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Editorial

GOOD RIDDANCE TO

NEW LABOUR

HE UK ELECTIONS of May 2010 will mark a watershed in British politics. After thirteen long years, New Labour's economic model lies in ruins, but a reckoning has been delayed until after the vote. Government measures to sustain the illusion of normality, including £950bn worth of bank bail-outs, asset guarantees and 'quantitative easing', have blown a gaping hole in public finances: the deficit now stands at 12.8 per cent of GDP—higher than that of Greece—and government debt will reach 82 per cent of GDP by next year. By the end of 2009, unemployment was marching towards 2.5 million. The present moment is thus a curious interval. The Blair/Brown model has been discredited and the avenues of financialization New Labour pursued are no longer open. Yet it is not clear what paradigm will replace it. Nor, in a longer-term perspective, is it apparent whether the crash of 2008 will bring a return to the previous trajectory of postwar decline, from which the UK seemed to diverge since the 1990s. The elections will not supply immediate answers to these questions, any more than they will throw up a government promising a radical break with what went before. But awareness of this larger problematic should inform our assessment of New Labour, and encourage us to examine its rule in a broader comparative framework.

Viewed in international context, what have been the salient characteristics of New Labour's period in office? Firstly, its duration: part of a wave of Third Way governments that came to power in the 90s, Labour has outlived them all. Secondly, its whole-hearted embrace

of the free market, far more open and enthusiastic than those of its European analogues. Most distinctive, however, has been its integral role in Washington's serial military aggressions: Labour's Atlanticism has exceeded not only that of Germany's SPD, which backed the assaults on Kosovo and Afghanistan but baulked at Iraq, but also governments of the centre-right in France, Italy, Spain. Finally, New Labour has led the way on torture and repression within the European Union—above all since 2001, when the reverberations of its own foreign policy began coursing back through the domestic scene.

New Labour's remarkable longevity has largely depended on the unprecedented eclipse of the Conservative Party, which after its ejection from power in 1997 disappeared for a protracted bout of internal blood-letting; it only began to re-emerge as a contender after 2005. Within Britain's two-party system, a decade without serious competition left the field empty for Labour, which—thanks also to the distortions of first-past-the-post—secured commanding majorities with declining levels of popular support. In 1997, 43 per cent of the vote won Labour 63 per cent of the seats, and an overall majority of 179—a 'landslide' achieved with the support of less than a third of the electorate. In 2001 the majority was fractionally reduced to 167, with only a quarter of the voting population backing the winning party. In 2005, the Labour majority was down to 66, still giving them more than half the seats in the Commons, with the support of only 22 per cent of the total electorate.

If Tory absence provided the negative foundations of Labour's 'weight-less hegemony', its positive basis was supplied by the long economic boom that began under the Major government, and from which Downing Street continued to benefit until 2008. This record-setting period of expansion was premised on the inflation of a series of asset-bubbles, above all in housing, which, together with the spread of more complex debt-based financial products, permitted the creation of significant wealth effects for UK homeowners and property speculators. New Labour was thus ensured the passive consent of a significant share of the population, while not facing any contenders for legitimacy among the

¹ For an earlier account, see Susan Watkins, 'A Weightless Hegemony', NLR 25, Jan–Feb 2004.

² The proportion of homeowners has actually dropped under Labour: 'over the past decade, Labour appears to have been more successful at creating landlords than homeowners.' See 'Political ambitions put in jeopardy', FT, 15 April 2009.

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rest. This continuity with the economic legacy of its Conservative predecessors relates in turn to the determinants of New Labour's ideological complexion. For if Labour in office has been more overt in its allegiance to neoliberalism than Europe's other centre-left parties, this is because it has subscribed to its tenets for far longer, and followed on from a more successful free-market vanguard. Thatcher was able to inflict more serious defeats on organized labour, and carry out more of the heavy lifting of privatization, than any of her European peers. After the 1980s, there would be no resistance in the UK to compare with that which greeted Juppé's reforms in 1995 or the Hartz Agenda in 2003. At the same time, Labour completed in the 1980s the 'modernization' carried out by other parties in the following decade, leaving the final stage of its social-liberal turn to be pushed through by Blair after 1994. When New Labour took office, it did so as heir to Thatcher rather than opponent.

With the approach of the 2010 electoral deadline, New Labour's apologists have begun marshalling arguments in its support. What reasons have been offered for still, despite everything, voting Labour? They fall into three main categories. The first holds that Labour's record has actually been rather good, but that the government has simply failed to communicate its successes to the public. Reduced NHS waiting lists and falling crime figures, for example, have been buried by poor 'news management'; clearer messages should bring the electorate to its senses.3 A second line of reasoning is that extending Labour's hold on power is the only way to bring about, finally, a return to its better social-democratic self.4 The third category—the eternal default position among Labour camp-followers—simply insists that, however bad Blair and Brown have been, the Conservatives would be worse: Cameron's unabashedly elitist cabinet will implement swingeing budget cuts that will damage public services and further set back the cause of social justice.⁵ On this view Labour, whatever its faults, remains the lesser evil, and the only means of keeping the disaster of Tory rule at bay.

³ Polly Toynbee, 'Labour does one thing really well—burying good news', *Guardian*, 19 July 2008.

⁴ Neal Lawson, 'Bringing Labour together', Guardian, 6 January 2010.

⁵ Jackie Ashley, 'Zoom in on Team Cameron', *Guardian*, 24 January 2010. For an alarmist projection of what Britain might look like in 2015—'a country where the BBC has been castrated, local services have dwindled, health and education are the property of the highest bidder'; a vision eerily reminiscent of the present—see Dominic Sandbrook, 'What if . . . Cameron is worse than we imagined', *New Statesman*, 4 February 2010.

