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CHANGE

# New Labour's Domestic Policies: Neoliberal, Social Democratic or a Unique Blend?

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## SUMMARY

It has become commonplace to label the New Labour governments of 1997–2010 a neoliberal project that inflated the property market and financial sector, entrenched inequality and privatised the public sphere. This report examines the record behind, rather than the rhetoric around, these claims.

**Many popular ideas about Labour in power do not stand up to scrutiny. Overall, New Labour was what it always claimed to be: something genuinely new that fused elements of late-20th-century administrative practice with a socially democratic and deeply Labour emphasis on empowering people, families and communities.**

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Many popular ideas about Labour in power simply do not stand up to such scrutiny. Neither income nor wealth inequality rose; and public services enjoyed a brief golden age of funding and performance, especially important for the most disadvantaged who rely on them the most, and in some of Britain's poorest areas. Area-based initiatives such as the London Challenge for Schools, and family-focused interventions such as Every Child Matters and Sure Start, opened up public services and opportunities in a way that would have seemed unimaginable in the Thatcherite 1980s.

There were definitely elements of these governments' approach that could be called neoliberal—in particular the early emphasis on strict targets issued by the centre and the involvement of the private sector in both quasi-markets and capital projects. But overall, and increasingly as time went by, New Labour was what it always claimed to be: something genuinely new that fused elements of late-20th-century administrative practice with a socially democratic and deeply Labour emphasis on empowering people, families and communities. The results could be seen in better and more egalitarian results across the public sphere—improvements that have in many cases gone into reverse since 2010.

## THE CHALLENGE OF DEFINING NEOLIBERALISM

Wherever you look, it is fashionable to assert that former United Kingdom (UK) Prime Minister Tony Blair's years in power were dominated by neoliberal policies. In left-wing circles, that is virtually an article of faith: as one academic has put it, "New Labour was a continuation and extension of neoliberalism".<sup>1</sup> The word now works as a useful shorthand to outline that administration's perceived failures, allowing high-income Britons to enrich themselves while average and poorer Britons' wages moved upwards much more slowly.

The term also serves as a critical justification for the left's triumph within the Labour Party since Jeremy Corbyn's election as leader in 2015. Corbynism is often described as a revolt against a right-wing New Labour establishment. As Pankaj Mishra has written in the *New York Times Magazine*, "Thatcherism was further entrenched by Tony Blair's 'New' Labor Party". That settlement is only now in flux, according to Mishra, because both Prime Minister Theresa May and Corbyn have admitted that ideology's deleterious effects on social cohesion and public services, undermining the appeal of Britain's "experiment in neoliberal economics". As he argues, "for many British people, especially the young, the unabashedly socialist Corbyn seems . . . committed to reimposing the tax and regulatory regimes that force the rich to rediscover their social obligations".<sup>2</sup>

It is therefore important to look closely at what the word means, at which point any sustained analysis runs into its first problem. There is not only widespread confusion about what neoliberalism is but also a great deal of vagueness in those definitions that are provided—especially when translated for mass consumption in the press. The Corbynite member of parliament (MP) Chris Williamson has argued that neoliberalism is characterised most of all by "the Thatcherite ideology of privatisation, cuts and deregulation", the "three pillars" of neoliberalism that did not fall when Thatcher lost

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1 Andrew Hindmoor, *What's Left Now? The History and Future of Social Democracy* (Oxford: Oxford University Press, 2018), 26.

2 Pankaj Mishra, "The Rise of Jeremy Corbyn and the Death Throes of Neoliberalism", *New York Times Magazine*, 20 June 2017, <https://www.nytimes.com/2017/06/20/magazine/the-rise-of-jeremy-corbyn-and-the-death-throes-of-neoliberalism.html>.

power in 1990. Williamson has used the example of the June 2017 Grenfell Tower disaster to make his point: “also complicit was the government led by Tony Blair, who, ideologically speaking, was the offspring of his Tory predecessors”.<sup>3</sup>

Perhaps inevitably given that they are straining to typify an entire era, other authors summon different cadences. One 2017 long read in the Guardian listed the following elements as key to understanding neoliberalism: “the ideal of society as a kind of universal market” with “the goal . . . to weaken the welfare state and any commitment to full employment, and – always – to cut taxes and deregulate”. Here the emphasis is on intellectual, even spiritual changes: neoliberalism is apparently “a premise that, quietly, has come to regulate all we practise and believe: that competition is the only legitimate organising principle for human activity”.<sup>4</sup>

For other writers, independent oversight and controls over discretionary government intervention in the economy have been at the heart of the neoliberal age. The left-wing journalist Paul Mason has argued in just this vein: according to him, the European Union (EU), for example, is an organisation dominated by “the social market economy”, “the specific European form of neoliberalism” rooted in the German Social Democrats’ 1959 Bad Godesberg programme, which outlined the party’s political course.

