only a small minority were confident that their children would be able either to fulfil their educational potential without building up large debts (17%), or buy their own home (15%). 64% of respondents wanted banks to be encouraged to give 90% or 100% mortgages to first-time buyers, rather than demand large deposits, and 77% wanted local authorities to build more social and shared ownership housing. Only 37% were confident of a good standard of living in retirement.

These findings reflect the reality that for many voters in the South, life is now far more financially insecure. Over the last five years, real wage rises have been small or nonexistent, while some have been made redundant. Many have had to work harder for the same or less money, leading to higher levels of consumer debt. As a result, voters often express contradictory sentiments about what they want and expect from the state: on the one hand, they want greater individual choice and control over their lives; on the other hand, they want to be shielded by government from the economic and physical insecurities of globalisation.

## People must know what Labour stands for

Labour should have been able to appeal to these insecure voters but, according to our survey, 'wavering' Labour voters in the South are now confused about what the party really stands for. Only 32% of Southern voters in the poll were clear about what 'Labour stood for these days', against 60% who were not. In contrast, more than 60% felt they understood what the Conservative Party now represented following Cameron's drive for brand detoxification. Remarkably, these voters are actually clearer about the Liberal Democrats than they are about Labour.

The survey does indicate potential areas for Labour to consolidate its reach. More than half of voters in the South, for example, perceive that Labour is close to people with families. Despite the rows over expenses, the party's MPs are seen as more representative of ordinary people than any other political party, and are given credit for better understanding their problems. The Conservatives, however, are perceived to be more in touch with people's concerns, more honest, and least negative in how they conduct their politics.

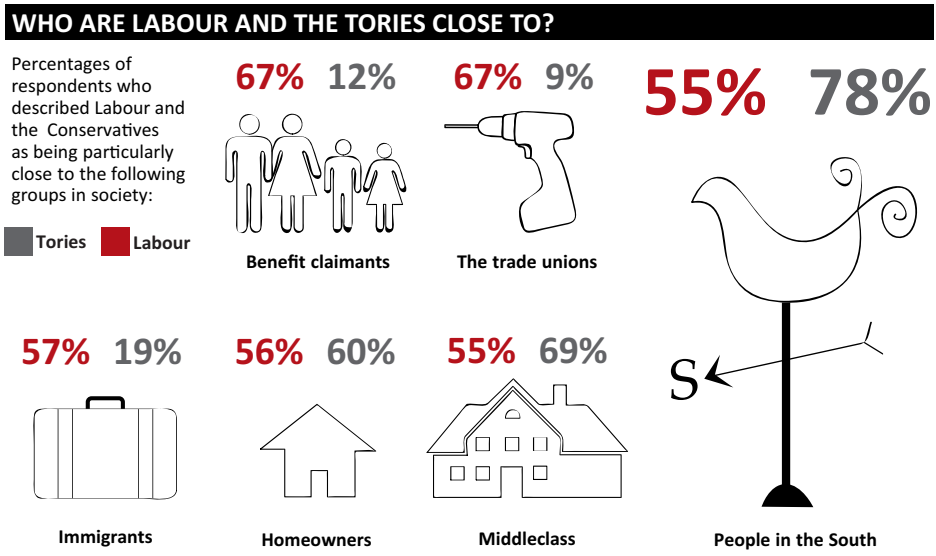
## Labour has to become the party of fairness again

At the same time, voters in the South no longer regard Labour as the party of fairness. They perceive themselves to get nothing from government, in spite of improving public services; in contrast, they believe that groups who worked less hard, or who did not deserve help, are in receipt of a host of benefits. This was highlighted by findings in our poll about the proximity of political parties to particular groups in society.

Among these voters, Labour is perceived to be close to benefit claimants (67%), trade unions (67%), and immigrants (57%), but distant from homeowners (56%), the middle-class (55%) and people in the South (55%). In contrast, the Tories are the party of Southern England (78%), the middle-class (69%), and homeowners (60%), far removed from immigrants (19%) and benefit claimants (12%). The debate about fairness is complex, nonetheless; after the financial crash voters are as resentful about the very rich as they are about benefit cheats. And xenophobic and racist attitudes to immigration do not command widespread support.