How should these arguments be assessed? The principal measure must be New Labour's record in office—what has it done with the parliamentary *carte blanche* it has enjoyed for thirteen years, and how does it compare with its Conservative predecessors? I will then examine the condition of the party itself, and the political traits of its leading figures, the better to weigh the chances of a social-democratic renewal, before turning to the character of the Tory opposition, to gauge the substantive differences between the evils the British electorate is being offered.⁶

'Whither thou goest'

If, in global perspective, New Labour's zealous warmongering has been its most distinctive characteristic, it also marks the clearest break-for the worse—from its Tory predecessors. For the most part, the Major governments pursued a conventional Atlanticist foreign policy, participating in the first Gulf War without demurral and joining the US in launching airstrikes on Iraq in 1996 (cheered on by Blair from the opposition benches). But relations with the Clinton administration were cool: Foreign Secretaries Hurd and Rifkind both objected to the us intensification of war in Bosnia and bombardment of Serb positions. From 1999 onwards, New Labour assumed a much more forward role. Not just a follower, Blair became an active advocate of us imperial aims: urging a reluctant Clinton to send ground troops into Kosovo, dispatching his own team of spin-doctors to Brussels to run NATO's communications during the bombing campaign. In April 1999 he presented Americans with the first theorization of neo-imperial 'humanitarian' warfare, the 'doctrine of international community'—something that Clinton, preoccupied by the Lewinsky scandal, had been too busy to produce. After 9.11, Blair assumed the role of recruiting sergeant for Bush, flying 50,000 miles in eight weeks to drum up support for the assault on Afghanistan; the 'coalition of the willing', by which token troop deployments from some 40 states have been inflicted upon the long-suffering Afghans, largely owes

⁶ Despite Labour's obvious shift to the right, critical analysis of its record from the left has been surprisingly muted—with honourable exceptions such as Tom Nairn (*Pariah*, 2002), Tariq Ali (*Rough Music*, 2005), John Kampfner (*Blair's Wars*, 2004), and George Monbiot (*Captive State*, 2000). Many of the most effective attacks on New Labour's record have come from the liberal centre or the right. For sharp instances of the latter see Simon Jenkins (*Thatcher and Sons*, 2007), Peter Oborne (*The Triumph of the Political Class*, 2007) and Geoffrey Wheatcroft (*Yo, Blair!*, 2007); for examples of the former, see Helena Kennedy (*Just Law*, 2004), and contributions to the *London Review of Books* by Stefan Collini and Ross McKibbin.

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its existence to New Labour. British secret services manfully assisted the Americans in torturing detainees, and raised no objections to UK citizens being disappeared to Guantánamo.

While Yugoslavia had been bombed on humanitarian grounds, and Afghanistan to get Osama, a different justification had to be found for the invasion of Iraq. Here again New Labour proved instrumental, helping to fabricate evidence even less credible than that supplied by the US—and then, when doubts about Iraqi WMD were aired on a BBC radio programme, sacking the BBC Chairman and Director-General. Circumstances surrounding the death of the chemical-weapons expert who had spoken to the BBC, David Kelly, remain obscure. When not militarily engaged on its own account, New Labour has been an obliging apologist for others' wars. Blair began his term selling weapons for Indonesia to use against Aceh, and was fulsome in his praise for Putin during the devastation of Chechnya. In 2006, Labour offered unconditional support for Israel's attack on Lebanon. When Israeli Foreign Minister Tzipi Livni faced being charged for her role in this criminal war if she set foot on British soil, Foreign Secretary David Miliband reassured Tel Aviv that the UK would amend its inconsiderate laws. Blair's appointment as the Quartet's special envoy to the Middle East only added bureaucratic insult to a decade of human injury.

What explains New Labour's extraordinary fervour for America's wars? The standard explanation is psychological, turning on Blair's personal fealty to Clinton or Bush, with its histrionic servility—as in the biblical promise made to the former in 1998, 'whither thou goest, I will go'. But this cannot explain why the majority of the party has also gone along, swallowing its doubts. The British state has traditionally accorded priority to external affairs—the pursuit of imperial greatness overseas becoming, in post-imperial times, a desperate bid to maintain global stature through association with the hegemon. But previous governments, Conservative or Labour, maintained some margin for sovereign policymaking: Wilson refused to send British troops to Vietnam, Heath denied airspace to USAF jets during the 1973 Arab-Israeli war, Thatcher declared war on Argentina against American advice, Major was sidelined over Yugoslavia. New Labour's chief innovation has been to dispense with this altogether. The Blair government invented a new type of Atlanticism, distinct from the baseline Cold War variety of previous regimes, and adopted a hypersubalternist role without historical precedent. The changed international scene, now dominated by a single superpower, provided the context for this turn; meanwhile currents within the party possessing different external orientations—pro-European or anti-nuclear—had become progressively thinner in the course of 'modernization'. By the time Blair took over as leader, there was no longer much of a counterweight to his brand of Atlanticism, and no parliamentary opposition to the total identification of the country's priorities with those of Washington. For New Labour, this in fact became the meaning of the 'special relationship', and participation in US invasions and occupations its defining content.

Far from being a lesser evil, in this sphere Labour has presided over greater slaughter than any of its predecessors. Casualties from Macmillan's colonial wars in Kenya and Aden totalled perhaps 20,000; Thatcher's apotheosis in the Falklands came at the cost of just under 1,000 lives; the first Gulf War, in which Major participated, killed some 25,000 Iraqis. New Labour's wars—Sierra Leone, Yugoslavia, Afghanistan, Iraq—put these appalling figures into the shade. The full death-toll of civilians will never be known, but is probably close to three-quarters of a million; reason enough in itself for Labour to be thrown out of office.

Enemies within

Labour's aggressive co-prosecution of the War on Terror abroad has echoed back into the domestic sphere with a range of measures that marked a lurch into new authoritarian territory. The 9.11 attacks were the pivot of this movement; prior to that, New Labour's Home Office had presented a number of continuities with that of the Conservatives. Major's Home Secretaries, Howard above all, had ramped up the penal rhetoric—'prison works'—and introduced a clutch of laws designed to curb the right to silence, increase police powers and criminalize a range

⁷ To earlier governments' tallies should be added the toll in Northern Ireland after 1967, where deaths numbered 3,000. Estimates of casualties in Afghanistan and Iraq vary widely; a conservative total for the former, based on press reports and UN figures (the Bush government made a point of refusing to assess Afghan casualties), would be at least 20,000 killed since 2001; for the latter, the most credible survey was in 2006, and gave a post-2003 figure of 654,965: see Gilbert Burnham et al., 'Mortality after the 2003 invasion of Iraq', *The Lancet*, 21–27 October 2006, pp. 1421–28. It would be sheer casuistry to apportion only a percentage of these casualties to the UK government, given its role in campaigning for the invasions.

of activities, while gladly feeding the headline-driven cycles of outrage over both law-and-order matters and immigration. New Labour from the outset promised a similar approach, striving to match Howard in punitive zeal. This was reflected in the increased pace of legislation—where Thatcher and Major passed criminal justice bills on average every 18 months, Blair introduced three a year, resulting in a staggering 1,036 new imprisonable offences. The British incarceration rate, at 124 per 100,000, is now the highest in Europe. The 1999 Immigration and Asylum Act ratcheted up the pressure on migrants, barring them from access to benefits and instituting their dispersal across the country; detention facilities were also massively expanded.

