

Speech by Liam Byrne MP, Chief Secretary to the Treasury, to The Guardian Newspaper on 20th October 2009

“No Place Behind” – A Speech on Poverty

Check against delivery

Third in series by Progress on “New thinking for Britain's next decade”.

Introduction

It's a great pleasure to be here at the headquarters of liberal Britain's in-house journal.

Arthur Miller once said that a good newspaper is a nation talking to itself.

I don't always relish what I read in the Guardian, but it is, thank heavens, still the place where liberal Britain talks to itself. And I like that a lot.

This week we have seen fresh evidence that growth will return to the economy next year.

There is a debate coming about growth and jobs in years to come and tonight I want to offer one view about how new growth is shared growth;

- About how the rising tide can lift all boats;
- About how social justice and growth can go hand in hand;
- And crucially for me, how we make sure no place is left behind.

I want to take on recent arguments around big government and broken Britain and set out a different path for the years ahead.

You have some very wise and clever people who write about this.

And because I am none of those things, I want to make a very personal speech;

- Not based on my view as a minister
- Nor on my view as a Member of Parliament
- But, on the view I have seen as a community organiser in East Birmingham, in the five years since I was elected

Britain isn't broken

But my starting point is the first speech that Tony Blair made when he first became Prime Minister.

Days into his new term, Tony Blair went to an estate less than 5 miles from here at an estate in Southwark and said that concentrations of poverty and unemployment represent 'the greatest challenge for any democratic government'.

He was right.

There is no challenge that is greater.

We can be very proud of what we've achieved in the last 12 years.

But if we are hungry for further, faster change in the decade ahead, then we need to bring a new clarity to why we have poor places, what works, what doesn't and what has to happen next.

Last week, I have had a vivid illustration of the cause and effect of modern poverty.

I have all but lost a six month fight to keep LDV, a great manufacturer of vans in Saltley;

It is almost the last of a tradition that dates back to 1845 when Joseph Wright laid the foundations for one of the world's greatest rail plants.

Through Herbert Austin foundation's for the British car industry laid before the first world war. A firm which at its peak in 1921 employed 8,000 workers.

For six months I have negotiated with Russian owners, Malaysian investors, Swedish managers, British bankers and now agents for Chinese asset-strippers.

And of course, hundreds of local workers.

Our loss is a textbook example of the speed with which capital, creativity, culture, now blow around the earth at breakneck speed – while communities stay rooted to the spot.

It is the story of the last decade.

Since NAFTA was signed in 1994, the world has agreed China and Russia's accession to the World Trade Organisation, the enlargement of the EU, the expansion and integration of ASEAN.

The value of world trade has grown by an incredible 50% between 2000 and 2007.

We can now see what Fared Zacharia, the editor of Newsweek, called "the rise of the rest".

The world's tallest building is now in Taipei, the biggest company trades in Beijing, the biggest movie industry now in Bollywood, not Hollywood."

For 20 years, it's countries outside the West that have grown at rates that we once thought unthinkable, as we have created a free trade zone that links 6 billion of the world's 7 billion people.

For the UK these changes have brought the most extraordinary new prizes.

For the last decade the UK grew faster than continental Europe and Japan for the first time in around a century.

And we were able to bend that wealth and make sure;

- That gains in productivity meant higher wages
- That 500,000 children and 900,000 pensioners were lifted out of poverty

That wasn't an accident – Government did it.

And if you want proof of the difference between a progressive party and a conservative government, then just look at the difference between the Blair-Brown Administrations and the administration of George W Bush.

After the progress of Clinton-Gore, the wealth of American families has gone backwards since 2000, as real median household income actually fell by over \$1,200/year.

But change hasn't been cost-free for Britain.

The prizes of globalisation have come with a price.

When capital moves, it is communities that are at the sharp end of change. Jobs lost. Wages gone. Hopes that take a hit.

But the response of some, is to say communities are broken. When I hear that, I think they have lost all grip on the realities of life in the 21st century.

Broken Britain is an argument that is morally irresponsible and intellectually empty.

These communities have faced the sharp end of globalisation, but still believe, as strongly as ever, in the great British value of playing by the rules. Calling them broken is an insult.

Britain isn't broken.

But Britain is still unequal.

And that's what we came into politics to change.

That is the change we have started.

That is the change we must finish.

Our message must be simple; as our economy grows again, we will not leave any place behind.

The state vs society?

So, if we want to answer this call to arms, to make sure that no place is left behind, we have to nail the greatest myth in modern politics.

That the answer for our poorest places is a choice between the state and society.

We need to nail this because it isn't true – and we need to be self-confident about the difference that government can make.

‘Strong reasons make strong actions’

Hodge Hill is not broken.

It is packed with people who passionately believe in playing by the rules – but feel they live on the edge.