Voters in the South no longer regard Labour as the party of fairness

Our poll also sheds new light on the debate about immigration and community cohesion in Britain. Voters in the South disagree that immigration 'makes British people seem like a minority in their own area' by a majority of 63% to 26%. There is also strong support for

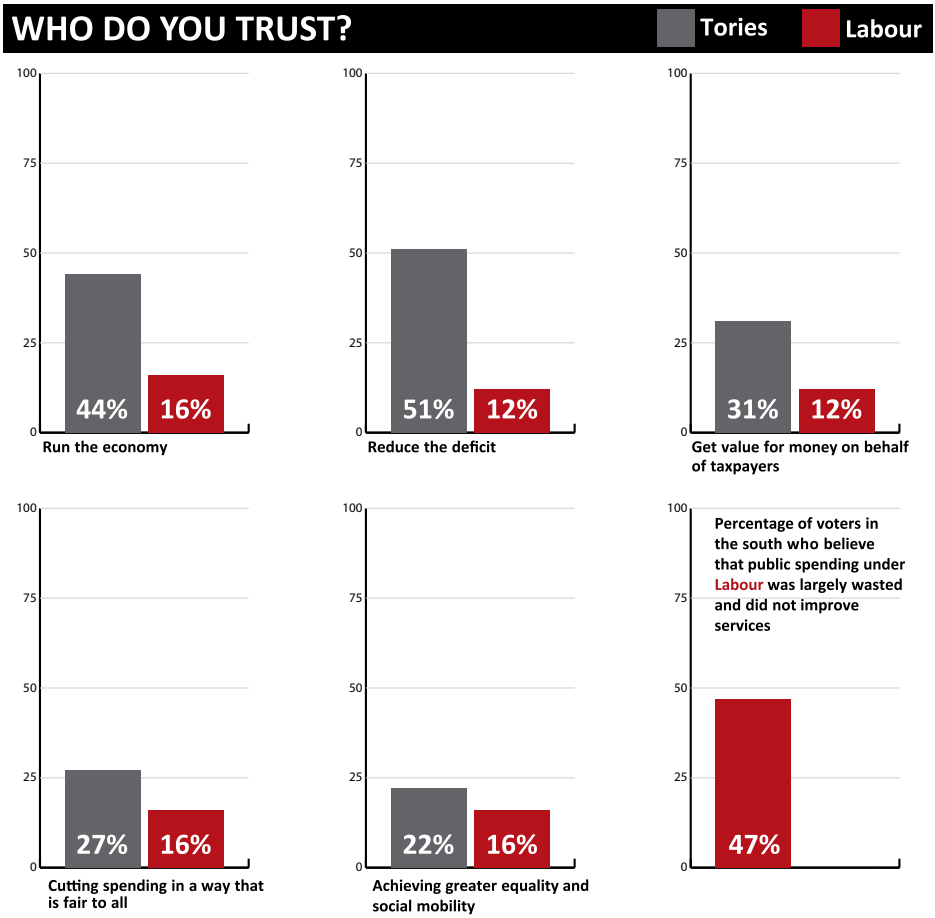



the view that Britain should 'encourage hard-working immigrants who wish to contribute to the country' (63%). Nonetheless, these voters are anxious that 'immigrants undercut British workers unfairly and drive down wages (61%), and fear that 'we are too ready to change the rules to suit immigrants, rather than expecting them to follow our rules' (77%). A clear majority are also suspicious of immigration as a way of filling low paid jobs (57 to 32%).

## Labour has to deal with the threat of Cameron's new politics

The Conservatives have succeeded in winning back Southern voters who grew hostile to John Major's government in the mid-1990s. They now trust the Tories to manage the country, and fear that Labour will damage the economy, raise their taxes, and spend profligately. More generally, they worry that Labour has little to offer ordinary, 'hard-working' families.

In our poll, the Conservatives are trusted more on every major competence question: to run the economy by 44% to 16%; to reduce the deficit by 51% to 12%; and to get value for money on behalf of taxpayers by a margin of 31% to 12%. Even where Labour ought to perform strongly, it still trails behind the Tories: Cameron's party is preferred by 27% to 16% on cutting spending in a way that is fair to all, and on achieving greater equality and social mobility by 22% to 16%, although the majority prefer neither party, and on cuts it is clear that the public are worried by the coalition's emergency budget proposals.




Shockingly, nearly half of voters (47%) in the South believe that public spending under Labour was largely wasted and did not improve services. They were equally unimpressed about the impact of additional spending in education: 70% thought that money had been wasted resulting in little or no improvement. These voters live in fear of profligacy and waste. If Labour does not restore its reputation on the key issue of economic competence, it will not earn the right to be heard on its wider aspirations for a better society.

Labour also has to deal with the question of English political identity and representation after devolution. Too many voters in England feel poorly represented in comparison to Scotland and Wales, which now have their own political institutions. It is notable that a clear majority of voters in the South also support an English Parliament 'along the line of the existing Scottish Parliament' (43% to 22%).

# 5. What Labour must now do

After the 1992 defeat the challenge for Labour was to develop a new political identity, showing that it could stand up for individual freedom, against public and private vested interests. It had to show that the party could be on the side of those who wanted to get on, making responsible tax and spending commitments and promising to manage capitalism more efficiently than the Conservatives. Among other things, *Southern Discomfort* proposed the rewriting of Clause IV of the party constitution as a symbol of change, a reform which Labour adopted in 1995.