After 2001 the Home Office entered a new phase: Blunkett mounted serial assaults on civil liberties, while he and other ministers vied in their hostility towards migrants. Between 2002 and 2009, Parliament passed four Acts on terrorism, six on policing and crime, five on immigration and asylum, and one introducing a system of national ID cards. The brunt of the upsurge in invasive policing, surveillance and suspicion was borne by Muslims, both British and foreign nationals—a form of officialized persecution that eclipsed anything experienced at the height of the IRA's mainland campaigns. The depths to which Labour's racist policy had brought the country was starkly illustrated in 2005 when, in the aftermath of the July 7 bombings, London police stormed onto an Underground carriage and shot a Brazilian electrician eight times, later explaining that they thought he was a Muslim. It is Labour's foreign policy, of course, that has fuelled the emergence of amateur home-grown terrorist groups which had never existed before. Characteristically, the government's response was yet more punitive legislation. Since 2003 the government has quadrupled the period for which 'terror' suspects can be detained without charge, from 7 days to 28 days. The comparable period in the US and Germany is 2 days. 10 In 2007 a bill extending it once more, to 42 days—Home Secretary Jacqui Smith had opened the bidding at 56—was passed by the Commons, but overturned by the Lords in 2008. The episode makes an apt summary of Labour's record in domestic affairs: having eroded the fundamental right of habeas corpus,

⁸ Written answer from Lord Bach to question HL2252 from Baroness Stern, 24 November 2008.

⁹ Richard Wilkinson and Kate Pickett, *The Spirit Level*, London 2009, pp. 145, 148.

¹⁰ See the report issued by Liberty in November 2007: Jago Russell, 'Terrorism Pre-Charge Detention: Comparative Law Study'.

it proceeded to haggle over how much more to compound the injustice, the better to exaggerate a threat which its own policies had created.

Brownomics

In the economic sphere, the picture is one of altogether less dramatic change. As Thatcher's last Chancellor, Major had taken the UK into the pre-euro Exchange Rate Mechanism in 1990, tethering the pound within a fixed range of the Deutschmark. The move came on unfavourable terms and at a bad time: the country had begun its plunge into a two-year recession, with the bursting of the 1980s asset-bubble. Forced exit from the ERM and devaluation of sterling duly followed in 1992. In order to reassure the markets, Major's Chancellor, Lamont, adopted a tight macroeconomic regime based on inflation targeting. But Lamont and Clarke, his successor, consistently resisted pressures to cede control over monetary policy to the Bank of England. Recovery set in from 1993, with steady growth—albeit skewed to the south and dominated by the service sector—inherited by the incoming Labour government.

Even before entering office, Brown had pledged to stick to Tory spending levels for three years, as proof of Labour's economic discipline. The pursuit of 'credibility' in the eyes of the markets was the guiding principle, to be achieved through three key policies: first, fiscal prudence; second, retaining the Tories' inflation-targeting regime, but removing it from government control. The Bank of England was given charge of monetary policy, to act as a 'bulwark against short-termism', as embodied by elected politicians." The third move was to institute what Brown and his advisors triumphantly called 'light-touch regulation'—effectively allowing banks to regulate themselves. This brought a phenomenal expansion in the role of finance, as funds poured through the City in search of super-profits. Ramped-up flows of capital meant that Balls could boast in 2006 that London had '70 per cent of the secondary bond market, over 40 per cent

[&]quot;For the origins of this policy framework, see Ed Balls, *Euro-Monetarism*, Fabian Society Discussion Paper 14, December 1992. At the time an economic leader writer for the *Financial Times*, Balls would become Brown's chief economic adviser in 1994. Starting in 1997, Balls repeatedly referred to the Brown model as one of 'constrained discretion': the government has some latitude over spending, but only within the hard limits of the long-term inflation target. The term was seemingly concocted by the current head of the Federal Reserve, Ben Bernanke, and his coauthor Frederic Mishkin in 'Inflation Targeting: A New Framework for Monetary Policy?', *NBER Working Papers* 5893, 1997.

of the derivatives market, over 30 per cent of foreign-exchange business, over 40 per cent of cross-border equities trading and 20 per cent of cross-border bank lending'. ¹² A magnet for shadow banking and opaque financial engineering, the City became 'Wall Street's Guantánamo'—a place where Us operators could do abroad what was not allowed at home. ¹³ The hypertrophy of finance on Labour's watch facilitated an asset-bubble to rival that in the Us; by some measures, Britain's was proportionally larger. ¹⁴ The share of finance in GDP also grew more here than elsewhere, rising from 22 to 32 per cent between 1990 and 2007, as compared with an increase from 25 to 33 per cent in the Us over the same period; the OECD average rose from 24 to 28 per cent.

The long boom in finance covered up the lack of growth elsewhere in the UK economy. With the pound held high by the City, manufacturing contracted more sharply under Blair and Brown than it had under the Tories: its share in GDP dropped from 26 to 22 per cent between 1979 and 1990; since New Labour took office it has slumped from 20 per cent to 12 per cent. 15 This has reinforced the demographic shift from North to South begun under Thatcher, as the industrial heartlands have emptied and employment opportunities become concentrated in the public sector or in provision of services to the country's more prosperous areas. For the bulk of the population, low wages and flexibilization have increasingly become the norm, thanks to non-enforcement of the minimum wage and what Blair lauded as 'the most lightly regulated labour market of any leading economy in the world'. Token efforts at redistribution, such as the Working Families Tax Credit (desperately botched in execution), have been little more than electoral window-dressing. This becomes especially clear when they are weighed against the massive upwards transfers of wealth over which Labour has presided. Inequalities of income are higher today than when Labour entered office: the top 20 per cent now earn more than seven times as much as the bottom 20 per cent. At the

¹² Balls, 'The City as Global Finance Centre', speech at Bloomberg, 14 June 2006.