And it is beyond doubt that one hallmark of public policy over the past 30 years has been the creation of expert and technocratic oversight of democratic politicians, from the independence of the Bank of England to the creation of the Office for Budget Responsibility, and from the European Commission’s competition procedures to deregulation rules embodied in world trade deals. For Mason, neoliberalism is encoded in these anti-democratic structures, designed in part to defeat populist insurgencies against economic orthodoxy—just as the German and EU line triumphed against Syriza in Greece.<sup>5</sup>

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3 Chris Williamson, “This is how neoliberalism, led by Thatcher and Blair, is to blame for the Grenfell Tower disaster”, Independent, 4 August 2017, <https://www.independent.co.uk/voices/grenfell-tower-inquiry-deregulation-thatcher-tony-blair-fire-service-cuts-a7876346.html>.

4 Stephen Metcalf, “Neoliberalism: the idea that swallowed the world”, Guardian, 18 August 2017, <https://www.theguardian.com/news/2017/aug/18/neoliberalism-the-idea-that-changed-the-world>.

All of this makes for a confusing ideological landscape, to the extent that some observers have begun to argue that neoliberalism does not actually exist. What was it, exactly, that neoliberalism amounted to? Economic elites who forgot their social obligations? Privatisation and deregulation? The idea of public life as a market, with attendant tax cuts? Technocratic governance by market-based rules, imposing a straitjacket on nation-states and draining the life out of democratic politics?

There is no one clear definition. As the political scientist Colin Talbot has asked, “Where is neoliberalism in all this?”, especially given that the context is a public sector that did not noticeably shrink during the 1980s and 1990s. Talbot goes on to argue, “whilst [neoliberalism] exists in ‘talk’ it is rarely translated into decisions and actions that would come even remotely close to the vision of a neoliberal state that its critics claim is being created. We are no nearer the ‘neoliberal state’ now than we were in 1980. Nor have most political parties – especially social democratic ones – been taken over by ‘neoliberalism’.”<sup>6</sup>

It is not the purpose of this report to deny that something called neoliberalism exists. There was and is clearly a deep gulf between the public policy solutions put forward before the mid-1970s and those of the 2000s. Inflation had been fought intermittently by prices and incomes policies since at least the 1950s; from the later 1970s onwards, monetary policy replaced it. Bespoke industrial intervention fell into disrepute (though overall strategies remained); corporations dealing with actual consumers, and even many natural monopolies, were sold off to the private sector. The best and most incisive political scientists—for instance Will Davies of Goldsmiths, University of London—embrace neoliberalism’s

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5 Paul Mason, “Labour needs to wage war on EU neoliberalism to prevent a Brussels sabotage”, *New Statesman*, 9 May 2018, <https://www.newstatesman.com/politics/uk/2018/05/labour-needs-wage-war-eu-neoliberalism-prevent-brussels-sabotage>. For the similarity and two-way links between objective, disinterested economic management and the rise of political distrust, see Pierre Rosanvallon, *Counter-Democracy: Politics in an Age of Distrust* (Cambridge: Cambridge University Press, 2008), 274–289.

6 Colin Talbot, “The myth of neoliberalism”, “Public Investigations” blog, 31 August 2016, accessed 13 August 2018, <https://colinrtalbot.wordpress.com/2016/08/31/the-myth-of-neoliberalism/>.

complex nature while still being able to define it. For Davies, neoliberalism amounts to

*an attempt to replace political judgement with economic evaluation, including, but not exclusively, the evaluations offered by markets . . . The central defining characteristic of all neoliberal critique is its hostility to the ambiguity of political discourse, and a commitment to the explicitness and transparency of quantitative, economic indicators, of which the market price system is the model.*<sup>7</sup>

Definitions focusing on outlooks and rules of thumb in this way are helpful. They allow us to bring together general and philosophical approaches based on changing images of citizenship and the self with more policy-orientated surveys, emphasising narrower questions such as privatisation, deregulation, the small state and expert oversight.

This report examines the Blair government's record in both senses, taking the idea of neoliberalism seriously and asking: To what extent did New Labour conform to these images of the policy process? Did the Blair government seek to define everything quantitatively and objectively, abandoning discretionary collective action in favour of marketisation and competition in both the public and the private sector? Or did it adhere to different principles, either inherited from Labour traditions or constructed in a bespoke manner, calling into question the precision and efficacy of critics' neoliberal terminology?

How much, in short, did the New Labour governments of 1997–2010 owe to the ideological and economic revolutions of the later 1970s and the 1980s, and to what extent did they represent a break from Thatcherism and neoliberal orthodoxy?

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<sup>7</sup> William Davies, *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition* (London: Sage, 2017), 5–6.



## A GOVERNMENT OF ITS TIME

There is little doubt that the New Labour period carried forward many techniques familiar from the Conservatives' years in office between 1979 and 1997. Thatcherite governance reforms, undertaken throughout the 1980s, might best be thought of as 'de-centring outwards'. That is, the state hived off many of its core functions to the private sector, managed quasi-markets, the third sector, executive agencies of the civil service and quangos such as National Health Service (NHS) trusts.

## NEW PUBLIC MANAGEMENT

Many of these reforms, which came to be known as New Public Management, relied on a split between commissioning and delivery, managed competition to win service contracts, and an emphasis on performance and outputs rather than the manner or level of inputs. Paradoxically, although on the surface the state's subaltern organisations were thus empowered, such systems were underwritten by a more powerful central state capable of monitoring these commissioning systems as hub, coercive regulator and ultimate guarantor. The Blair government's Office for Public Service Reform, and the Treasury's public-service agreements with individual departments outlining the improvements that could be purchased with extra money, can both be characterised as products of New Public Management.<sup>8</sup>

The advent of New Labour brought some of these trends to a head. The tight-knit group at the heart of the project believed that the centre in British government had not only far less influence than commonly assumed but also far too little power to drive through reforms that would make a difference on the ground. A burgeoning war-room approach to this problem, with the Prime Minister's Delivery Unit from 2001 focusing on targets such as hospital waiting lists, demonstrated some of these elements of New Public Management in full flood.

