



General Election 2019: Labour Business Report to Labour Together's Review

Foreword

Labour Business is pleased to submit this contribution to the Labour Together review of the lessons to be learned from the 2019 General Election.

Our report is based upon a full, lengthy and no-holds barred discussion held at a meeting of our Executive Committee on 8 January 2020. That meeting was attended by almost all of the members and officers of our EC. They in turn are elected by Labour Business members who are Party members in businesses up and down the country - small, medium and large. Also in attendance at the EC meeting on January 8th were 2 MPs who were re-elected in 2019, and 2 PPCs who were not elected.

We are very grateful to Dr Liz Hind, co-chair of our Women in Business Policy Group, for putting together the first draft of this report, and for collating written comments from EC members and officers on the first draft.

Labour Business is the oldest, largest, and only business membership organisation affiliated to the Labour Party. We are one of the 21 socialist societies affiliated to the Party.

Labour Business was founded by Labour Prime Minister Harold Wilson in 1972 to act as a bridge between the Labour Party and the business community - on the basis that, if we don't listen to business, we can't expect business to listen to us.

Our mission is to bust the myth that the Tories are the party of business, and to re-position Labour as the natural party of business.

We do this in 3 main ways:

Business engagement – leading a conversation with business, through business roundtables, forums and events up and down the country.

Policy development – based on evidence collected from our business engagement activity, we work with Labour Front Bench teams, MPs and Peers, Mayors, Councillors and policy forums in the Party to develop business policies for the next manifesto.

Media campaigning – using the media to argue the case for Labour's policies on business and the wider economy.

We are not just a think tank. We are passionate about winning elections, and we see our work as an essential step in building an evidence base for Labour policies that will deliver a stronger, fairer, and more sustainable economy. With better policies for the economy, we can help:

- bust the myth that the Tories are the party of business;
- re-position Labour as the natural party of business – pro-business as well as pro-worker; and
- convince voters that Labour can be trusted on the economy.



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That's why we think that this "lessons learned" exercise is so important for the Party. To start winning elections again, we must figure out why we lost the last General Election. We hope that this report will be helpful in that task.

Hamish Sandison

Chair, Labour Business

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Our Report

Leadership

The Labour Party entered the 2019 General Election with a leader whom we knew was unpopular with the public. Private polling paid for by members must have been signalling this issue, yet (apparently) nothing was done to adjust Labour's communications strategy, even after it had become clear that the Conservatives were going to have a change of leader in the summer of 2019. Jeremy Corbyn had consistently been low in the polls and had lost the trust of the electorate over issues such as anti-Semitism and national security. This lack of trust in the leader could have been managed if Labour's policies had been communicated clearly, with an overarching vision and a strong set of priorities endorsed by Labour's entire leadership team. But the leader's failure to take a clear position on Brexit – or even to explain how he would vote in a second referendum – gave little confidence that he could lead on the biggest issues facing the country. The perceived weakness of the leader himself was compounded by a failure across the wider leadership team to develop a narrative about where Labour wanted to take the country in the future, rather than merely promising to fix the injustices perpetrated by Tory-led governments since 2010.

As a new Prime Minister, Boris Johnson was given too much space to seize the initiative and to show his leadership by securing a vote in Parliament (at least at second reading) in favour of a withdrawal agreement that his predecessor had failed to secure. This gave weight to the idea that he could move the country on from the Brexit debate.

Messaging

During the general election campaign, Labour did not develop or maintain a coherent message. There was precious little messaging discipline. Our manifesto was launched after the start of the election and after candidates had started campaigning, producing campaign leaflets and attending hustings. On top of the main manifesto, the Party released many more separate manifestos dealing with policy areas such as the environment, the 20 pledges on business, and young people.