¹³ Peter Gowan, 'Crisis in the Heartland', NLR 55, Jan-Feb 2009, p. 16.

¹⁴ Citing OECD figures, Martin Wolf wrote that 'UK mortgage debt was 126 per cent of gross domestic product at the end of last year, against 104 per cent in the US; total UK household debt was 164 per cent of GDP at the end of 2006, against 140 per cent in the US; and, not least, the UK's ratio of household debt to GDP jumped by 50 percentage points between 2000 and 2006, while the US ratio rose by just 37 points over the same period.' See 'Britain faces its own housing risk', *Financial Times*, 4 October 2007.

¹⁵ Financial Times, 3 December 2009.

beginning of the 90s, the top I per cent owned I7 per cent of the country's wealth; under Labour their share increased to 2I per cent.¹⁶

For all Brown's claims to have delivered a period of unprecedented expansion, GDP growth during his ten-year chancellorship was only slightly better than under Major—an average of 2.7 per cent versus one of 2 per cent—and at no time higher than 1994's peak of 4.4 per cent. The fact that growth was sustained for 56 quarters reflected the pattern of global financial flows, plus an equally long-lived house-price bubble—and, in the absence of a dot.com boom, no dot.com bust rather than an improvement in economic stewardship. The meltdown of 2008 and ensuing recession brought the unravelling of Brownomics, as Labour leapt to the defence of the banks. Government balance sheets had long been squeezed in the name of fiscal rectitude, but when the banks' share prices nosedived the Prime Minister rushed through a series of cash transfusions and taxpayer guarantees. For the sake of the City, Brown has shattered twice over his own 'prudence' threshold for government debt of 40 per cent of GDP; meanwhile the population at large has been subjected to downsizings and repossessions of a kind not seen in a generation. During 2009, unemployment rose by half a million, a rate of 1,400 job losses a day, while by early 2010 one property was being repossessed every 11 minutes.¹⁷ This before the implementation of sweeping budget cuts, to which all main parties are committed. Even when Brown is long gone, this disastrous legacy of his chancellorship will remain.

Remodelling the public sector

What of New Labour claims for increased spending on public services, health and education? The core element of the party's electoral appeal has been that, unlike the Tories, it cared about social provision; a Labour government would do all it could in this domain. In office, however, Labour began by continuing the Tory squeeze on spending. As a result, the long-running dearth of public investment actually intensified—the total shrinking from 1.3 per cent of GDP under Major to 0.6 per cent in

¹⁶ Matthew Engel, 'A Faustian pact that backfired spectacularly', *Financial Times*, 26 May 2009; Wilkinson and Pickett, *Spirit Level*, p. 17, Figure 2.1; Office for National Statistics, *Social Trends*, no. 39, 2009, p. 67.

¹⁷ John Lanchester, 'The Great British Economy Disaster', *London Review of Books*, 11 March 2010.

1997–2001, the lowest figure for any postwar government.¹⁸ The bulk of the privatization programme had been completed under the Tories, although New Labour sold off further assets in the energy, nuclear and defence sectors, as well as the London Tube infrastructure companies. But from the 1990s onwards, rather than assets being sold outright into private hands, it was now streams of public revenue that would be handed to shareholders as guaranteed profits. This has taken two main forms. Firstly, subcontracting: under Major, public enterprises were encouraged to contract out provision of services to private companies, opening the way to a new realm of commodification. This trend was rapidly expanded under Labour, now reaching from local refuse collection to the administration of welfare, from dentistry to prisons. These immense subsidies to private profit have occupied a significant, and rising, proportion of government outlays: in 2007, subcontracting alone, at £68bn, accounted for 20 per cent of current public expenditure.¹⁹

The second modality has been the Private Finance Initiative (PFI)—of all the Conservative policies which New Labour has adopted and then accelerated, perhaps the most damaging in its long-term impact on public services. Initiated by Lamont in the early 1990s, PFI was in part a book-keeping trick that would allow capital expenditure to be kept off the government's balance sheet; instead, private consortia would fund the construction of public-service infrastructure, which would then be leased back from them under 25- to 30-year contracts. Large portions of public funds would now be mortgaged to pay the investors behind the consortia. That PFI would have higher financial costs than state investment is readily apparent: the cost of private capital is higher than that for public borrowing, on top of which PFI contracts have to include a healthy return for investors.²⁰ The real justifications for the scheme lay rather in accounting legerdemain and neoliberal ideology: delegating ever more of the state's functions to capital.

¹⁸ Stephen Nickell, 'The Assessment: The Economic Record of the Labour Government since 1997', Oxford Review of Economic Policy, vol. 18, no. 2, 2002, p. 118.

¹⁹ Simon Jenkins, *Thatcher and Sons*, London 2007, p. 264.

 $^{^{2\}circ}$ PFI investors have been able to rack up this return by 'refinancing' the original debt at a lower rate, while still charging the public sector the old rate of interest; thus 'investors of the Norfolk and Norwich PFI hospital increased their rate of return from 16 per cent to 60 per cent through refinancing.' See Moritz Liebe and Allyson Pollock, 'The experience of the private finance initiative in the UK's National Health Service', Centre for International Public Health Policy, August 2009, p. 8.

Characteristically, New Labour rebranded PFI as PPP—the more touchy-feely 'Public-Private Partnership'—and then dramatically expanded its reach. Blair and Brown have been far more energetic advocates for it than their predecessors: where the Major government only set up 2 such projects in the NHS, for example, Labour approved 8 in its first year in power, and 17 the next. By 2009, close to 150 PFI projects had been contracted in the NHS alone, accounting for 90 per cent of capital investment in health since 1997. The government's commitment to PFI is not confined to healthcare: PFI contracts have mushroomed in areas ranging from education, transport and defence procurement to prisons and local library services. By September 2009, according to Treasury figures, over 900 projects had been signed, with a combined capital value of £72bn. In effect, the pace and reach of public-sector marketization has increased under New Labour: Major reconnoitred much of the terrain; Blair and Brown led the offensive.

