

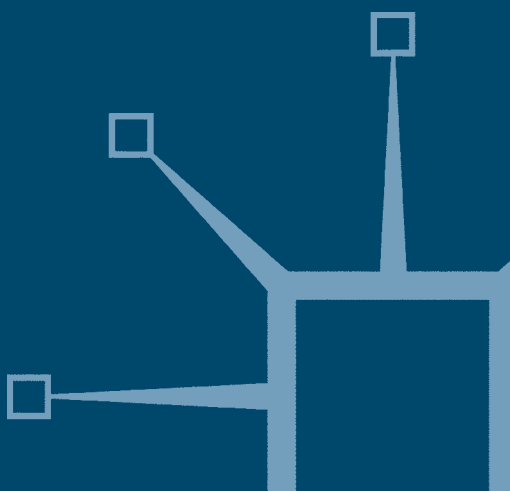
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# Prolonged Labour

The Slow Birth of New Labour Britain

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David Coates



Prolonged Labour

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# Prolonged Labour

## The Slow Birth of New Labour Britain

David Coates

*Worrell Professor of Anglo-American Studies*

*Wake Forest University*

palgrave  
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Softcover reprint of the hardcover 1st edition 2005 978-1-4039-9359-5

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First published 2005 by  
PALGRAVE MACMILLAN  
Houndmills, Basingstoke, Hampshire RG21 6XS and  
175 Fifth Avenue, New York, N.Y. 10010  
Companies and representatives throughout the world

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ISBN 978-1-4039-9360-1      ISBN 978-0-230-50908-5 (eBook)  
DOI 10.1057/9780230509085

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources.

A catalogue record for this book is available from the British Library.

A catalogue record for this book is available from the Library of Congress

10 9 8 7 6 5 4 3 2 1  
14 13 12 11 10 09 08 07 06 05

*For Eileen and Jonathan  
with love*

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# Contents

<i>Preface</i>	viii
<b>Part 1 The Promise</b>	
1 The Legacy	3
2 The Instrument	24
3 The Moment of Power	42
<b>Part 2 The Performance</b>	
4 The Pursuit of Economic Dynamism	53
5 Seeking the Balance between Fairness and Efficiency	80
6 Campaigning in Poetry, Governing in Prose	109
7 The Politics of Social Inclusion	140
<b>Part 3 Setting Promise against Performance</b>	
8 Looking Back: The Auditing of New Labour	161
9 Looking Forward: Unfinished Agendas and New Models	185
<i>Notes</i>	215
<i>Index</i>	249



# Preface

Books are written for specific purposes and to a specific design. This one is no exception. It has been written in order to establish the record of New Labour in power during its first two terms, the better to enable those who read it to make an informed judgement on the adequacy of that record. In the cut and thrust of politics on a daily basis, it is often difficult to locate either the patterns of policy or their cumulative impact over time. Yet just such a location is essential if the daily political battle is to be understood in full; and so there is always an important role – in the literature on current politics – for carefully-constructed stocktakings of progress to date. This book was written as such a stocktaking.

It has been written to a design that separates the telling of the record from the assessment of its adequacy, and to a specification that – in the laying out of the record – privileges the reproduction of the actual words of the key players involved in the policy-making process, and the content of the key policy documents which that process has generated. It has been written in that form in the hope that its readers will be able to come to a judgement on the adequacy of New Labour as a government that is independent of that of its author. I have a view, of course, and that is laid out in the last section of the book; but that is not important here. What is important is that an accurate record of New Labour's achievements be established fully and quickly for all of us, so that the judgements that we are all periodically called upon to make can be as well-informed as it is possible for them to be. To that end, the book does not, except inadvertently, interweave the story and the assessment. At least it does not do that until its closing chapters. There are some splendid books around already that mix analysis and description in that alternative way.<sup>1</sup> Their strength is that they give their reader a clear sense of the authors' understanding of New Labour. Their weakness is that they *give* it to their reader, normally without creating in the process an independent base from which the reader can then evaluate the adequacy of the particular understandings that are structuring the material being read. This book attempts to create for its readers that independent base.

No presentation of the historical record can, however, be entirely neutral, and this one is not. It sits in a series of studies of the Labour Party that I have written down the years, and in that sense is, for me at

least, part of a private dialogue with my own past. There are definitely differences between this Labour government and previous ones which I, among others, was rather slow to spot, and which now oblige all of us to approach it with fresh eyes; but there are also similarities between this Labour government and previous ones which are often denied, the understanding of which is actually advanced by the remobilization of insights from the past. Whether the balance of the 'old' and the 'new' in this study of New Labour is adequately struck is something else that will have to be left to the judgement of its readers!