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<sup>8</sup> Janet Newman, *Modernizing Governance: New Labour, Policy and Society* (London: Sage, 2001), 55–56; R.A.W. Rhodes, *Everyday Life in British Government* (Oxford: Oxford University Press, 2011), 25–29.

An increased role for agencies at the periphery, coupled with much tighter supervision and oversight from the centre, was another way in which such theories made themselves felt. Local education authorities (LEAs), for instance, were given a specific core role in terms of strategic management of schools in their own areas—but under education action plans that aimed to hit targets set in Whitehall and Westminster.<sup>9</sup> LEAs' responsibility for distributing schools' funding was abolished altogether in 2005, and their role was further reduced to managing admissions, monitoring targets and administering free school meals and children in care. Decoupling school funding from local government financial settlements, giving those powers to the secretary of state and tightening LEAs' focus on delivery could be seen as the ultimate in de-centring outwards.<sup>10</sup>

Such an approach was by no means an unalloyed blessing. In Labour's first years in power, NHS managers claimed that the number of targets they had to meet had reached over 300.<sup>11</sup> But a determined application of priorities—deploying New Public Management, neoliberal or not—certainly could deliver enormous gains on the domestic social policy front. One example is New Labour's role in reducing rough sleeping. In 1999, the government announced a target of reducing rough sleeping by two-thirds by 2002: a separate Rough Sleepers Unit was created to push this policy through, overseeing the creation of a range of joined-up policies across the country that emphasised the need to block up the routes between family relationship breakdown, prison release and the streets. In 2008, a new strategy—No One Left Out—announced the further ambition to entirely abolish rough sleeping.

These strategies worked: between 1998 and 2001 the number of people sleeping on the streets in England dropped from 1,850 to

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9 Ian Bache, "Governing through Governance: Education Policy Control under New Labour", *Political Studies* 51, no. 2 (June 2003): 304–305, <http://journals.sagepub.com/doi/abs/10.1111/1467-9248.00425?journalCode=psxa>.

10 Sally Tomlinson, *Education in a post-welfare society* (Buckingham: Open University Press, 2005), 130–131.

11 Rudolf Klein, "The new model NHS: performance, perceptions and expectations", *British Medical Bulletin* 81, no. 1 (January 2007): 41, <https://doi.org/10.1093/bmb/ldm013>.

532, with further falls to 483 in 2008 and 440 in 2010.<sup>12</sup> There is no doubt that the Rough Sleepers Unit played a key role in this transformation. The loss of focus under the Conservative and Liberal Democrat coalition government after 2010, with an initiative-based approach replacing the central drive of the Rough Sleepers Unit, saw the numbers rise every year of the coalition's time in office. That trend has continued into the Conservative-only government since 2015.<sup>13</sup>

The effect of these targets was, however, sometimes to encourage gaming of the system, and sometimes to confuse front-line public servants as to where resources should go. Even Michael Barber, the head of Blair's delivery unit between 2001 and 2005, has acknowledged that this could happen in some cases, especially when local and central management was not sufficiently trained or able to manage such effects. If there are too many targets, poorly defined, they can come into conflict with one another, and the whole effort can lose momentum amid staff demoralisation and political gridlock.<sup>14</sup>

Perverse incentives also operated. The example of accident-and-emergency admissions, where a four-hour target was put in place, is instructive. Times to admission peaked at four hours, suggesting strongly both that times just over that limit were being reallocated and that urgency was being sacrificed in the service of an arbitrary time limit. Extra staff were brought in, and operations rescheduled, to meet the target when it looked in doubt: a clear indication that clinical need might sometimes miss out to meeting those targets. Patients were also asked to wait outside in ambulances so that the clock would not start on the four-hour limit until they entered the

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12 "Rough sleeping (England)", House of Commons Library briefing paper 002007, February 2018, 13–22.

13 Oliver Illott, Joe Randall, Alex Beasdale and Emma Norris, "Making policy stick: Tackling long-term challenges in government", Institute for Government, December 2016, 46, <https://www.instituteforgovernment.org.uk/sites/default/files/publications/5225%20IFG%20-%20Making%20Policy%20Stick%20WEB.pdf>; "Rough sleeping in England rises for seventh year", BBC News, 25 January 2018, <https://www.bbc.co.uk/news/uk-england-42817123>.