Labour's macroeconomic regime has had other less obvious consequences for public services. Delegation of monetary policy to the Bank of England 'liberated the Treasury', as Balls put it, permitting it to extend its oversight of other government departments.²³ A formal concentration of budgetary power—for example through Comprehensive Spending Reviews, taking place every three to four years—has been accompanied by the spread across all government departments of a mania for quantification. The philosophy underpinning this is a managerial one: public services need goading in order to perform. Here again Labour has accelerated a development that began under the Tories, setting a welter of targets—Blair proudly claimed 500 at the 1999 party conference—covering everything from hospital waiting lists to museum visits, truancy rates to media coverage of the Atomic Energy Authority.²⁴

Marketized minds and hodies

The advance of marketization has brought little sign of gains in either efficiency or quality; rather, what has taken place has mainly been a

²¹ Liebe and Pollock, 'The experience of the private finance initiative', p. 2.

²² Data from Partnerships UK website.

²³ Balls, 'Delivering Economic Stability', Oxford Business Alumni Annual Lecture, 12 June 2001.

²⁴ Jenkins, *Thatcher and Sons*, p. 280; see also Ch. 13 for an account of the rise of 'the cult of audit'.

market-driven deterioration. This is especially apparent in healthcare. Notoriously under-funded by Thatcher, the NHS received increased resources under Major, but much of this went on the administrative reorganizations imposed by the 1990 NHS Act, which instituted a 'purchaser/provider split' between, on the one hand, the health authorities, and on the other, a system of partially autonomous NHS 'trusts', obliged to 'sell' their services and balance the books as would a freestanding commercial concern. To further encourage efficient husbandry of resources, after 1991 hospitals had to pay 'capital charges' to the Treasury—interest on their assets, such as land, buildings, equipment—which drained away yet more funds.²⁵

Although Labour's 1998 White Paper on health announced the end of the internal market principle, this proved a purely rhetorical concession: successive Health Secretaries—Dobson, Milburn, Reid, Hewitt, Johnson—have carried forward the fragmentation begun by the Tories. Dobson handed budgetary control to some 480 'Primary Care Groups', later renamed Trusts and successively reduced to some 150 in England; his successor Milburn gave this a further push in 2003 by introducing Foundation Trusts, which could effectively be run as non-profit commercial concerns. The 2000 NHS Act, meanwhile, called for a 'mixed economy' in healthcare, introducing 'Independent Sector Treatment Centres' to compete with the public sector in low-risk elective surgery, and expanding the role of private companies in primary care and community health. The same year a Concordat was signed making the use of public funds for operations in private hospitals a normal, rather than exceptional, practice.

What has been the impact of these changes? Though NHS funding rose significantly after 2000—on average, 7 per cent a year in real terms—the costs of creating and operating the internal market now consume 10 per cent of the total NHS budget; sizeable sums have gone on the expansion of new managerial layers.²⁶ The need for public healthcare providers to

²⁵ For an informed overview of the changes in the NHS from 1979 to 2003, see Allyson Pollock, *NHS Plc*, London and New York 2005, pp. 36–85. I am also grateful to Colin Leys for helpful comments on this section, and for allowing me to read his unpublished November 2009 paper, 'Reducing Social Democracy's Last Redoubt: the Privatization and Marketization of the NHS in England'.

²⁶ 'The Institute of Health Care Managers listed 1,700 separate job categories in 1995. By 2002 this had grown to 5,529': Jenkins, *Thatcher and Sons*, p. 289. Figure for internal market from Leys, 'Reducing Social Democracy's Last Redoubt'.

focus on the bottom line has brought a damaging combination of staff cuts, dilution of the skill mix, and faster through-put of patients; drives to reduce waiting times have meant a rise in the number of readmissions, while cost-cutting in subcontracted services has brought declining standards of hygiene. While PFI has resulted in new facilities being built, their construction has been guided by the rationalities of investment rather than medical assessment of the population's needs; in some cases they are too small to serve the area for which they were supposedly built. Most damagingly, payments to PFI investors are locked in for a generation or more—a long-term drain on resources out of all proportion to the short-term gains. The characteristic paradox of New Labour's record in healthcare is that, by 2008, there were 13,000 fewer general and acute beds than in 1999, while a 'burgeoning market of alternative providers' has developed, ready to draw personnel and resources away from the NHS.²⁷ The inroads made by private-sector providers in the name of 'choice' have fostered the development of a two-tier system, in which those who can 'co-pay' gain access to an enhanced range of treatment options. This has produced a patchwork of health inequalities to compound the growing social and economic imbalances over which New Labour has presided.

Labour's legacy in education has been similar: basic continuities with Conservative policies, plus some substantial changes for the worse. Education had been a central target of Thatcher's assault on the public sector, through cuts to funding and moves to introduce competition and 'choice'. Major maintained this drive, making the media gimmick of school 'league tables' official policy in 1992. But the role of private capital was still limited; much more attention was focused on control of the curriculum. The Tories progressively restricted the size and availability of student grants, but stopped short of introducing tuition fees in higher education.

Far from reversing the fragmentation of the school system begun under the Tories, Labour accelerated it, multiplying types of schools and rewarding differential performance in league tables; as a result resources now tend to accrue to schools in more prosperous areas—thus entrenching the imbalances Labour was purporting to address. Labour's main innovations were the establishment of 'faith schools' and 'city academies',

²⁷ Sylvia Godden and Allyson Pollock, 'Ten years on: were the targets of the NHS Plan achieved?', Centre for International Public Health Policy, October 2009, p. 26.

funded by sponsors from the private or charitable sectors. The first, a product of Blair's religiosity, gave formal encouragement to sectarian divisions in education; the second gives business unprecedented influence over children's learning environment. Spending on infrastructure took place principally through PFI, with consequences for school budgets comparable to those in health. In higher education, Labour has gone further than the Conservatives dared. In 1998 Blunkett introduced tuition fees and began phasing out student maintenance grants, replaced by a means-tested loan. In 2004, Labour's third education minister Charles Clarke pushed through 'top-up fees'—increasing the amount universities could charge, the better to enable competition to flourish. No less philistine than the Tories, Labour has energetically sought to subordinate scholarship to the needs of business. In the Research Excellence Framework introduced in 2000, for example, research is to be assessed according to whether it brings 'demonstrable benefits to the wider economy and society', helpfully defined as 'commercializing new products or processes' or 'creating new businesses'.28