There was too much in the manifesto which was a long-term goal and more immediate priorities were never established, making the Labour offer seem more of a pipe dream than a serious proposition for an incoming government. One example was the offer of free broadband for all, which didn't seem nearly as important to most voters as fixing the roof on the local hospital. Another example was the proposal for a 4-day week. This was announced early in the campaign, but the policy was never fully developed or a plan of how to achieve it explained. For those on hourly pay, some working more than one job, it offered nothing but a cut in pay and it demonstrated a misunderstanding of how they lived their lives.

The framing of our policies as "socialist" policies also did not help. While many socialist policies are very popular in Britain, socialism as an ideology does not resonate with many voters. It is important



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to frame our policies as progressive, sensible thinking, rather than within the context of an ideology that is itself poorly defined for a modern context and with little relevance to the modern world of work.

While Labour did a good job of challenging the injustices of austerity, it did not offer the country a positive future. It also did not help the voters to understand that austerity was a political choice, not a financial necessity. As a result, the Tories were able to drive home an economic message that served to disguise their real agenda of shrinking the state and under-resourcing regional and local government. Labour also failed to link Brexit to the economy.

Brexit Policy

The Labour Party's policy on Brexit was never convincing. Given the existing mistrust of the leadership, we could not simply stand back from one of the most important issues of the election.

We lost both Remain and Leave votes to other parties. Labour voters were more likely to be Remainers, so we lost more Remain votes overall, although there were local concentrations that cost us seats.

Labour failed to develop a narrative about the referendum result, failed to make a compelling case for a second referendum, and eventually became cornered into a Brexit election before we were ready. Brexit was always going to dominate the election, with the result that issues on which we did have a clear policy were under-exploited. We were changing our position and it showed a Party in disarray, without conviction, despite the very clear message from its members to back Remain and make the case for it.

While the Tories managed to secure 85% of the Leave vote, Labour only held on to 49% of the Remain vote with almost as many Remain voters abandoning Labour for the Lib Dems (9%) as Leave voters abandoned Labour for the Tories (11%). (Source: YouGov.) We did not win over the minority of Conservative voters who are Remainers because a Corbyn-led government was seen as more dangerous than Brexit. The effect of the non-policy on Brexit was to lose the Labour Party votes on both sides.

Business Manifesto

Despite enquiries to the Party from Labour Business members, the business manifesto was not launched until extremely late in the campaign, on December 5th. By this time, it was too late to challenge the Conservative assertion that Labour was "anti-business". The business policies announced were on the whole good policies that are supportive of responsible business. Pledges on business finance, support for SMEs, reform of business rates and action on late payments were particularly welcome.

However, there were fundamental mistakes in the whole offering that undermined the feeling that Labour understood business, business owners and the self-employed. For example, the tax calculator that was circulated widely on social media was supposed to show that only the top 5% of earners would pay more tax under Labour. What it showed was a complete lack of understanding about how Labour policies as a whole would affect some people, whose take home pay is not simply



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a matter of income minus income tax. For example, the increased tax on dividend income would have had a massive detrimental effect on the incomes of small business owners, who are not earning over £80,000 pa, but who often receive their only income through dividends paid by an incorporated small business company. Labour failed to explain why this rise in tax was fair. (The proposed increase in dividend income tax would also have had an adverse impact on pensioners, many of them not in the £80,000+ income bracket, who receive a portion of their pension via dividend income.)

Another example of mixed messages in relation to small businesses was the confusion over Labour Party policy on IR35 tax reforms, which Bill Esterson tried to announce the Party would scrap, only to be instructed by Party HQ to change the policy to one of "reviewing" IR35.

Manifesto Costing

As in 2017, the Labour Party claimed that all of the pledges in the manifesto were properly costed in the so-called "grey book" which accompanied the manifesto. This idea could have made a real difference to voters who were still sceptical about Labour's fiscal responsibility and Labour's part in the financial crisis of 2008. But the grey book was too hard to find, not promoted and too dense. Most candidates didn't bother to read it, so voters were unlikely to look for it, and the vast majority did not know that it existed. Moreover, the promise that all pledges were costed was broken by the Labour Party during the election. The most notable example of this was the pledge to WASPI women. While the WASPI women campaign was an excellent cause to support, the sudden announcement of the compensation policy during the campaign was not costed and had not been included in the grey book. It was an expensive policy that would benefit only a small segment of the population and again led many to question whether the Labour Party had got its priorities right or had any priorities at all.

