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Structural changes in the SPD and the Labour Party - *What was done, what went wrong and how to win back support*

May I firstly congratulate Peter Hain, the Bevan Foundation and the Friedrich Ebert Stiftung for organising this conference and for coming here to Neath - traditionally a Labour heartland.

Today our focus will not be on the general national picture of the UK Labour Party and German SPD, but at the regional Lander level and national Welsh level. There are indeed many parallels between our two regions - particularly in traditional SPD strongholds and South Wales Valleys seats - but so too are there many differences.

I'd particularly like to focus on the Nord Rhein Westphalia region from where Bernard Rapkai, a colleague of mine in the European Parliament, hails. Our regions have a similar economic structure, once experiencing large numbers of people employed in the coal and steel mines. We have also both seen almost total domination, not just of the economy, but also of politics, by people associated with those industries.

Of course, party political traditions go back much further for Labour in Wales than for the SPD in Lander where, prior to 1960s, the allegiance of voters was more dissipated and shared between Communists, SPD and Christian Democrats.

In Nord Rhein Westphalia, voters' commitment to the SPD was achieved through political efforts in the 1960s after the party sided with the region's miners. In Wales, the Labour Party's dominance dates back to the 1920s and has continued not just because of political efforts, but also because of a hereditary expectation within many communities. Nevertheless, the strong link between the workplace, unions, social and community structures and the political party is clear in both cases.

However, unlike the Labour Party in Wales, the SPD began to address the issue of social disparities and the need to raise the aspirations of its members and supporters at an early stage. Indeed, the party realised at the end of the 1960s that not a single university existed in North Rhein Westphalia - much like the South Wales Valleys until the recent explosion of students at Glamorgan University.

Unlike Wales, Lander had responsibility for delivering education and was able to address this issue directly by creating universities. The result was that the sons and daughters of miners were able to attend universities for the first time. Contrast this with the relatively recent growth in university populations in Wales.

In 1959 the Godesburg programme was developed within the SPD and tapped into the need to identify with the aspirational voter. A move which led

to the victory of Willie Brand in 1969. This sits in stark contrast to the UK and Welsh Labour Party at that time.

I remember being brought up in the relatively deprived community of Ely in Cardiff where almost 30,000 people lived in council housing. If these people did well, they moved up to the private housing at the top of the estate and it was assumed that they were lost to the Labour Party forever! Indeed, it wasn't until Tony Blair came along that there was an understanding that this was a recipe for political suicide in the long term and that there was a need to appeal to "middle England" or the aspirational voter if we ever wanted to gain power at the UK level.

In Germany, as the decline of traditional industries continued apace, the make up of SPD membership evolved to include more of the middle class which inevitably led to a loosening of the links into workplace that happened in the past. Small businesses became the dominant economic force - an area where it is much more difficult for unions and political parties to gain a foothold. Again, this is a pattern that can be seen to be repeated in Wales.

The collective approach started losing out to the more individualised approach where people were interested in preserving new privileges. At the same time, there was also a continuing professionalisation of politics. Prior to this, workers would have been politically active in their spare time, increasingly however it was realised that immense time was needed for policy preparation - leading to the continued separation of political elites from the workplace. The changing structure of the workplace and the changing structure of society has meant that there is a need to adapt. The continuing decline in support for our respective parties is a cause for concern.

I shall let my German colleague expand on how he thinks the situation should be addressed in North Rhein Westphalia while I shall concentrate on the Welsh situation.

I think it also worth noting that up until very recently, government interference has been seen by many as a bad thing. As Andrew Marr has suggested, we have seen "the defeat of politics by shopping". But if ever there were ever a lesson that that this approach can no longer continue, it has been the recent catastrophic turmoil on the financial markets.

It is only politics that can put a break on the capitalism which has proved unable to police itself. It is only politics that can tackle the issue of climate change and the energy crisis. It is only politics that can take on terrorism - its causes and its manifestations. We need once again to be confident in our assertion that government intervention for the greater good and for the benefit of the individual is a good thing both nationally and locally.