Europeanists and reformers

The two areas in which New Labour had most clearly sought to distinguish itself from the Tories in the run-up to 1997 were Europe and—more coyly—constitutional reform. Though viscerally opposed to federation, Thatcher had been persuaded to sign the Single European Act on the grounds that it would introduce a continent-wide free market. Howe, Hurd and Major overrode City of London objections to meddling from Brussels and put Britain on course to join the Euro. Major signed the Maastricht Treaty in 1992, but triumphantly succeeded in exempting the UK from its Social Chapter; the gesture, however, did nothing to defuse the Euro-tensions that were to paralyse his party from then on. New Labour came into office with the slogan, 'strong with America, strong in Europe', and was greeted with general acclaim on the Continent. European human-rights legislation was incorporated into UK law in 1998. But Brown quickly moved to assuage City of London concerns on the Euro, and thereafter sought to impress on his counterparts the superiority of the Anglo-Saxon model. New Labour was instrumental in splitting the EU over Iraq and over the nomination of Washington's

²⁸ See Stefan Collini, 'Impact on humanities', *Times Literary Supplement*, 13 November 2009; and for a sharp critique of the 2004 White Paper, the same author's 'HiEdBiz', *London Review of Books*, 6 November 2003.

favourite, Barroso, as President of the Commission. Having promised a referendum on the EU Constitution, Blair then claimed the Lisbon Treaty did not require one; in 2008, Brown snuck it through parliament. The following year, Blair was offering himself as candidate for the presidency of a Union he did not dare defend before his own electorate.

Labour's constitutional reforms are perhaps the most distinctive aspect of its domestic legacy—the one thing the Tories would not have done. From 1998 the government has devolved significant powers to newly established parliaments in Scotland, Wales and Northern Ireland, introduced elected mayors in a dozen cities, and a local Assembly in London. Viewed at close range, the non-English components of what Tom Nairn calls Ukania now have increased control over their own affairs, allowing them to reject some of Labour's worst policies—there are no university tuition fees in Scotland, and no NHS prescription charges in Wales. In Northern Ireland, Blair was quick to take credit for the 1998 Good Friday Agreement, famously intoning, 'this is no time for soundbites', followed by, 'I feel the hand of history on my shoulder'. But this came after groundwork laid by Major, Bruton and Clinton's envoy, George Mitchell. Since then, the return of self-government to Northern Ireland has been altogether more partial and halting than in Scotland or Wales, with Unionist parties continuing to bridle at Sinn Féin demands.

In a longer historical perspective, these reforms have not resolved any of the contradictions between Ukania's multiple parts; if anything they have exacerbated them, by extending to the periphery electoral rights that are in tension with those of the English core—the so-called 'West Lothian Question'.²⁹ In this area, New Labour occupies an ambiguous position in the trajectory of the British state: has its tenure been a subphase in the long 'break-up of Britain' foreseen by Nairn, or a successful rearguard action against that possibility, securing the Union's continued existence by handing out morsels of democracy? To answer this would require more sustained analysis than is possible here, and perhaps also the benefit of historical distance. What is certain is that other components of Labour's constitutional programme have exhibited a trademark combination of mendacity and graft. A commission on proportional representation was swiftly sidelined once Labour leaders saw the size of the majority first-past-the-post had given them. Instead they busied

²⁹ That is, a Scottish MP sitting in Westminster can decide on some matters pertaining solely to England, but an English MP cannot do the same for Scotland.

themselves packing the House of Lords. Rather than create an elected upper chamber, Blair's 1999 House of Lords Act replaced the majority of hereditary peers with appointees, allowing him to reward cronies and party donors with coronets. The growth rate of the economy of favours can be measured by the number of peers created by successive Prime Ministers: an average of 18 per year under Thatcher, 25 per year under Major and 37 per year under Blair. In the scandal over 'cash for peerages' of 2006–07, Blair became the first sitting Prime Minister to be questioned by police in a criminal investigation, while the party's bagman Lord Levy was arrested twice. Formerly a bastion of hereditary privilege, the Lords has been turned into an engine of venality by Labour, and a source of cadres for a government keen to avoid accountability: Brown's cabinet contains the largest number of peers since the days of Lloyd George.

The further debasement of the Lords is part of a more general corrosion of British political culture under New Labour. The final years of the Major government had been tarnished by a stream of scandals that contributed centrally to the Tories' eventual defeat in 1997—from revelations of 'sleaze' and ministerial perjury to cash payments for tabling parliamentary questions. Blair entered office promising his government would be 'purer than pure', but in practice, corruption was an integral feature of Labour's rule. It has taken an array of forms, from the overt sale of state policy—the 1997 amendment of advertising rules for Formula One racing after a donation by millionaire entrepreneur Bernie Ecclestone was an early example—to a persistent blurring of personal life and public office. The publication in 2009 of details of MPS' expenses indicates how widespread this kind of abuse has become, and how deep an effect it has had on standards for honesty: one commentator voiced relief that only half of the 752 current and former MPs investigated had been caught swindling the system.³⁰ By May 2009, with defeat on the horizon, 52 Labour MPs were seeking continuation of their perquisites by applying for nomination to the Lords.

The spread of corruption was facilitated by the complicity of the media. Under Blair, the spheres of politics and journalism became symbiotically interdependent, in terms of both personnel and functions: journalists were hired as key Downing Street advisors and vice versa; government policies were geared to tabloid priorities, while political reporting was

³⁰ Michael White, 'The good news about MPS' expenses', *Guardian* website, 4 February 2010.

sycophantic towards ministerial wrongdoing.31 The flow of mutual indulgence reached its apogee in the case of Rupert Murdoch, such a regular visitor to Number 10 that a former press spokesman described him as 'the twenty-fourth member of the cabinet'.32 The mediatization of New Labour's rule is the reflection of a deeper change in the modus operandi of government. Blair's administration was characterized by an increasingly presidential style of 'sofa government', reliant on a coterie of advisors and spin doctors; Brown had his own version of this structure at the Treasury, and transferred it to the PM's office in 2007. This operational shift has produced a drastic curtailment of debate on substantive issues by anyone who could be publicly held accountable—the Cabinet discussed the decision to invade Iraq for less than an hour—while unelected ministers and advisors have multiplied. Alongside this decline in accountability has come a descent in the overall tone of government. Blair was the main exponent of this, as manifested by his *faux*-populist embrace of the cult of celebrity and awe-struck worship of the superrich; his best friend is Silvio Berlusconi. Blair's press spokesman, the former tabloid journalist Alastair Campbell, was the chief representative of the boorish, vindictive face of New Labour-it was he who hounded the weapons expert David Kelly to his death in 2004, and vowed to 'fuck the BBC' for daring to question the wisdom of invading Iraq. Brown's tense, tantrum-ridden relations with Blair—caused, typically, not by any substantive policy disagreement, but over when exactly Brown would get to take over—add an element of soap opera to the depressing pettymindedness at the heart of the executive.33