14 Michael Barber, *Instruction to Deliver: Tony Blair, Public Services and the Challenge of Achieving Targets* (London: Politicos, 2007), 80–81, 283–286.

hospital; and trolleys were wheeled into corridors so that patients could be classified as admitted.<sup>15</sup>

The top-down approach does not seem to have worked as well as Labour hoped it might. Many of the targets set by central government were too binary, with too many cliff edges on which a huge amount of reputational damage depended. It was no wonder that the Audit Commission in 2003 found evidence of “deliberate misreporting” in three NHS trusts and errors in many more. Staff morale was undoubtedly harmed by the target culture, which is one reason why command-and-control mechanisms were emphasised less and less as the New Labour years wore on.<sup>16</sup>

Results from the early increase in resources between roughly Labour’s return to power in 1997 and the NHS Plan of 2000 were hardly encouraging, with the rise in consultant episodes slowing and a stagnant number of consultations in primary care. Indeed, although such phenomena are hard to measure, productivity seems to have been declining after a long run of modest improvements earlier in the 1990s.<sup>17</sup> Only after 2004—and as New Labour eased up on selected targets—is there at least some evidence that Labour’s surge in staff recruitment slowed and bedded down, allowing improvements in care to come through the system without pouring in new resources with no immediate effect.<sup>18</sup>

## PRIVATE FINANCE INITIATIVE

Other elements integral to New Public Management could be just as problematic. Bringing in the private sector to build and run some services, under the private finance initiative (PFI) and wider

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<sup>15</sup> Gwyn Bevan and Christopher Hood, “What’s measured is what matters: targets and gaming in the English public health care system”, *Public Administration* 84, no. 3 (August 2006): 531–532, <https://doi.org/10.1111/j.1467-9299.2006.00600.x>.

<sup>16</sup> Rudolf Klein, *The New Politics of the NHS: From Creation to Reinvention* (London: Radcliffe Publishing, 2013), 221–222.

<sup>17</sup> Julian Le Grand, “The Labour Government and the National Health Service”, *Oxford Review of Economic Policy* 18, no. 2 (June 2002): 140–142, <https://doi.org/10.1093/oxrep/18.2.137>.

<sup>18</sup> Carol Propper and Mary-Anne Venables, “An assessment of Labour’s record on health and healthcare”, *Oxford Review of Economic Policy* 29, no. 1 (March 2013): 210–212, <https://doi.org/10.1093/oxrep/grt006>.

public-private partnerships, also turned out to have its drawbacks. It allowed new public-sector building to be brought on stream quickly, without reference to Chancellor Gordon Brown's golden rule of keeping public-sector debt below 40 per cent of gross domestic product (GDP).

But while some moves seem to have gone well—for instance, Siemens's takeover of National Savings—others, including the property investors Mapeley's contract to manage Her Majesty's Revenue & Customs (HMRC) offices, became long-running embarrassments. PFI could be expensive and, what is worse, it could lock public services such as the NHS into long-term contracts of up to 25 years that might be completely clinically inappropriate long before those agreements had run out.<sup>19</sup>

The winners of early PFI contracts made huge profits once they had refinanced their highly geared operations: having quoted on the basis of very high interest rates, they could manage that figure down and quickly push up their gains once they had won their bid (though a crackdown on this easy manoeuvre later choked off this source of profits).<sup>20</sup> Public-private partnerships taken more widely also delivered inconsistent results. Bringing in the Metronet and Tube Line consortiums to regenerate the London Underground network was an immensely costly disaster. The Tube public-private partnership collapsed in 2008, and the smaller Tube Lines infrastructure company was taken back into public ownership by Transport for London in 2010.<sup>21</sup>

All that said, early in New Labour's term there is evidence that PFI schemes were less likely to run over time and budget than previously more mainstream options—only a quarter did so, compared with 70–73 per cent in the public sector—although that difference closed up to a very small gap by 2003–2008.<sup>22</sup>

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19 Polly Toynbee and David Walker, *The Verdict: Did Labour Change Britain?* (London: Granta, 2010), 269–270.

20 "PFI: costs and benefits", House of Commons Library briefing paper 6007, May 2015, 9; Paul Hare, "PPP and PFI: the political economy of building public infrastructure and delivering services", *Oxford Review of Economic Policy* 29, no. 1 (March 2013): 108, <https://doi.org/10.1093/oxrep/grt007>.

21 Anthony King and Ivor Crewe, *The Blunders of Our Governments* (London: Oneworld, 2013), 207–217.

22 Hare, "PPP and PFI", 108.

It is also important not to overemphasise the importance of PFI: it was not the be-all and end-all in the public sector. There were, for instance, £11.6 billion (\$14.9 billion) of these projects in train inside the NHS just after New Labour left office, in early 2012. This amounted to rather more than two years of the total NHS capital budget in England.<sup>23</sup> Despite its importance in delivering many key infrastructure projects, this method of funding never amounted to more than 16 per cent of the UK government's fixed investment (in 2000), and its use abated quickly after 2006.<sup>24</sup>

The countervailing tendencies were also notable. For if the government tightened up on central controls in pursuit of its domestic social policy agenda, it often gave more rights back to citizens than any previous UK administration. The government also chose to give away power in almost every direction: to the EU via its adoption of the social chapter of the Maastricht Treaty; to Scotland and Wales via devolution; to the courts in the Human Rights Act; and to the public and journalists through freedom of information.<sup>25</sup>

Although each of these measures was cramped and contingent, at least at first, they all gathered momentum as time went on. New Labour had released forces that were very different from those neoliberal impulses flowing from New Public Management. New Labour's newness, it appeared, could flow in many directions, using New Public Management to more egalitarian ends, mounting a large-scale public-investment programme more quickly than might have been possible otherwise, and allied with an emphasis on a more active citizenry. There was no simple continuation or takeover of existing ideas.