I am not going to dwell on what Labour should be doing at the UK level but if you will indulge me - as someone who might not be given a platform like this after I step down from the European Parliament in June - then I do have some

thoughts and ideas of what we, the Labour Party in Wales, should be doing differently.

In Wales, recent results at the National Assembly and local government elections have been disappointing. It is also worth noting that the Welsh result demonstrated a swing away from Labour greater than that seen in other parts of the UK. We need to ask - is there something specifically Welsh that accounts for this lack of support?

In Wales we are fighting on four fronts; on the left we are challenged by Plaid Cymru; our southern cities in local government are dominated by Liberal Democrats; independents are challenging in some of Labour's heartlands; and the Tories are advancing in the east, north east and in Pembrokeshire.

The fact is that the Welsh Assembly elections and local government elections are always likely to be mid-term elections and will be used by the electorate to kick the sitting UK party of government. But we can't afford to accept that while Labour is in power in Westminster we shall always be in an impossible situation. Our aim must always be to hold both Westminster and the Assembly as the sole governing party.

So what needs to be done now?

1. Our key efforts should be put into adapting our policies to the changing society while remaining true to our core values.
2. We need better organisation by our political party. More sophisticated campaigning, targeted mailing and use of internet. Here we need to take a leaf out of the Obama handbook. But we also need to recognise the challenge of this when membership is declining.
3. There is also a need for state funding for political parties, as happens in Germany. If not we shall have the continued impossible situation of political parties going cap in hand to unions or business and the potential of politicians being labelled as compromised. The Obama campaign was largely paid for by small contributions, but lower taxes and higher contributions to charity and political parties is a part of the US tradition.

But despite tremendous efforts in some areas and good organisational activity, the truth is that there were simply not enough Labour votes. The problem is not only one of organisation it runs much deeper.

4. Need to identify challengers

The Tories: the real threat

The Labour Party in Wales has always - and rightly - focussed on the needs of the poorest and most deprived members of our society. The incredible

improvement in employment opportunities in Wales, with more than 146,000 new jobs created, and the thousands of children who have been lifted out of poverty are testament to this commitment, and these achievements rank among the greatest of Labour in Wales.

It goes without saying that it would be a mistake to abandon our commitment to this community, especially at time of economic downturn and when there is a real danger that those on incapacity benefit or those who are economically inactive will be left behind to sink into the cul-de-sac of interminable deprivation.

The Labour Party should on no account turn its back on this group. In an age of globalisation with increasing competition we must understand that today, more than ever, harnessing every individual's potential works for the benefit of all.

In this tradition, Welsh Labour's key messages in the run-up to the Assembly elections and local government elections were aimed at this group - what we have considered hitherto to be our core vote. No-one was more proud of the Assembly's manifesto and its central political direction of measuring each commitment against improving the position of child poverty in Wales than I.

Nevertheless, despite general warmth from the population toward these pledges we must question whether they were enough to reach beyond our core vote and in particular into the marginal seats that we have to regain and retain if we are ever to hold an overall majority in the Assembly again.

Let's look at some of the policies we were offering. A free bus pass for pensioners has been a real blessing to thousands, but the fact is that a high proportion of pensioners who are reliable Assembly voters own cars and might not feel directly affected by the free bus pass offer. This is particularly true in rural areas where more sporadic services do not give the flexibility that a car can offer. Similarly, an offer of financial assistance to help deprived children buy school uniforms might chime with our core vote, but would not be relevant to the same extent in many in marginal seats. Of course we should not abandon these policies, but we must think of extra ones to specifically appeal beyond our core vote.

Wales has changed. Unemployment is still a scourge of our society. But today, as people move into the world of work and others move further up the wealth chain, we must ensure that we keep up with the aspirations of the people we represent while not abandoning the most deprived people in our society.

Many of the working class have become middle class. While their parents would not have gone to university many of their children would be expected to attend. Their horizons are broader, their ambitions wider. We need to respond to these changing needs, the needs of families where both parents work, the needs of single parent families, the needs of a 24-hour society, the needs of an ageing population.