Campaign Organisation

In the build up to the election the Party consistently stated that we were "election-ready". As many PPCs can attest, this proved not to be the case. Staff at Party HQ and in the regions are to be commended on the hard work they put in. Members played an equally important role, spending hours in less than favourable conditions to knock on doors and deliver leaflets. However, this effort was not well co-ordinated, and the Party ended up in a general election campaign before the necessary systems, candidates and policies were in place.

For example, CLPs were promised that a certain number of leaflets would be posted centrally to all voters in the constituency. But the leaflet templates arrived before the manifesto was launched, and had to be written in a policy vacuum. The design process for CLP officers was frustrating and difficult. The lack of a leaflet going to all voters in some constituencies was embarrassing for candidates who were accused of not caring about their voters. The reasons for this are unclear and seem to have been due to a failure of a new technology. At one point, the portal for leaflet production crashed. We were not "election-ready".



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The briefing team were very quick to respond to emails and could offer useful bullet point advice. However, there were no comprehensive guides available to candidates to ensure that we had a consistent message and to allow preparation for hustings and door-knocking.

The campaign technology team were understandably busy and could not be reached by phone at peak times. When you were able to contact them, they dealt with questions quickly and were an excellent source of support. More thought needs to be put into what on-line guides are available to support common tasks of CLP volunteers. Quick reference guides showing how to complete simple campaign tasks such as releasing a paid video on social media should have been available.

Conclusions

The huge disappointment that our Party experienced in the 2019 general election had been predicted consistently in the polls.

While many of us could never comprehend the idea that the country would vote for a Johnson government, we were proved wrong. The only way forward now is for the Party to re-unite, re-focus on its core values and hold the Tory government to account until such time as we can fight another general election with a more popular leader on a platform of evidence-based policies which are seen as credible and workable.

Our recommendations for a future general election are as follows:

- Our next manifesto should be focussed on a few key promises, instead of being an avalanche of unconnected policies. Keep it tight, don't over-promise and don't frame our policies within a "socialist" ideology with which many voters do not identify.
- Labour Business commented at the time that the 2015 manifesto was a list of good business policies with no overarching narrative about the sort of economy we wanted to see. In our view, Labour made the same mistake this time. The Party must develop this overarching economic narrative before the next general election.
- Labour must remind itself of Nye Bevan's definition of socialism as "the language of priorities." We failed to distinguish the "nice to have" from the absolutely essential. A pledge card with a small number of key promises, as in previous campaigns, would have helped to articulate our priorities, and would have made for more effective conversations with voters on the doorstep.
- Having a new start is key to winning back disillusioned Labour voters. Our new leader (whoever that is) needs to establish their electability quickly and show that they are leading a united party. Private polling should not be the preserve of the leader's office. We cannot afford to go into another general election ignoring private polling which shows that our leader is deeply unpopular with the public.
- The next general election campaign must lay out a positive future under a Labour government with a memorable slogan and ethos without resorting to a quick-fix gimmicks that appear false and are unconvincing.
- We must be fearless in ensuring the Tories own the fallout of Brexit and how it affects people's lives while moving on from the Remain/Leave divide.



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- Above all, Labour needs to learn from the past in order to avoid repeating it. This means re-establishing a rapid rebuttal unit and taking action to address the issues raised by our private polling. Digging deep into the available data is essential so that evidence-based policies can be developed which reflect an understanding of what really matters to those whose votes we are seeking, including those many people in businesses – large, medium and small - up and down the country who share our values.