In making that judgement, it is worth noting from the outset the genuine danger that exists whenever the term 'New Labour' is used as a noun rather than as an adjective: the danger of implying a unity of understanding and purpose to an entire government that in reality has often been divided by faction and driven by circumstance. What follows here will on occasion run that risk: because what is novel about this Labour government, relative to Labour governments in the past, does appear to be the degree to which there is an underlying unity to the way in which its key architects understand the world and their role within it. The text that follows will note the factional divisions and mention the personalities, but it will not focus on them. It will focus instead on the trajectory of the policies that those divided personalities have generated, and on the logics associated with their 'third way' take on the nature of the modern world. So if the soap opera of New Labour in power is your interest, then this is not the book for you; but if the long-term consequences of New Labour in power concern you, then it most certainly is.

Studies like this are only possible because of the work of others, and writing them necessarily involves the accumulation of considerable intellectual and personal debts. The intellectual ones accumulated here come in three main forms: to the political journalists whose daily telling of the comings and goings of New Labour personalities provides a vital first level of political understanding; to the social commentators whose articles and books structure those comings and goings, and give them meaning and significance; and to the academic specialists whose writings on different aspects of the New Labour project help to situate it in the wider order of things. In the first of those three categories, I am particularly indebted, as the notes will show, to the work of Andrew Rawnsley and James Naughtie; in the second to Will Hutton, William Keegan, Madeleine Bunting, Jeremy Paxman, Polly Toynbee, David Walker and Larry Elliott; and in the third to the academics whose work can be found in the various collections and conferences organized by Steve

Ludlam, both with his colleagues at Sheffield University and through the PSA Labour Movements Study Group.

What this book attempts to add to the political journalism on New Labour in power is a greater analytical depth and historical background than the requirements of a daily newspaper column normally allow or invite. What it hopes to add to the social and academic commentary is a greater coherence and range of coverage and explanation than is often possible in texts addressed to just part of the New Labour agenda or in collections written by many hands. But synthetic and analytic work of this kind can only be written because of the prior existence of journalistic and academic material of the very highest quality; and this book was so much easier to write than it might otherwise have been because there is so much of that high-quality work around. Indeed, my admiration of the journalism provided by the BBC, by newspapers like the *Guardian* and the *Observer*, and by magazines like the *New Statesman*, continues unabated, and it is a personal pleasure to be able to record that admiration (and debt) here. It is a personal pleasure too to be able to say much the same thing about the quality of work produced by friends and former colleagues in the various departments of politics and government that are tucked away in that remarkable string of Northern English universities that stretches from York and Leeds to Manchester and Sheffield. The notes to the various chapters will show how deep and wide my debt to them actually is. New Labour in power has been well served by many of the journalists and academics who monitor its progress; and I, watching the story unravel from afar, have also been a major beneficiary of that monitoring.

Books like this are also only possible because of the direct help of talented people. Ben Halfhill acted as senior researcher on this project, as earlier he did on *Blair's War*, my co-written commentary on aspects of New Labour foreign policy to which this volume is an intended companion.<sup>2</sup> Ben was there at the outset of the writing, and at the end, and was throughout an industrious and invaluable supplier of primary and secondary material in volume. At the outset of the research, Greg Pollock briefly played a similar role. As the writing developed, I benefited enormously from conversations with Joel Krieger, and with Greg Dyke, Will Hutton, Colin Leys, Alan Simpson and Clare Short: plus my son Edward, my brother Barrie, and my particular version of Woodward and Bernstein's 'Deep Throat' – my secret source, close to the centre of power, who must remain forever anonymous! Wake Forest University provided the funds that made the research possible. Colleagues in the Department of Political Science provided the break from teaching that allowed the

writing to happen. Leslie Gardner was a great ally and friend in moving this project from conception to contract; and Eileen and Jonathan provided the love which daily makes life worthwhile, and which kept the research and the writing in its proper place. My debt to all of them is huge, and to Eileen and Jonathan is quite literally beyond measure. I can only hope that, for them, this book acts as a modest payback for at least some of the countless ways in which they touch my life and give meaning to my existence.

*Wake Forest University*  
*November 2004*

# **Part 1**

## **The Promise**

# 1

## The Legacy

When the dust had settled from the general election of 1997, it was possible for the very first time in modern British electoral history – or at least it was possible if you picked your route with care – to drive from Land’s End to John O’Groats without passing through a single constituency held by a Conservative MP, bar one. When all the election results were in, the one unavoidable blot of blue on your otherwise pink road map was an isolated Tory stronghold in the Yorkshire Dales. The isolation of that Ryedale constituency stood as stark testimony to the scale of the cull of Conservative MPs effected by the UK electorate in May 1997. Never since 1836 had the UK’s traditional governing party been so decimated and discarded. Never since 1945 had a Labour government come to power amid such excitement and with such promise. ‘Dilute that excitement with whatever doses of scepticism you feel appropriate’, Andrew Rawnsley told us as the results came tumbling in, and yet there was still ‘no question that on Friday morning Britain woke up a different country. It may be a trick of the light,’ he wrote, ‘but it feels like a younger country.’<sup>1</sup>