Rescue attempts

Far from supplying reasons for voting Labour, the party's record in office constitutes a catalogue of grounds for its removal. What of the argument

³¹ John Lloyd protested that Mandelson, twice forced to resign over lying about a dubious loan and illegitimately assisting a Labour donor's passport application, had been pursued 'essentially for being human'; while Polly Toynbee shrugged at Blunkett's transgressions: 'What is the morality of politics to be judged against?' See Lloyd, 'Media Manifesto', *Prospect*, October 2002; Toynbee, 'Labour should ignore the media, not appease them', *Guardian*, 22 December 2004. For a pungent critique of 'client journalism', see Peter Oborne, *Triumph of the Political Class*, London 2007. ³² Lance Price, 'Rupert Murdoch is effectively a member of Blair's Cabinet', *Guardian*, I July 2006.

³³ For an exhaustive account by New Labour's court chronicler, see Andrew Rawnsley, *The End of the Party*, London 2010.

that Labour might still be persuaded to return to its better, socialdemocratic self? As noted, the party made its social-liberal turn much earlier than its European counterparts, seeking to reverse the catastrophic electoral defeats of the 1980s by accepting the Thatcherite settlement and dropping any redistributive programme. Kinnock marked the first stage of this shift, Blair its culmination. The dominant impulse behind it was not so much ideological as instrumental: a quest for electability rather than a Damascene conversion. This produced a progressive hollowing-out of the party, under the sign of a 'modernization' led from above. Under Blair the party conference became an echo chamber for pronouncements from on high. In 2003, Stuart Hall described New Labour as possessing a hybrid identity: a dominant neoliberal strand, aided in implementing its strategy by a subordinate social-democratic strand.34 Today, it is hard to see any evidence of the latter: the huge tax hike levied in 2008 on the 5 million lowest-paid households, through the abolition of the 10p incometax rate, was a clear demonstration that these people mean nothing in Downing Street. In the run-up to elections, New Labour will pay lip service to working-class problems; but such gestures amount to little more than husks of social-democratic rhetoric, tossed to the party's base while the leadership drives determinedly in the opposite direction.

The void at the party's core has been filled by conformism and careerism, hunger for electoral success distancing it ever further from its origins in the labour movement. This has not come without cost, as indicated by Labour's steadily declining share of the vote, and even more by the rate of abstention in the party's industrial heartlands. Here Labour has been buoyed by the lack of electoral alternatives. But still, one of the striking features of the last decade has been the extent to which the party's longest-standing supporters now refuse to vote for it—including many who had been party members. This is another index of the party's degeneration: its membership halved in the decade after 1997, and has now reached a historic low of 166,000. To be sure, the phenomenon of declining party-political membership is not confined to the UK. But even within the broader landscape of decreasing partisanship, Labour seems in worse shape than its European analogues: the French PS, notorious for being a collection of *notables*, currently has around 200,000 members; in Germany, the SPD is rather larger, at 500,000, while the Italian PD claims over 800,000 iscritti. The actual influence any of these members

³⁴ Stuart Hall, 'New Labour's double-shuffle', Soundings, November 2003.

have over policy is open to question, but it is clear that the Labour Party faces a comparative lack of cadres—rendered more acute by a string of defeats in local elections since 2003. Meanwhile, the millionaires who, under Blair, provided the bulk of party funding have already deserted. In this context, it is difficult to envisage a spell in opposition serving to galvanize the party anew: the base that might be re-energized is shrinking, and the sources of funds for such a drive are drying up. It seems Labour is well on the way to becoming not so much a party as a para-statal entity, increasingly dependent on office for its existence.

Labour's declining popularity has led to frenetic attempts to restore party fortunes by a change of leader. By 2005, with Blair's credibility damaged by Iraq, some commentators were suggesting a strategy of 'vote Blair, get Brown'. But the then Chancellor was as much the architect of New Labour as Blair, co-responsible for devising and implementing its agenda from 1994 onwards; Brown is perhaps even more committed to marketization than was Blair, and supported the latter's wars whole-heartedly. His premiership has brought few alterations in policy. The leading contenders to replace him—currently David Miliband, Harriet Harman or Alan Johnson—are all cut from the same New Labour cloth, and have been integral to the Blair/Brown project from the start.35 Miliband headed Blair's Policy Unit from 1997 to 2001 and was the driving force behind the hyperactive target-setting of those years. An MP since 2001, he has stolidly supported the government line on Iraq and voted for punitive asylum and immigration legislation. As Foreign Secretary, he responded to revelations of British complicity in CIA torture by claiming, on the one hand, that they were untrue, and on the other, that they had in any case been brought to light 'thanks to the British government's efforts' combining preening casuistry with sinister apologetics.³⁶

Miliband's rivals for the leadership have likewise been unstinting supporters of Labour's wars. Harman makes great play of her commitment to social and gender equality, but as Social Security minister she did not hesitate to implement sharp benefit cuts, the burden of which has fallen heavily on disadvantaged women. Her attitude to the general public is perhaps encapsulated in the fact that she wore a stab-vest on

³⁵ Polly Toynbee, previously a supporter of Brown, began by 2008 to sense that Miliband was 'the man to free the party from the bondage of disastrous leadership': *Guardian*, 2 August 2008.