And when you live on the edge your pool of hope and the conditions of progress are often the things that only public money can buy.

The new neighbourhood police teams who have cut crime in Shard End by 18% this year.

It's the £40 million for extra school places in Birmingham so parents don't have to drop their kids at three different schools before they try and get to work.

It's the new childcare places that mean, in particular, women have the chance to go back to work a year or two sooner.

It's the tax credits that mean if you're on short time, or you're working as a taxi-driver, you can pay the bills at the end of the month.

These are the differences progressive government can make.

But it's not just about the day to day. It's about ambitions for the future.

Sometimes I fear that families in poorer places, who believe in working hard and who believe in taking personal responsibility, cope by narrowing their horizons.

For four years, I've studied why more of Hodge Hill's youngsters aren't going to college.

I'm now clear. With the right kind of support, they could. The kind of support that only public money can unlock.

Helping our kids build a mental map of the world, or acquiring the savoir faire, self-confidence and self-esteem they need to get on and up in life is not free.

It never has been. And it never will be.

Everything I have learned in Hodge Hill tells me that if the state walked away from the community I serve, then our young people would simply never reach the horizons they know are there.

And this is not simply my view.

Last week, I was talking this through with Professor Robert Putnam who I invited to the Treasury, because his books have had a huge influence on me.

He makes a simple point.

The strongest societies are the fairest societies. And the fairest societies have strong states.

Look at the difference between Brazil and Sweden. Sweden has a stronger state; a fairer society – and far higher rates of social capital.

Or look at Minnesota and Louisiana. Two states at opposite ends of the Mississippi River;

Different places. Same story.

Minnesota has a stronger state; a fairer society – and far higher rates of social capital.

Look at Britain.

The biggest attack on poverty and inequality in this country was after the second world war.

We created a strong state at the moment when society has arguably never been stronger, tied together in a spirit of national solidarity.

Strong societies go together with strong states.

Let me ask you.

If there was such a great trade off between the state and society then how is it over the last ten years that the third sector has more than doubled in size?

How can anyone look at these facts and argue there is a choice between state and society? By trading old arguments.

If you think you've heard it before, you're right. You heard it last from Ronald Reagan.

Whenever I hear arguments about “broken Britain” I cannot help but think back to Ronald Reagan’s attack on “welfare queens” 30 years ago.

In 1976 he told the story of a woman from Chicago’s South Side who he alleged had 80 names, 30 addresses, 12 social security numbers and was claiming social security, food stamps and welfare under every alias.

Interestingly, Reagan never named her but a myth inspired a movement that started with a call to responsibility and ended by ignoring every cry for help.

Reagan’s attack on welfare queens ended with the biggest attack on the measures to promote equality in American history.

Old prejudices cannot be disguised by new phrases.

My point is simple – society alone cannot fight the global forces unlocked by the Rise of the Rest.

But state and society together stand a chance.

Today, the forces at loose in the world have concentrated more poverty in fewer places.

But we have to stop this pretence that the answer is a choice between the state and society.

They’re not alternatives – they’re partners.

And yes the state has to be smarter and society has to be stronger, and the partnership between the two has to be richer still in the years to come.

Home truths

So; if we’re clear about the forces we’re confronting and we’re convinced that the state and society must act together, now what?

Well, I think progress demands we must confront 5 home truths.

First, personal responsibility is the foundation of renewal. This starts with crime and anti-social behaviour.

If we want communities to come together to talk, plan, act to renew the place they live in, you have to have a foundation of trust – and you cannot have trust when you have crime.

If you live with a sense of fear, rather than a spirit of solidarity, when disorder breeds insecurity and when fear breeds isolation, the call to responsibility will go unanswered.

In poorer communities the law abiding majority live in fear of a tiny minority who don't share their beliefs or their values.

It is hard to ask communities to take control of regeneration when they do not feel safe to walk in their streets and use public spaces.

That's why policing and community safety are the first steps out of poverty.

But, when a community comes together to create opportunity, the individual has a responsibility to take it when its offered.

The kind of responsibility to go work that was knocked for six by the mass unemployment of the Thatcher era.

Work is still the best way out of poverty. More than half of the poorest 20% of household are workless.

But when I brought together the NHS, the JobCentres, the LSC, the Council to pioneer a new way to get people back to work, we found time after time that people need an incentive as well as support to take the leap back to a job.

That is why welfare reform has started introducing conditionality. Its an agenda we have to pursue, together with the right measure of support.

I know there will be some who accuse me of some kind of political triangulation.

Believe me, after 5 years in Hodge Hill, this is not about what reads well. It's about what works well.

People not places

Second, regeneration has to focus more on people than places.

Our city centres have been transformed in the last decade. Cities like mine in Birmingham have a new heart.