The concept of difference from the Westminster government was, I believe, correct - in particular during the Blair years. In 1999 the Welsh economy was very different from the rest of the UK with more severe and pronounced problems, which needed specific and targeted solutions. The miraculous change within our economy is testament to the success of Rhodri Morgan's Assembly. But that success means we are now in a different place economically, and is precisely the reason why we need to reposition ourselves politically.

The Labour Party is undergoing a thorough analysis of the changing face of Wales; demographically, sociologically economically and environmentally. We need to tailor our future policies to suit this new landscape while remaining true to our core value of social justice for all.

Reclaiming the west, the cities and the core vote

An equally troubling trend is the continued shift from Labour to Plaid Cymru, particularly in the west. Contrary to some perceptions, this has not always been the case. During the 1960s and 1970s Labour politically dominated areas from Anglesey to Ceredigion and Llanelli. So why is it that today we are lucky to hold our deposit in some of these constituencies?

The Cymdeithas Cledwyn report published in the summer went some way to addressing this issue.

The drift is particularly worrying in the Amman Valley, the Gwendraeth Valley and in Llanelli, areas which one might have assumed would be responsive to the distinctive more left wing message and the targeting of policies on areas of deprivation. In these areas there are common factors to consider, most notably the higher percentage of Welsh speakers and the rural nature of many of the constituencies.

If we are to win back support in these areas, the Labour Party in Wales must ensure we are not perceived as the party holding back support for the Welsh language. We must be proud of and celebrate our record of support for Welsh language education, support for Welsh language community groups, and support for Welsh language broadcasting. We cannot allow the other political parties to paint us as being less than enthusiastic in this support. We are the party of government and it is the party of government which has delivered and transformed the status of Welsh in our society.

And while we must always be sensitive to the needs of the 80% of the population of Wales who are not Welsh speakers, we must also remember that many within this 80% are more supportive of the language than they have been in the past.

Our support for Welsh needs to be constructive and practical both policy-wise and party politically. Ours was the only party which opposed a New Welsh Language bill, but our mistake here was not in our position per se, but in failing to provide an alternative vision for the language.

Perhaps one of the biggest challenges for us as a party is to reach out to rural Wales. We have for a long time been perceived as a party which has not engaged in rural life in the way others have. The party is already addressing this through mechanisms such as the Rural Health Plan but knowledge of this and other policy issues directly targeted for rural areas need to be better disseminated. Undoubtedly, if there is an area where party structures, organisation and recruitment must be urgently addressed it is in these rural areas.

In many of our main cities, the Liberal Democrats hold political control, and while they have made very little impact on lives in the cities, their campaigning techniques and direct communication with the public is something that we can and should learn from. An increase in the number of Lib Dem councillors in our cities has helped them to lay the foundations to move up the political food chain, challenging AMs and MPs. The problem is particularly acute in Newport and Swansea. A shift and a direct appeal to middle Wales should help us offer more to stave off the threat from this direction as well.

Reaching out to the socially deprived

The other worrying trend is the increasing support that is developing in our heartlands for “independent” politicians. The political shock in recent years was not just that Peter Law managed to win Blaenau Gwent, but that another “independent” was elected to Westminster. Evidence suggests that other constituencies are also increasingly backing independents, and while on a couple of occasions the split in the vote has benefited Labour, unless we respond to this challenge it is only a question of time before it will work against us.

Since 1997 Labour has been the most redistributive government since Clement Atlee. It has cut the numbers of children living in poverty by a half, the number of people in work increased by 2.4 million, incomes have increased in real terms by 20%. The NHS is back on track and our school results are improving. The working family tax credit and the pensions tax credit has targeted those who are most in need and yet we are still not receiving support from this section of the electorate. But neither is any other party.

In Ely in Cardiff an area of relative deprivation I remember with a great deal of work we could rely on turnouts of 80% for the general election the great bulk of whom could be relied upon to vote Labour. Now we are lucky to see turnouts of 10%. Re-engaging this section of the population with politics, in getting them to understand that this help is not automatic it is a part of a political process I believe is the greatest challenge to us as a party.

Targeting older people and women

I also believe that we must be far more targeted within these different constituencies of voters. Re-engaging the socially excluded is a long term project which will not happen overnight and will require a whole new intensive personal approach which is difficult with a declining party membership. Older people in general however are responsible voters, so targeting older people would be a sensible approach when living with limited resources.