³⁶ David Miliband and Alan Johnson, letter to the Guardian, 12 February 2010.

a tour of her own Peckham constituency. Johnson, a lustreless tradeunion bureaucrat, was appointed to Blair's cabinet in 2004 and has since moved through four posts in five years, making it difficult for him to match the legislative fervour of his various predecessors. But in Health and the Home Office, he has shown no sign of diverting from the New Labour agenda, and both he and Harman have stuck loyally with the government on more than 99 per cent of Commons votes. Jon Cruddas, a hopeful from what remains of the 'Labour left', is fractionally more contrarian, voting against top-up fees, renewal of the Trident nuclear deterrent and selected clauses of Labour's immigration Acts; but on almost every other issue—Afghanistan, Iraq, criminal justice legislation, 42-day detention of terror suspects—he has plotted an exemplary New Labour course, as one might expect from a former policy advisor to Blair. The principal contenders are thus barely distinguishable politically from what they would replace, and there would seem to be little hope of heterodoxy emerging from the rest of the party. It is indicative that in early 2010, when figures in the party's upper echelons made an incompetent coup attempt against Brown, they not only had no alternative programme, but no concrete proposal for whom they might support instead. Labour's forward legislative programme—ID cards, renewal of Trident, privatization of the Post Office—amply demonstrates how barren the mental landscape of the party now is. It was with good reason that, in March 2009, one long-standing Labour supporter asked: 'Who would care if the Labour Party, politically and morally decrepit as it is, lost the next election? Would anyone lose a night's sleep knowing that the present government was no longer in charge of our futures?'37

Lesser evil?

What of the third argument voiced in Labour's favour—that for all its faults, it remains preferable to the Conservatives? It is noticeable that, for all the repulsion the British electorate feels towards New Labour, it has shown little enthusiasm for its Tory opponents—the stigma still attached to them forming one of the few positive legacies of the last decade. There is certainly little to be relished about a government composed of the current front bench, a mixture of pampered peacocks such as David Cameron and shadow chancellor George Osborne, and throwbacks

³⁷ Ross McKibbin, 'Will We Care When Labour Loses?', *London Review of Books*, 26 March 2009.

to the Major years such as shadow Cabinet Office spokesman Francis Maude. The shadow foreign-affairs spokesman, William Hague, was one of the party's more inept leaders during its time in the wilderness, his present seniority bespeaking an obvious dearth of brains and talent. Figures such as policy advisor Oliver Letwin and defence spokesman Liam Fox are advocates of yet sterner market medicine, but of markedly thinner intellectual substance than their Thatcherite models.

However, what is most striking about Cameron's Conservative Party is not any atavistic devotion to Thatcher, but how closely they have modelled themselves on New Labour. Cameron has adopted a rhetoric of 'change' and 'modernization', speaking of social justice and improved public services, with an additional dose of eco-friendliness—a scribbled tree was approved as the party's new logo in 2006. Party strategists have busied themselves with the same kind of 'triangulation' as did New Labour's, tailoring policy statements to the concerns of floating voters in marginal seats. There are parallels, too, in the role of former tabloid editor Andy Coulson as Cameron's spin-doctor, and in the party's reliance on the largesse of millionaires: Osborne apparently pressed for a donation from Russian oligarch Oleg Deripaska while a guest on the latter's yacht, along with Peter Mandelson; the Tories' biggest donor in recent years has been its deputy chairman, the oleaginous tax-evader Lord Ashcroft. Like New Labour, today's Conservatives are also unabashed in their admiration for their supposed antagonists: in 2003, the current shadow schools spokesman Michael Gove said of his own attitude towards Blair, 'it's what Isolde felt when she fell into Tristan's arms.'38

The similarities between the two parties extend deep into the realm of policy, to the point that, as the election approaches, there seems to be virtually nothing to choose between them. Both are committed to sweeping budgets cuts in order to restore public finances, but both have studiously avoided going into too much detail over where exactly these will fall. Both have said they will 'ring-fence' health, education and overseas development budgets, making for average cuts of 16 per cent elsewhere—a contraction of a kind never before seen in the UK. That there will be a severe retrenchment in British public services, and widespread redundancies in the public sector, is implied by the pronouncements of both parties. Even rhetorically, the only difference lies in the timing, the

³⁸ Gove, 'I can't fight my feelings any more: I love Tony', *Times*, 25 February 2003.

Tories preferring to tighten sooner rather than later.³⁹ Osborne has also floated the idea of hiking VAT to 20 per cent, and cutting the business tax rate to 25 per cent—a flagrantly regressive combination which the party has since soft-pedalled. With regard to public services, the Conservatives have criticized Blair's reforms for being too timid, and might attempt to press further the fragmentation New Labour has carried through in education and health. But the priority for any coming government will be the drastic downscaling of budgets, which may limit its room to mount major policy offensives at the same time. It is possible that fightbacks against the impending austerity drive would gain greater traction in opposition to a Tory government than under another Labour administration, given that the former would be unable so effectively to lull the unions into passivity. But overall, the distinction between the alternatives facing the electorate is, as Ross McKibbin has put it, 'a difference only in tendency or bias'.⁴⁰

Faced with this prospect—a political hall of mirrors—is there any reason to find Labour preferable? Arguments for them as the lesser evil rest on a number of false assumptions. First, the notion that there is any principled social or political basis for loyalty to Labour: whatever such attachments used to mean, the party's own self-transformation in pursuit of power has emptied them of any real content, turning them into little more than sub-political badges of identity. There is no reason why voters should be any more sentimental about the Labour Party than it has been about them. Second, the idea that rejection of New Labour necessarily means voting for the Tories: abstention, a spoilt ballot, or a vote for one of the minority parties denied representation by the British parliamentary system are perfectly honourable options. Within the present morass of British parliamentarism, any consistent left should not restrict itself to one enemy, but should rather engage in combating the entire putrid edifice, the better to carve out an exit from it. Third, those who advocate yet another term for New Labour ignore the fact that, in a system where actual political differences are minimal, no government should be allowed to continue in power indefinitely,

³⁹ According to the *FT*'s Martin Wolf, the difference is 'not that large: on the baseline forecast, it may only be a matter of I per cent of GDP by 2015–16. The contrast is more one of rhetoric than of policy': 'The British election that both sides deserve to lose', *FT*, 12 March 2010. See also Lanchester, 'The Great British Economy Disaster'.

⁴⁰ McKibbin, 'Will we notice when the Tories have won?', *London Review of Books*, 24 September 2009.

lest its corruption go unchecked. The notion that a spell in opposition might actually do a ruling party some good, though widespread in previous decades, is rarely voiced today—itself an indication of the system's degeneration.

But surely the clinching argument against New Labour is one of simple democratic principle. Any government with a record as appalling as this one's deserves to be punished at the polls, if accountability to the voting public is to have any meaning. The specifics of New Labour's record—one murderous war after another; slavish devotion to finance; promotion of rampant inequality; repeated assaults on civil liberties; fragmentation and privatization of public services; outrageous corruption—make plain that they have fully merited being turfed out of office. Good riddance; this execrable government deserves to go.