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23 Ibid., 98; Joshua Kraindler, Zoe Firth and Anita Charlesworth, "False economy: An analysis of NHS funding pressures", The Health Foundation, May 2018, 39, <https://www.health.org.uk/publication/false-economy>.

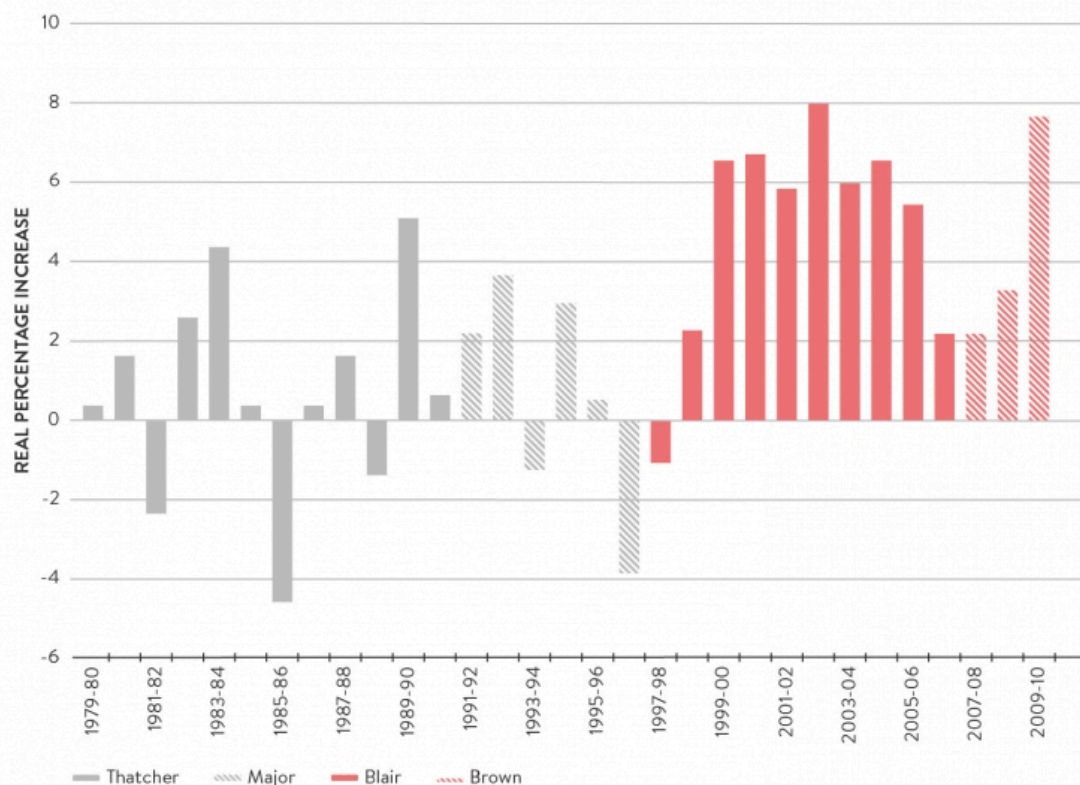
24 Chris Giles, "PFI discredited by cost, complexity and inflexibility", *Financial Times*, 26 September 2017.

25 James Cronin, *New Labour's Pasts: The Labour Party and Its Discontents* (Pearson: Harlow, 2004), 423–424.

## INCREASING PUBLIC SPENDING

Once that initial command-and-control phase gave way to an emphasis on fund and reform, it is universally accepted that New Labour in office boosted public expenditure. What is less often commented on is, firstly, just how large those increases were in terms of what came before them (see figure 1); and, secondly, the gains that were bought with that rise in spending.

Figure 1: Increases in Public Spending in the UK, 1979–2010



Source: Robert Chote, Rowena Crawford, Carl Emmerson and Gemma Tetlow, "Public Spending Under Labour", Institute for Fiscal Studies

Note: Spending on public services defined as total public spending, less social security spending and public sector gross debt interest payments. Projections are from 2010 budget.

Turning first to the surge in government outgoings, Labour's favoured priority sectors in health and education enjoyed a rate of resource increase that they have never known either before or since. Total spending, however, expanded only modestly before the onset of the financial crisis in 2008 necessitated a large-scale Keynesian response under Gordon Brown as prime minister.

On coming to office, Labour inherited a public spending to national income ratio of 39.9 per cent. Since the party was committed to the Conservatives' overall spending plans for its first two years in office, that figure fell to 36.3 per cent in 1999–2000, before rising to over 40 per cent again before the onset of the Great Recession: public spending's share of the economy had expanded to 47.9 per cent by 2009–2010. Slowly at first, but later on more rapidly, Labour presided over an overall increase in state spending—not, on the face of it, a particularly neoliberal achievement.<sup>26</sup>

## DOMESTIC PUBLIC SERVICES

These increases were disproportionately concentrated in domestic public services. Looking first at the NHS, the Blair and Brown governments increased funding from 6.1 per cent of GDP to 7.9 per cent. Previous Labour governments had not managed to shift such a large proportion of GDP in this direction, although they had less time in office to achieve such changes. The administration of Clement Attlee in 1945–1951 increased the NHS's share of domestic product from 2 to 3.2 per cent; Harold Wilson in 1964–1970 managed 3.5 to 4.3 per cent, while Labour in power between 1974 and 1979 actually reduced the service's share of GDP from 5.3 to 4.6 per cent.