It was assumed in the past that women voted the way their husbands did. This is no longer the case, the macho Labour politics of the past has thankfully changed at UK and Assembly level although there is still a way to go at local government level. Labour must get in touch with the “rugby mam” and the school yard chat in order to ensure identification with women who simply want the best for their children and their families. We must also be absolutely alongside both women and older people in addressing the increasing pressures on carers who save the country millions of pounds a year.

Public sector workers

Over 30% of the people in work in Wales are employed by the public sector. Labour has by far the best record on delivering on support for the public services and has massively increased wages in the public sector since 1997. However, we have not succeeded in persuading all those in work in this area to support the Labour party.

We need to create much better links with public sector workers through the unions and other means in order to ensure that we can rely on these voters. We must acknowledge however that if we do want to continue to push up the GDP of Wales then a larger percentage of the population in the long term needs to be working in the private sector.

Using accessible language

There has been an increasing danger of late for the political classes to fall into political speak even when addressing the public. This may seem rich coming from a Euro MP who occasionally falls into Europolitical speak, but unless we start communicating in a way which is understood, the divorce between all politicians and the public is likely to widen.

We now talk about the socially deprived rather than poor people, and the term aspirational voters is taken for granted by the political class while I believe that it is not widely understood by the people to whom we are referring. Communication cannot be underestimated as an important political tool and speaking in straight language can have a more direct appeal.

The Future: Fresh Welsh Labour

For years we have prided ourselves in Wales as not being New Labour but being Welsh Labour. Now it is time for us to consider what Fresh Welsh Labour could look like.

Fresh Welsh Labour cannot and must not be the same as New Labour in the UK. Fresh Welsh Labour has to seek Welsh solutions to Welsh problems. After all, London's problems are not Ceredigion's problems.

The extra complication for us is that Ceredigion is very different from Merthyr, which is itself different from Wrexham. Indeed, Wales is a segmented country and requires different solutions to the challenges presented in each area. It is due to this segmentation that I believe that what Labour in the UK is now offering in terms of public services - a more individualised tailored approach - is more necessary and perhaps more relevant in Wales than elsewhere in the UK, but at the same time we should be aware that while choice was the great mantra of Tony Blair, choice is meaningless in Montgomeryshire where travel even to your local school can be onerous enough.

At the same time we should not fall into the mistake of following New Labour UK in the way it has organised all its public services. The private finance initiative as a mechanism to fund public services should be opposed, not for ideological reasons, but because it is an expensive approach, which hands on the bill to the next generation and the venture has to be bailed out by the public sector if it fails. Likewise, stopping the use of the private sector for purely ideological reasons where it is helpful to alleviate pressure on the public sector is also wrong.

Our focus and responsibility should always be on the users of public services. What a person in pain needs, is to be free of pain, he or she does not particularly care whether it is done by the NHS or a private contractor as long as it is paid from the public purse. This is of course the current Assembly position. It must however always remain true to the commitment of Aneurin Bevan of being free at the point of delivery. But a well-managed public system would not need the intervention of the more expensive private hospital approach except in times of great pressure.

As the PFI initiative in England continues however, the disparities between Wales and England will become greater and in the long term we have to accept that people in Wales will start to make comparisons and will ask for parity they will demand more new hospitals and schools. PFI is not the route to follow, but we need to be creative in our thinking in terms of how we lever in money from the private sector in a way that will be acceptable to the Labour Party and the trade unions. We should explore further the Glas Cymru model of financing.

Fresh Welsh Labour must recognise that if we are to maintain the lead we have had over past decades, we must firmly claim the middle ground, re-engage the socially excluded and stay true to our core supporters. We must not be afraid to change while keeping true to our basic values.

Based on an analysis on the facts of economic, demographic and social movement in Wales, we must tailor and target our message and policies to the New Wales that we have created – the growing ranks of the upper working class and middle class. We must also be creative in how we respond to the increasing and fraught challenges of the 21st Century.

Thanks to Rhodri Morgan and his team, Wales has changed for the better. Labour in Wales must now change with it.