Yet countries, of course, do not age. Only their inhabitants do. It is the people, not the land, whose moods and optimisms shift with the electoral tides; and those shifts are invariably incremental and often invisible. They are captured at moments of electoral change, but they are not created by them. The general election of 1997 was one such moment of realignment. It is one we remember now because of the scale of the change it signalled. Equipped with the wisdom of hindsight, that sea-change has an element of inevitability about it; but we need to remind ourselves at the very outset of this exercise that when it happened, it came as an enormous surprise to virtually everyone caught up within it. To quote Tony Benn: in 1997 the New Labour leaders ‘went to the beach to have a paddle and

were hit by a tidal wave'.<sup>2</sup> They found themselves in power in the wake of an almost two-decades-long period of Conservative ascendancy that had for much of its length looked impregnable. They found themselves in power in possession of a political space far wider than they – and in truth any of the rest of us – had anticipated as the election loomed. And they found themselves in power amid a generalized excitement and inflated set of expectations that were generated by the scale of the result itself. What they did with that space, and to what degree they met those expectations, is the subject matter of all that will follow here.

The excitement that was so general among Labour's supporters on that May morning in 1997 is, of course, far in the past now. It is largely forgotten and overshadowed by all we have subsequently experienced and learned of the complexities of New Labour in power. Yet if we are to judge the Blair governments aright, we need to start, not with our knowledge now of the complexities that would come, but with our (and their) ignorance and innocence as the story began. We need to start back in 1997. We need to start where they did, and as they did, on that bright and apparently young morning. We need to begin with a mind set firmly back in the mid to late 1990s, equipped only with the political memories of the decades before. 'The past,' L. P. Hartley once wrote, 'is a foreign country.'<sup>3</sup> Since it is, we need to begin this assessment of the performance of New Labour with a small amount of foreign travelling of our own.

### **The economic legacy**

When the scale of the political victory in 1997 became obvious, it invited comparison to an earlier Labour Party victory of equal magnitude: that of 1945. But though the scale of the political landslide was similar in the two cases, the economic context within which it occurred was not. For between the two elections, the UK had participated to the full in the general economic changes that had transformed living standards in the core capitalist economies. Between 1945 and 1997, the UK economy's own position within that core had also changed in a series of significant ways; and the UK electorate had already lived through two sustained (though ultimately unsuccessful) state-led attempts to improve that position. The Blair government, unlike the Attlee one, came to power, that is, in the wake of a set of fundamental changes in the character and performance of the UK economy. It also came to power in the wake of first an Old Labour and then a Thatcherite assault on the inadequacies of that performance. In fact it would not be too much to say that the

Blair government came to power precisely because key sections of the UK electorate were in a mood for an assault of a different kind. There was a definite constituency in 1997 for a new and a *third* way; a constituency that existed only because its Thatcherite predecessor had ultimately proved, for many people at least, to be both economically ineffective and socially unacceptable.

### **An economy transformed**

The economy that New Labour inherited was simultaneously prosperous and in trouble. It was prosperous. Living standards were higher in the UK in 1997 than they had ever been; and compared to 1945, of course, stratospherically so. So if the UK economy in 1997 was still in decline, it was only in a decline relative to the superior performance of its competitors, and not in one relative to its own past. On the contrary, the UK economy had grown steadily at an average rate of 3% a year between 1950 and 1973, at 1.5% a year in the 1970s and at 2.1% a year through the 1980s; and a long-term growth performance of that kind had been more than enough to leave each generation of the post-war British 'roughly twice as well off as its parents and four times as well off as its grandparents'.<sup>4</sup> It was true that the economy had gone through two deep recessions under the Conservatives since 1979. The 1979–81 recession had in fact been the deepest experienced by the economy in the century as a whole; and the 1990–94 one, though milder, had actually been the longest in the entire post-war period. But by 1997 even that was three years over, and commentators were again beginning to argue that, even if the long-term international decline of the UK economy had not actually been reversed, it was now at least probably behind us.<sup>5</sup>

The Attlee governments had inherited an economy based on the old Victorian industries of coal, cotton and rail. The Blair government did not. The textile industry had been run down in the 1950s, and the railways a decade later. Coal too had shrunk. In 1956, the industry had employed 694,000 people to produce the coal on which 95% of the economy then depended for their primary fuel.<sup>6</sup> Outside the agricultural sector indeed, there was no single larger occupational group in the UK in the mid-1950s than the miners; and as late as 1974 those miners had enjoyed sufficient numbers and economic centrality (still meeting 55% of the UK's fuel needs in 1970) to disrupt a government and trigger a general election. Even as late as 1985 there had still been 184,000 workers in the coal industry: but they were not there by 1997. For by then the Thatcher government had broken the militancy of the National Union of Mineworkers in a year-long strike, and had effectively shut the industry



down. The day Tony Blair replaced John Major as Prime Minister, the labour force that remained in the UK's recently privatized coal mines was fast shrinking to its millennium total of a mere 13,000.