New Labour's record on education funding slightly less obviously outstrips that of previous Labour governments, although Blair and Brown did manage to lift spending here from 4.5 to 5.6 per cent of GDP. Attlee, by contrast, managed a similar increase over six rather than 13 years—from 2.2 to 3.3 per cent—while the first Wilson governments effected an increase in funding from 4.3 to 4.8 per cent, and Labour in the late 1970s left education spending relatively unchanged. In both fields, New Labour in office moved spending well above the long-term trend: by £40 billion (\$51 billion) in the health sector and by £30 billion (\$38 billion) in education.<sup>27</sup>

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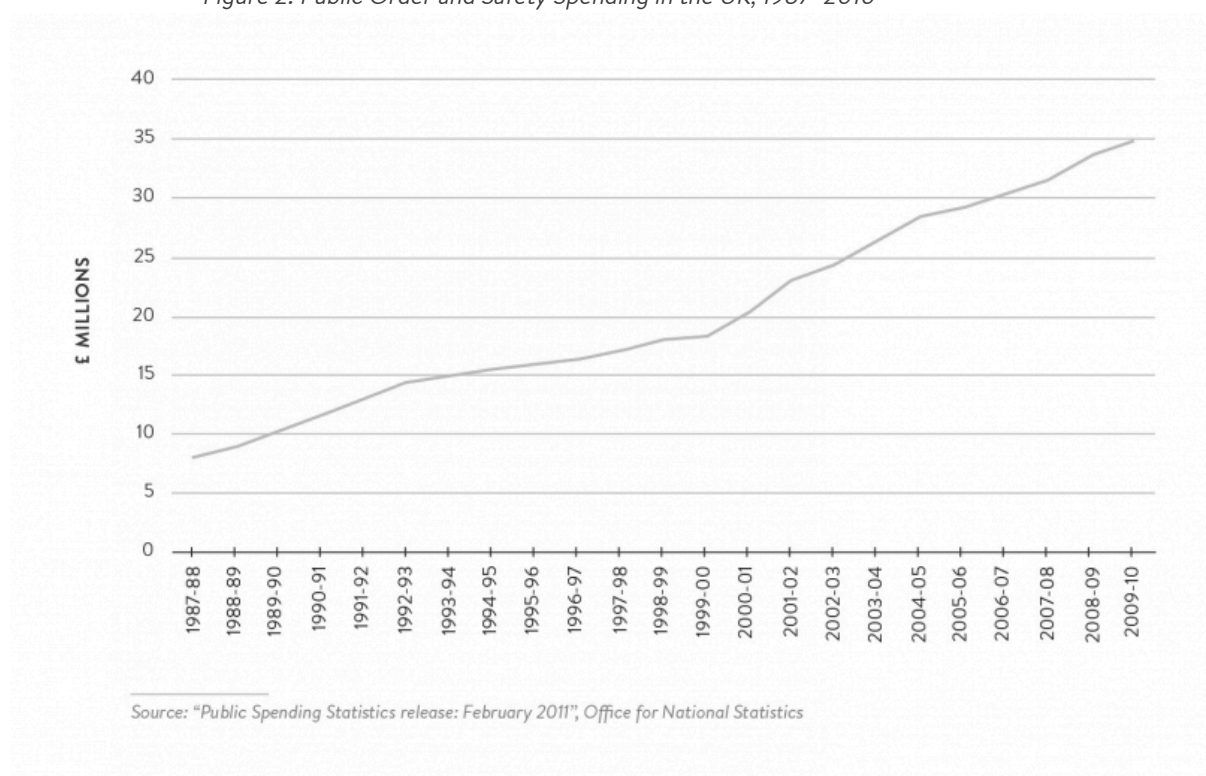
<sup>26</sup> Robert Chote, Rowena Crawford, Carl Emmerson and Gemma Tetlow, "Public spending under Labour", Institute for Fiscal Studies briefing note, 12 April 2010, 2, <https://www.ifs.org.uk/publications/4815>.

<sup>27</sup> Maurice Mullard and Raymond Swaray, "New Labour Legacy: Comparing the Labour Governments of Blair and Brown to Labour Governments Since



Resourcing for policing and security also increased markedly. Unlike in health and education, the rate of increase in this field was very similar to what it had been under the Conservatives: the annual yearly funding increase was 3.8 per cent, as against 4 per cent between 1979 and 1997.<sup>28</sup> But that still meant that an enormous extra of amount of money was available: real-terms spending on policing in England and Wales rose from £9.7 billion (\$12.4 billion) in 1995–1996 to £13.1 billion (\$16.8 billion) in 2010–2011, at 2014–2015 prices (see figure 2).<sup>29</sup>

Figure 2: Public Order and Safety Spending in the UK, 1987–2010



1945", *The Political Quarterly* 81, no. 4 (November 2010): 514–517, <https://doi.org/10.1111/j.1467-923X.2010.02131.x>.