But when I see hundreds of thousands of pounds go to relay the pavements and bollards in Kitts Green I can't help but wonder whether the money would have been better spent on skills.

Now more than ever before, if you are without a skill, you are more likely to be without a job.

In a constituency like mine, 30% are without a skill (37,000 residents) – more than double the national average.

Just 10% are qualified to degree level – a third of the national rate.

We have to focus on people, not just place.

Public services

Third, what the state does and how, needs to be as unique as every community.

That means local leaders must be allowed to lead and not be constrained by the industry of local coordination we have created from Whitehall.

One simple example makes my point.

In Bordesley Green, the Headteacher of St Benedicts School confronted the fact that Bengali boys were poorest at literacy. So she used some of her budget to build a community café and have outreach workers engage Bengali parents in school life, in turn teaching them English. Lo and behold, one year later, Bengali boys are top of the class for literacy.

She took the lead; she did it her way.

And my PCSOs are desperate to get their hands on the local youth budgets because their daily contact with teenagers gives them far better insight on how to keep kids away from crime than others may have. I think they're right.

My point is that at every different level, we should be flexible enough to put in the lead the right agency to make a difference – and de-clutter the rest of the landscape.

Civic society

Fourth, we do have to strengthen the sinews of community.

I believe as Martin Luther King put it that we are, all of us, 'caught in an inescapable network of mutuality'.

We should make that network more powerful. Three years ago, I realised that I wasn't going to be able to lead the regeneration of my community unless we created a new vanguard of civic activists and social entrepreneurs.

Now, I can see this team making a difference.

But today, people's communities are in flux.

So alongside measures to empower individuals, we need new measures to strengthen what ties individuals together.

This is the behaviour of mutual regard. It is the habit of reciprocity. It is the 'strength' in 'by the strength of our common endeavour we achieve more than we achieve alone.'

And its an old idea - around the idea of mutual self help. We need to return to those instincts.

It led us to a revolution in civic inventiveness: cooperatives, mutuals, the civic gospel.

In the last 10 years we've done a great job strengthening third sector contracts for public services, which have doubled since 2000; 60,000 social enterprises worth £8.4 billion.

But the next frontier is not the national, it's local;

It's the health of the third sector in every street – community groups, parents associations, sure start clubs, patient networks – the people who take public assets and create hubs of community life.

In the United States a new Index of Civic Health shows the places where their community life is strong and where it could be stronger. John Denham and I are working on the UK version.

But a new flow of people is not enough. We need a bigger flow of money too. So we as Government need to explore how to get more finance for local leaders.

Be that through a Social Investment Wholesale Bank or through action to generate new capital markets for community action.

Global connections

Finally, our global ambitions must have local roots.

We all know that over the decade to come we have to rebalance our economy. Towards investment and exports. Opening new markets for British companies.

That will mean our cities and regions will need their own trade strategies if they are not to be left behind.

The city of Seattle has reason to care about China – it's called Boeing.

When I was minister for the west midlands we launched our first India and China strategy.

Manchester today is thinking about its own global relevance – the sectors in which it compete in and the digital and physical infrastructure needed to plug into global trade.

If the changes in the world mean one thing. It is a great narrowing of space.

We need to make sure our poorest places aren't left out the picture, but wired in to new global opportunities – not left out the picture.

Conclusion

These are some of the ways we can take on and win an argument for state and society working together to transform our poorest places.

But I want to finish with a word about why this argument is so important to win.

It's said that this next election will be the first election of a different global era.

We've seen in the last 12 months the degree to which our fortunes are linked.

As Thomas Jefferson put it: "We really do now hang together, or we hang apart."

But the globalisation of the last 10 years isn't inexorable. It could slow, if not stop.

In America, the home of free trade, just 59% have a positive view of trade – the lowest level in the world.

In Austria's last general election nearly 30 per cent of voters backed extremist right-wing parties.

In the Netherlands, Party for Freedom won second place in Euros.

Here, the BNP stood on a platform that said; 'Britain and the British people believe we would be better off if we were free from and independent of the EU'.

There are plenty of people who will win votes on a ticket of shutting the door; sealing the borders; turning our back on the world.

And people will vote for them if they don't see the payoff.

When competition in the workplace get tougher.

When wages don't rise at the bottom as fast as they rise at the top.

When the cities and communities that we built in the Industrial Revolution feel under such challenge.

Yet the globalisation of the decade ahead offers us great prizes.

Only global action offers the path to resolving the great injustices and the great risks that threaten us;

Be they the risk of a lost decade of growth; disease, climate change, poverty.

The right kind of globalisation can beat these kinds of threats.

So, we have to win the argument for staying "open".

But the key to winning that debate is to make sure that no matter where you work or where you live, your wealth rises as the economy prospers.

And above all, we have to make sure no place is left behind.

Ends