In fact, by 1997, the centre of gravity of the post-war UK economy had shifted not once, but twice. Its first shift had been the standard Fordist one.<sup>7</sup> Investment and employment had moved in volume and with speed from the labour-intensive low-productivity industries of the UK's Victorian heyday into the new capital-intensive and highly productive *light-engineering industries* of the post-war consumer boom, and into industries geared to maintaining the UK's global role as a major military power. Investment and employment had moved into airplane production and munitions, and into industries producing washing machines, fridges, telephones, televisions, motorbikes and – overwhelmingly – cars. By 1971, 505,000 people worked in car assembly, and the car industry had become the economy's largest export industry.<sup>8</sup> The production of cars alone had been the source of fully a third of the economy's entire economic growth in the 1950s and 1960s.<sup>9</sup> In 1966, the year that employment in manufacturing industry peaked in the UK, more than one worker in three (and some 8.5 million in total) worked directly in the manufacturing sector.

But again, not by the time New Labour came to power: for by 1997 all that too was a fading memory. By 1997, the UK was predominantly a *service economy*. It was in terms of the percentage of GDP generated by each main economic sector. As late as 1979 manufacturing had contributed 30% of UK GDP: by 1997, that figure was down to 21% and falling. It was also in employment terms, for by 1997 deindustrialization had taken a heavy toll of manufacturing jobs. As New Labour came to power, employment in car assembly plants was down by more than 50% on its 1970s peak; as a manufacturing sector that in 1961 had employed 44% of all full-time workers had shrunk to one employing only 22% of them. In the year 2000, 76 workers in every 100 in the UK worked in the service sector: and twice as many people worked in retailing and banking as in the entirety of British-based manufacturing.<sup>10</sup> The UK economy had long ceased to be 'the workshop of the world' by the time the Attlee government inherited it in 1945: but immediately after the Second World War it was still a major manufacturing force. By the time it was Blair's turn to preside over growth and employment, UK-based manufacturing had lost much ground: to the point indeed that by 1983 the UK had for the first time since the industrial revolution become a net *importer* of manufactured goods, and had remained so ever since.

Moreover and not surprisingly perhaps, given sectoral readjustments of this rapidity and scale, by 1997 at least 6% of the available UK workforce was not in paid employment at all. Unemployment, and the fear of it, left a shadow down the entirety of the 1990s, put there by the longevity and depth of the recession through which the economy had moved from 1990 to 1994. The official figure for unemployment in the UK had averaged around half a million through the 1950s and nearly 1 million in the 1970s. But it had settled around 2.7 million through the 1980s; and had then peaked for the 1990s at 2.9 million in 1993. That was one worker in ten; and the official unemployment figure in May 1997 was still 1.7 million. Viewed with a wider lens, the problem ran deeper still. The economic activity rates that measured the proportion of the available labour force actually in work – at just under 80% – remained stubbornly low through the 1990s: suggesting a haemorrhaging out of the official statistics of significant numbers of older workers in particular. Indeed as late as 1999, 2.3 million men of working age were economically inactive in the UK. The 1979 figure had been just 400,000.<sup>11</sup>

Over the Thatcher period as a whole, there had been a substantial diminution in the number of full-time jobs generated by the UK economy. In 1971, out of a total employed labour force of 21.6 million, 18.3 million people had been in full-time employment. A half-generation later, in 1993, the figure for full-time employment was only 15 million;<sup>12</sup> and that in an economy where – in international and comparative terms – wage rates were slipping and the length of the working day, though formally declining slightly, was actually being stretched by the amount of overtime regularly being worked. In 1960, per capita income in the UK exceeded that in West Germany, France, Italy and Japan: in the latter case by a factor of nearly three. By 1998, per capita income in the UK had slipped below that delivered by each of these key competitor economies, particularly the German.<sup>13</sup> In the 1990s British workers put in ever longer hours at work to compensate for this shortfall. As the Employment Policy Institute put it as New Labour settled into office, ‘the working week for the average full-time male worker’ in the UK had ‘lengthened by two hours to 47 hours in the decade to 1998’, and ‘at 43 hours, the average full-time female worker was working three hours longer in 1998’<sup>14</sup> than she had a decade earlier. In consequence, in Andrew Rawnsley’s ‘younger country’ the average British worker was actually putting in 175 more hours of work each year than his/her German equivalent, and 186 hours more than their Swedish counterparts. For all the years of market-oriented Thatcherite reform, the welfare capitalist economies of Germany and Sweden were still significantly more successful than the British in 1997

on virtually any measure of economic performance: and that superiority was evident in the extra four or five weeks of leisure that German and Swedish workers enjoyed when set against the more meagre vacation allowance of their harder-pressed UK equivalents.<sup>15</sup>