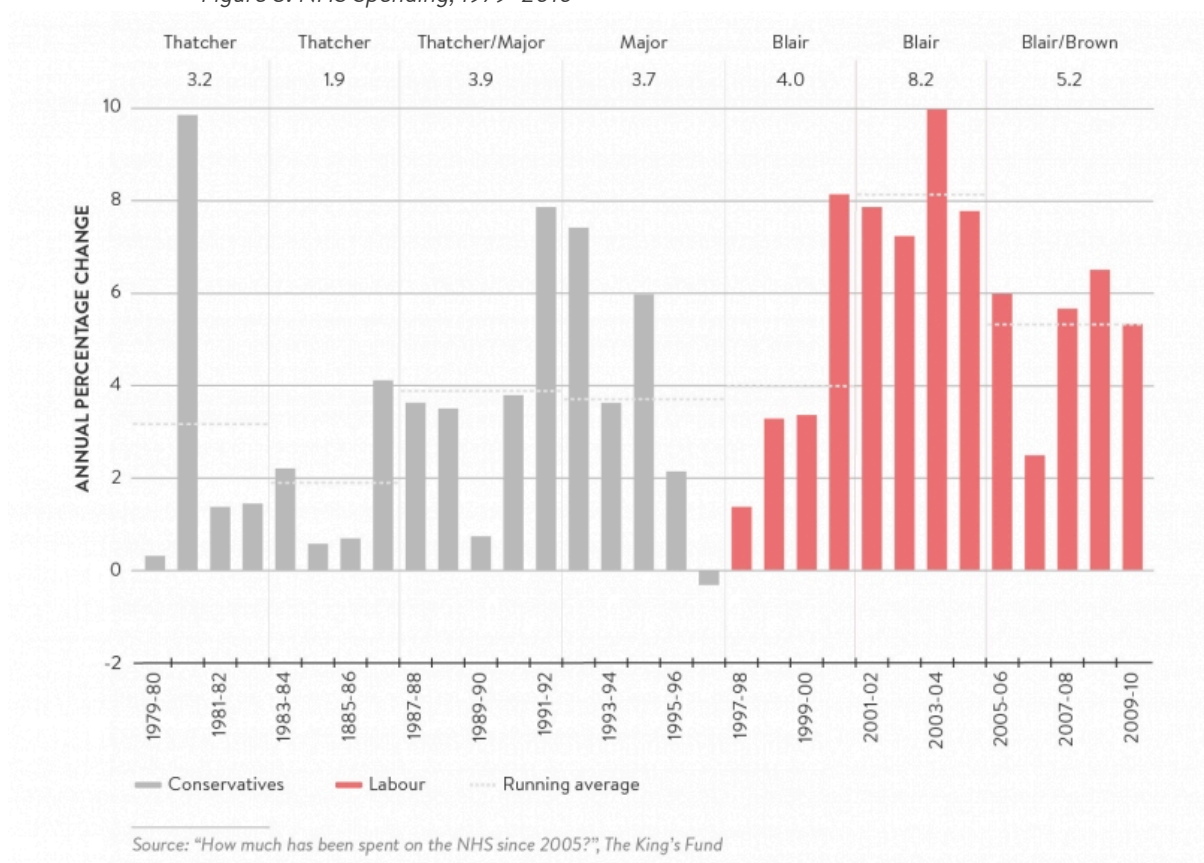
<sup>28</sup> "Election briefing", Institute for Fiscal Studies, 10.

<sup>29</sup> Rowena Crawford, Richard Disney and David Innes, "Funding the English & Welsh police service: from boom to bust?", Institute for Fiscal Studies briefing note BN 179, 17 November 2015, 7, <https://www.ifs.org.uk/publications/8049>.

## A UNIQUE PERIOD

Taken overall, the New Labour period represented a strong contrast to the Conservatives' time in office between 1979 and 1997. Under Prime Ministers Margaret Thatcher and John Major, spending on public services grew at only 0.7 per cent per year; under Labour, that statistic moved upwards by 4.4 per cent a year. NHS spending accelerated markedly, increasing at 3.2 per cent under the Conservatives but 5.7 per cent under Labour (see figure 3) and approaching the average for health spending in other EU states.<sup>30</sup>