In 2010, it is easier to analyse why Labour lost than to provide immediate answers. The new leader will need time to reflect on Labour's defeat and rethink the party's approach. However, there are some key messages from our pamphlet which he should bear in mind.

## Labour's steps forward

**First,** Labour should be a party of power, despite its origins in the 19th century as a party of working-class protest. In order to help people, right injustice and widen opportunity, Labour has to be in government. This obvious point was sadly forgotten for much of the 1980s – and in the 1950s too. Labour can only create a better society by winning and retaining power; indeed, it should aspire to be the natural party of government in Britain.

**Second,** Labour has to create a broad electoral alliance as a national party representing a wide coalition of social and geographical interests. Labour has to appeal to a wider group of voters if it is to win and hold power. As well as addressing voters' concerns in areas where Labour has traditionally been strong, it has to win far more marginal seats in the South and Midlands. The marginal seats that the party has to win to secure a governing majority contain a higher proportion of C2, C1 and AB voters.

**Third,** Labour will only win if it can sustain a reputation for economic competence. That has to mean a credible plan for reducing the deficit and putting the public finances on a sustainable footing, as well as an approach to tax and spend that protects middle income voters. Labour should examine the scope for replacing regressive taxes such as Council Tax and Stamp Duty that hit younger families hard with a progressive approach to the

taxation of land and property. Most importantly, Labour has to offer a compelling growth model for the British economy which embraces intervention by government where necessary, and takes account of the need for environmental sustainability.

**Fourth,** Labour has to demonstrate that it is both the party of social justice and individual aspiration. It has to protect the vulnerable by making further progress in tackling poverty, and also be the party of social mobility. Labour's mission is to break down barriers that allow elites and vested interests to hold people back, challenging established institutions and enabling every individual to fulfil their true potential. In policy terms, the party needs a radical strategy to expand the supply of social housing, while removing the obstacles to home ownership, especially for first-time buyers.

**Fifth,** it has to face up to, and debate openly, contentious issues that concern voters such as immigration, welfare reform, and the role of the state after the financial crisis. In particular, Labour must focus on how to improve efficiency and productivity in public services given the current climate of fiscal constraint, offering greater value for money and higher service standards, while doing more to expand life-chances.

**Sixth,** the party has to strengthen its position in local government, both to ensure decent local services and to act as a spring board for national power. It has to decentralise as far as possible rather than hoarding power at the centre; citizens in England need to feel as well represented as they are in Wales and Scotland after devolution. Reviving local government is essential to help the party reclaim an English identity.

**Seventh,** it has, as a matter of priority, to revitalise and modernise the party in both its traditional strongholds and in the South and the Midlands. The 2010 leadership election showed the power and potential of community organising to reform and revitalise Labour. There should be a campaign by the national party to recruit a new generation of local Labour candidates and councillors, particularly in the South where Labour is chronically under-represented in local government.

**Eighth,** Labour must develop its own conception of the new politics, recognising that the public appreciate politicians who are prepared to work together in the national interest. Labour must be ready to offer a warm welcome to disillusioned Liberal Democrats who seek a radical home. And, if political circumstances change, Labour should not rule out a progressive alliance with the Liberal Democrats. The referendum on the Alternative Vote

for the House of Commons ought to be wholeheartedly supported by the party. Labour must also reach out to voters who previously supported the party but now vote Conservative. New ways must be found of doing politics differently.

# Conclusion

Labour has to look to the future confidently, but it should never underestimate the electoral threat it now faces. David Cameron and Nick Clegg wish to destroy Labour as a prospective party of government, constructing a new coalition based on a philosophy of economic and social liberalism which, they believe, has the potential to command the centre-ground of British politics. Resisting this threat has to mean, first and foremost, rebuilding Labour's electoral support in Southern England.

This will not be done simply by pursuing the policies and strategies of the 1990s. Things have changed. Social democrats are most successful where they are prepared to re-think their strategies and approaches in the light of changing circumstances, recognising that as the world moves on, so must we. If Labour takes into account the views of those voters that have deserted the party in recent years, it can re-emerge as the dominant progressive force in British politics, advancing its vision of a society where in R. H. Tawney's words every individual can have access to "the means of civilisation", and once again become the natural party of government.

# Southern Discomfort Again

Any party seeking to recover from electoral defeat has to develop a coherent analysis of why it lost, and what ought to be done to put it right. For a decade after New Labour's 1997 election triumph, the Conservative Party refused to listen to voters and, as a consequence, suffered its worst sequence of election defeats since 1832. In the 1950s and the 1980s Labour made a similar mistake which condemned it to long periods out of power. If the party is to escape the impotence of opposition, it will need to shape a political strategy that will enable it to win next time.

The purpose of this Policy Network study, a sequel to the Southern Discomfort series carried out after the 1992 general election defeat, is to address the crippling weakness that Labour faces in Southern England following the 2010 defeat.

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