### **An economy in need of reform**

This is not to say, of course, that British workers were denied their vacations. They were not. In fact, in the 1980s and 1990s, many of them took a regular two-week summer vacation, and increasingly they took it abroad; so coming face to face with the growing gap between the performance of the economy on which they relied and those of its more successful Western European competitors. For it was not simply in relation to hours and wages that the economy inherited by New Labour was underperforming internationally. It was underperforming right across the board.

The rate of deindustrialization in the UK in the years from 1971 was more severe than elsewhere in the advanced capitalist world. The number of people working in manufacturing between 1979 and 1990 fell in the UK by 30%. That compared 'with 17% in France, 11% in Italy, 5% in the US, no change in Germany and an *increase* of 13% in Japan'.<sup>16</sup> The resulting loss in the share of world trade in manufactures had been similarly sharp. The UK's hold on world trade halved between 1962 and 1991, and settled at anywhere between 7.5% and 9.6%, to leave the UK as a whole with a negative balance on its manufactured trade for every year after 1982.<sup>17</sup> That trade shortfall reflected the extent to which the productivity performance of the economy, both on the labour side and on capital, continued to lag behind that achieved in more successful economies elsewhere,<sup>18</sup> and in consequence average living standards, though rising in the UK as we have seen, grew more slowly than in Western Europe as a whole. By 1992 they had fallen to 89% of the OECD average.<sup>19</sup>

It was not all gloom and doom, of course, even in comparative terms. The UK economy did have its pockets of strength. There just weren't very many of them. When Michael Porter, the Harvard business guru, counted them in 1990, he found 'the largest concentration of British competitive advantage', in his judgement, to be 'in consumer packaged goods'. Another important cluster was 'financial or financially related services'; and yet a third

looming large in export volume, [was] petroleum and chemicals, including paint (where ICI and Courtaulds [were] world leaders).

Significant clusters [were] also present in pharmaceuticals, entertainment and leisure products...publishing...aircraft, defence goods, motors and engines, and textiles (largely fibres). Other pockets of advantage [he reported, lay] in radio transmitters and radar apparatus, electrical generating equipment, glass and scrap metal.<sup>20</sup>

Other commentators pointed similarly to strengths in chemicals and pharmaceuticals; aerospace and defence industries; food, drink and tobacco; and financial services.<sup>21</sup> Significantly missing from their lists, however, as from Porter's, were motor vehicles, machinery and most textiles, which collectively were responsible between 1978 and 1989 for three-quarters of the deterioration in the UK's trade balance.<sup>22</sup> Foreign investment did generate improved performance in motor vehicles and electronics in the 1990s: but even these remained islands of improvement in a manufacturing sector which generally had lost competitive ground in the 1980s, when, as Porter noted, 'far more competitive industries in Britain lost world export share than...gained it'.<sup>23</sup> And yet the UK remained hungry for manufactured goods: to the point indeed that the imbalance between manufacturing and services, though large, could not cross-compensate. For 'given the composition of UK exports,' the House of Commons Select Committee on Trade and Industry reported in 1994, 'every 1% decline in exports of manufactures requires more than a 2½% rise in exports of services to compensate'. Yet 'only about 20% of service output can be exported'.<sup>24</sup>

None of this, of course, went unnoticed. It certainly did not go unnoticed by the various committees and Government departments that were periodically charged with the task of documenting and rectifying this pattern of relative decline. In fact there was a remarkable unanimity and consistency in the findings of the main reports shaping Government policy during the Thatcher and Major period.<sup>25</sup> The first such report, from the House of Lords in 1985, was highly critical of what it took to be the Thatcher government's 'neglect of manufacturing'. It rejected the view that the UK's imbalance in trade would correct itself 'automatically and in time'. On the contrary, it told an initially sceptical government that this reflected a 'lack of overall competitiveness and consequent reduction in capacity of manufacturing industry as a whole' which was both structural in origin and long-term in nature. The Committee looked to the government to put that right: first by recognizing that the problem existed, and then by initiatives aimed at increasing both the price and non-price competitiveness of UK-based firms. A stable currency, low interest rates and a business-friendly tax code were high among

the Committee's recommendations for action in 1985. So too were the encouragement of closer, and longer-term, bank–industry relations, and the reduction of foreign sourcing of components by major UK-based companies.<sup>26</sup>

These were recommendations designed to enhance productivity and to stimulate much-needed investment in the UK's manufacturing base that were echoed nearly a decade later when, with a new Prime Minister and a deputy keen to correct the 1980s neglect of the manufacturing base, the Major government published in quick succession two equally damning stocktaking reports on the economy's strengths and weaknesses.<sup>27</sup> Given their authorship, both the later reports understandably claimed significant improvements because of government policy since 1979:<sup>28</sup> but they also pointed to long-term and structurally-rooted sources of economic underperformance with which public policy had as yet failed to deal. Their problem specification was largely unchanged from the mid-1980s: it was one of diminished international competitiveness, reflected in persistent deficits on the balance of payments and rooted in systematic underinvestment relative to competitors.<sup>29</sup> If there was a difference in these reports, it lay in the growing awareness in the 1990s – in government circles and beyond – of just how wide that shortfall in investment over time in the UK had actually been: not just a shortfall in investment in manufacturing plant and equipment (though both new reports were obliged to concede that) but also a shortfall in investment in people and their skills.<sup>30</sup> The performance of the UK economy, both reports conceded, showed a persistent inability to narrow the productivity gap with world leaders (in this instance, with the US in particular);<sup>31</sup> and did so both because UK-based workers had less capital equipment at their disposal than the best equipped of their overseas competitors, and because they lacked levels of general skill and formal training of an internationally adequate standard.<sup>32</sup>

By the time New Labour came to power in 1997, that is, the post-Thatcher Conservatives had found their own route to a 'third way' understanding of the importance of investment in human capital as the route to international competitiveness. In that sense, as Robert Reich, Clinton's first Secretary of State for Labour put it, by 1997 'we are all third wayers now'. And if they were not, the Labour Party and its allies in opposition had reports of their own to reinforce the message;<sup>33</sup> and the Select Committees on Trade and Industry in both Houses of Parliament were equally active and critical. 'Taking the last two decades as a whole', the Commons Select Committee on Trade and Industry reported in 1994, 'the UK is the only major industrial country whose manufacturing output

has remained virtually static.... Not until 1988 did UK manufacturing output recover its level in the peak year of 1973, and in 1992 it was less than 1% higher than in 1973, whereas output increased by 27% in France, 25% in Germany, 85% in Italy and 119% in Japan during the same period.<sup>34</sup> Clearly this level of underperformance was something that could not be allowed to continue.

So the Major governments had struggled with, and now New Labour inherited, a set of embedded economic weaknesses. Long years of underinvestment in capital and in people had left the UK economy with a set of gaps dividing it from its major competitors: an investment gap, a skills gap, a productivity gap, a trade gap, and now a prosperity gap. Those same years of neglect had left governments in the 1990s facing not one economy but two: facing a shrinking manufacturing sector, large parts of which were losing competitive advantage, and a growing service sector which contained new and influential centres of world excellence. The Conservatives left New Labour with an economy expanding again after the recession of the early 1990s. That much was positive in the legacy. But they left them too with an unfinished agenda of structural reform, and with yet more evidence of just how difficult that agenda was to implement. The legacy gave New Labour its opportunity and its task. It also provided it with its constraints. So it was a janus-faced economic legacy that New Labour inherited: but then Labour only ever defeats a sitting Conservative government when the economic constraints are tight, and poison chalices invariably come janus-faced. In that sense, though the detail of economic life for New Labour in 1997 was very different than it had been in 1945, the underlying dilemmas were still remarkably similar.<sup>35</sup>

## **The social legacy**

In social terms, of course, 1997 was definitely not 1945. By 1997 we all had our images of the 1945 electorate. They were invariably images in black and white. The past had no colour because of the way it had been recorded, and that lack of colour intensified the difference. But the differences were still huge, whether accurately captured or not. The Labour government in 1945 inherited a society at war. It was one used to the discipline of a collective military effort, its people sealed from the full force of market processes by labour direction and the rationing of consumption. The Labour government of 1997 inherited a society at peace. The restrictions of wartime were all long gone. If they figured at all in the society's collective memory at the century's end, they did so

only in the recollections of the very old. By 1997 you had to be at least 50, and male, to have experienced even the vestigial national service of the 1950s.

New Labour inherited a society in which the vast majority of potential voters were used to the high and rising standards of personal consumption of the long post-war boom. In 1997 people bought and spent freely, and they spent in volume: using a system of credit cards unknown in 1945 and personal bank accounts that at the end of the Second World War had been the status symbol of the few. They spent on commodities unimaginable a generation before, and on things which in 1945 had been beyond the grasp of most of the Labour electorate. By 1997, the majority of Labour voters expected to own their own home, to drive their own car, to take their own vacation, to settle each night in front of their own multichannel television set, and to be free to settle their own private earning and spending priorities. By 1997 too, the capacity of most potential Labour voters to sustain the lifestyle that they desired required that both adult members of the UK's conventional nuclear families brought in a wage or salary, for by then one of the new ways to be excluded from this generalized affluence was to be trapped in a single-parent family unit split asunder by divorce. And by 1997, there was a lot of divorce. Four marriages in ten ended that way in 1997. In 1947 it had been less than one in ten.<sup>36</sup> Whatever 1997 was, in social terms it was not 1945 at all.

### **A society transformed**

As the old industries of the UK's Victorian heyday faded in the post-war period, the men and women who had worked in them had been obliged to work elsewhere. To remain in those industries, or to remain where they had once been, was to miss out on the rising productivity (and so on the growing wages and living standards) of the New Britain. The old working class was slow to vanish entirely. Its members remained locked in the river valleys of the English North and on the coalfields of the Celtic fringe, as industrial power shifted south into the English Midlands in the 1950s and 1960s, and then later into the Scottish lowlands and the English South East. A new working class emerged around those Midland and South Eastern industries: a new working class which, in the Midlands and the car industry, remained unionized and Labour, but a new working class which everywhere was more private and family-focused in its ambitions and social habits than had been the Northern and Celtic working class of the generations before. In 1945 Old Labour had appealed to a generalized sense of solidarity in a working class which

had sustained a distinct sense of community: with its own traditions of working men's clubs, workers' libraries, Saturday football and May Day parades. It had been, in a real sense, a class apart from the middle-class world of the then small English suburbs. The rise and fall of the new manufacturing industries, and the Thatcherite assault on trade unionism, had changed much of that. So New Labour, by contrast, faced a working class whose members largely shared the concerns of middle England. It faced a working class less likely than in 1945 to be unionized, more likely to own its own home and transport, more likely to enjoy untrammelled access to credit (and so to consumption), and less comfortable with self-definitions that emphasized features of its shared proletarian condition. Such individualized ambitions and sensibilities had never been entirely absent from the agenda of previous generations of the UK working class: but by 1997 they were central to that agenda in ways that had not been true before.

In part, that was because, alongside this changing working class a new and wider middle class has also emerged in the post-Attlee years. In fact, two new middle classes had emerged in volume. One – based in the private sector – had emerged as the managerial hierarchies of the great Fordist industries had expanded in the 1950s and 1960s to cope with the new problems of administrative co-ordination created by the growth in size of companies and markets. The UK social structure acquired, over the half century that followed the end of the Second World War, a new strata of technocrats: men (and they were mainly men) who supervised production, planned marketing, supervised accounts and managed corporate divisions. Such men did not actually own the companies they helped to run. They still earned a wage (which they normally called a salary). But it was a wage that was inflated to match their managerial function and elevated industrial status, and accordingly they acquired with it many of the attitudes and self-definitions traditionally associated with the owners of capital. By 1997 the UK had had its managerial revolution. A whole generation of self-made managers had embedded itself. It had embedded itself industrially, setting itself apart from ordinary factory and office workers by differentiations in pay, hours, conditions and facilities. It had embedded itself socially, setting itself apart from ordinary workers by the quality and location of its housing, and by its propensity for the consumption of private education and health care. And it had set itself apart politically, by giving the Conservative Party its loyalty as the party of business.

That new private sector middle class had been staffed by the brightest boys of the first post-war generation of English workers, filtered out



from the rest through the new selective education system set up in 1944 and organized around the 11+. Initially (and that means until the mid-1960s) this was a middle class that in the main was recruited directly from the new grammar schools. The brightest and the best went straight into industry at 18, trained there and were promoted internally. But progressively from the 1960s, that route of short-term social mobility was itself abandoned, replaced instead by the 'milk round': the selection of bright graduates generated by and through the expanded university system that emerged in the wake of the Robbins Report. With the rise of education and the new universities, the UK acquired a second middle class: one based not in the private sector but in the public. By 1997 New Labour faced, as the Attlee government had not, an electorate in which the largest group of unwavering Labour supporters worked in the schools and offices of the greatly expanded welfare state. Those supporters worked as teachers. They worked as social workers. They worked as nurses. They worked as hospital administrators. Not all of these new public service semi-professionals were Labour supporters, but the majority of them certainly were; and they too took home a salary, lived in the suburbs, and owned their own cars. In fact, one of the great differentiators between these two new middle class blocs by 1997 was precisely car ownership. In general, the private sector-based middle class received their cars as part of their package of benefits. They paid tax on those cars but they did not actually own them. The public sector middle class, in general and by contrast, did: and of course, because they did, they tended to drive smaller and older cars. The class structure of the UK changed dramatically in the years between Attlee and Blair, but the nuances of the new social structure now faced by New Labour were as class-inflected as they had ever been.<sup>37</sup>

So when New Labour surveyed its potential electorate in 1997, it faced a mixture of the old and the new. There were definite continuities with the past. In Scotland and Wales in particular, the older industries remained entrenched, and older class patterns and attitudes remained entrenched with them. The small business sector and the traditional professions: they too were still in place, and still largely closed to the Labour Party in electoral terms. But the old was overlaid with the new; and the old and new alike enjoyed a prosperity that was historically unprecedented. With that prosperity, and with the confidence in consumption that accompanied it, other cultural changes had come as well. Traditional patterns of deference had all but ebbed away by 1997. The monarchy was significantly less popular than it had been in 1945 (or indeed 1953), and religious commitments (and the social impact of the clergy) had

been largely marginalized: except in the new ethnic communities and in Northern Ireland, where a different politics still prevailed. A new youth culture was now a whole generation old. Indeed the youth culture of the 1960s had been transformed into a middle-age commodity and repackaged by 1997: no longer radical, but challenged itself by the musical preferences and lifestyle of the baby boomers' own children. And by then the patriarchal and racist elements of the culture that had been widely taken for granted in 1945 were no longer acceptable in public discourse. By 1997 there was a new political correctness. Patriarchy and racism were still there: but in a much more subterranean form.

For by 1997 the public world of gender and immigration had been reset in the UK by a half-century of major social change. Women had entered the public domain on an unprecedented scale in the years after 1945. Women, of course, had always provided the bulk of the unpaid labour on which UK society rested. They had always borne and raised the children, fed the men and cared for the sick and the old, and most of that was still firmly intact in 1997, for all the talk of 'new men' and the resetting of gender divisions.<sup>38</sup> But those same women had increasingly joined the paid labour force as well, so taking on a double burden of work. In 1951 only 26% of married women in the UK worked outside the home. By 1991 that figure had risen to 71%.<sup>39</sup> By 1995 the proportion of young men and women in higher education had passed parity. By then, for every 100 men with higher education qualifications in the UK, there were 115 women. The numbers of men and women in employment were also approaching parity as New Labour took office, though women continued to be disproportionately employed in part-time work, as men were not.<sup>40</sup> At work, women still met a series of glass ceilings – barriers to equal access to high wages and promotion – but at least by 1997 the immediate post-war notion of a society built around the male breadwinner was well and truly gone.<sup>41</sup> New Labour in 1997 inherited a society in which, in affluent households, two-income families were increasingly the norm, and in which women – and to a lesser extent, their men – therefore juggled the conflicting demands of family and work.<sup>42</sup> It also inherited a society in which, as a new group among the poor, there were at least a million homes in which divorce and desertion had left women raising children alone. For both these reasons, New Labour also inherited a society in which the gender gap in voting (the one which, by predisposing women to vote Conservative, had once kept the Labour Party out of power) no longer operated.

The UK was also, by 1997, far more of a multicultural society than it had been in 1945. Before the Second World War, the UK had experienced only

two major immigrations in the modern period: one from Ireland from the 1840s (a migration that was formally internal to the UK until 1922) and an Eastern European Jewish migration from the 1890s. After 1945, however, it experienced a third. For with full employment, many UK-based firms (particularly in the older industries now in decline) turned outwards for new sources of labour, and waves of migrants arrived (initially single men in the main, followed later by their families) mainly from the Caribbean and South Asia. Political persecution added Ugandan Asians to the mix in the late 1960s. By 1997 two or three generations of such immigrant families were settled in the UK, and ethnic minority numbers were rising faster than natural population growth for the first time since the war. By then, the 4 million members of ethnic minority communities in the UK made up 7% of the total population, but they were not randomly scattered through that population, either socially or geographically. On the contrary, immigrant communities had largely been ghettoized by the strength and ubiquity of English racism, predominantly obliged to settle and work in decaying sections of the industrial towns and cities of the English Midlands and the North, and initially locked there (and in equivalent areas in the capital) in conditions of urban poverty. Over time, however, these ghettoized communities had developed their own internal social differences, as an immigrant business and professional class had emerged and flourished, particularly so in the various Asian communities now established in major English cities. With that class differentiation, the solid propensity of the newly-arrived to vote Labour had begun incrementally to weaken, but the deep-rooted racism of sections of Labour's potential electorate had not. So New Labour entered office facing a difficult cocktail of issues set in motion by the way in which urban decay and immigration, class and race had all interlocked in the years of the Thatcherite ascendancy. New Labour may have inherited a young country in May 1997, but it also inherited one riddled with tensions of gender change and ethnic division.

### **A society in need of reform**

In fact, the social agenda waiting for New Labour ran wider even than this, and was a considerable one. It was an agenda partly rooted in the problems of affluence, and partly in the problems of the poor; and it was one that had been intensified by the particular balance struck, in the Thatcher years, between what J. K. Galbraith long before had labelled as 'private affluence and public squalor'.<sup>43</sup>

New Labour inherited a social fabric in which the results of systematic underinvestment by public bodies over a long period of time were