Figure 3: NHS Spending, 1979–2010

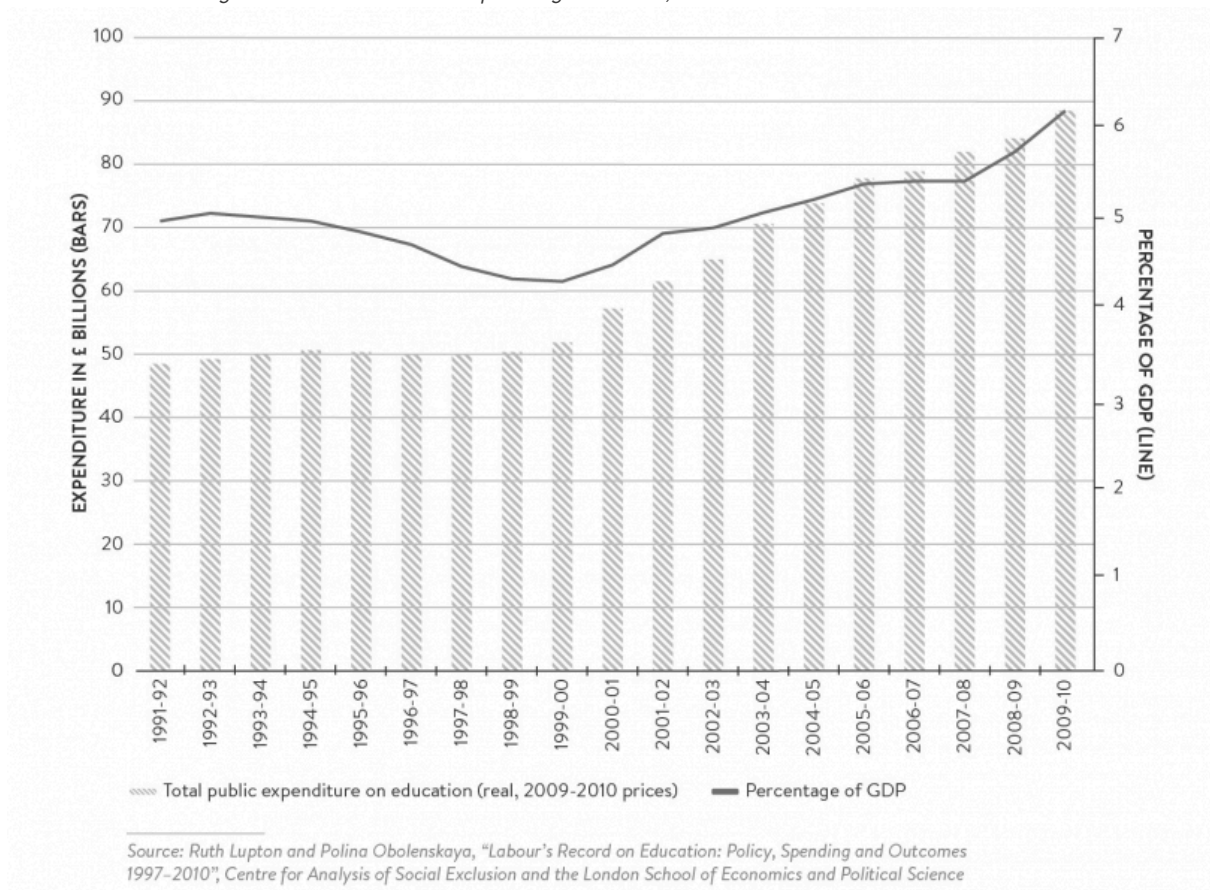


The same story was evident in education, with 1.5 per cent annual increases between 1979 and 1997 being replaced by 3.9 per cent rises between 1997 and 2010 (see figure 4). That surge in

30 Proper and Venables, "An assessment of Labour's record on health and healthcare", 213.

investment saw British education spending per pupil shoot up the international league tables.<sup>31</sup> Nor was this simply a matter of responding to the 2008 financial crisis in a pump-priming Keynesian manner. In the pre-crisis years, health and education spending moved up regularly more than they did between 2008 and 2010–2011, since health and education spending increases slowed once more in that period: to 3.7 per cent and 2.4 per cent, respectively.<sup>32</sup>

Figure 4: State Education Spending in the UK, 1991–2010



What is more, Labour managed this huge expansion of the public sector's ambitions without a vast increase in debt, despite the often-expressed views of right-wing commentators that this was a period of unrestrained borrowing.<sup>33</sup> Public-sector net debt stood at 38.4 per cent when Blair came to power, before sinking to 27.7 per

31 Ruth Lupton and Polina Obolenskaya, "Labour's Record on Education: Policy, Spending and Outcomes 1997–2010", LSE Social Policy in a Cold Climate working paper 3, July 2013, 22, <http://sticerd.lse.ac.uk/dps/case/spcc/wp03.pdf>.

32 Chote et al., "Public spending under Labour", 10.

cent in the first quarter of 2002, then rising gently back to 35.2 per cent at the beginning of 2008. Only the financial crisis—not increased public spending—caused public debt to surge to 68 per cent of GDP by the time Labour lost power.<sup>34</sup>

Budgets since Labour left power have been much more constrained. The coalition and Conservative governments since 2010 have increased NHS spending by only 1.3 per cent a year—a much more significant reason for the service’s travails than the inception of PFI, as that initiative’s limited share of capital spending should make clear.<sup>35</sup>

In education, too, financial progress has slowed right down. Between 2010–2011 and 2015–2016, education spending fell in real terms—by 14 per cent. In resource terms, that reversed all the progress made since 2005–2006, and as a share of national product turned the clock back to where it was during most of the 1990s. Early-years tax credit and Sure Start spending on children’s centres, as well as further education, bore the brunt of these cuts in the first instance, although since 2015–2016 spending per pupil in the schools sector has also been planned to fall.<sup>36</sup>

Taken as a whole, New Labour’s period in office stands as a virtually unique period in modern British history: spending on core domestic welfare services increased rapidly, alongside an even more rapid shift upwards in expenditure designed to improve the situation of families on lower incomes.

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33 Fraser Nelson, “The Truth About Labour and Overspending”, *Spectator* “Coffee House” blog, 30 April 2015, <https://blogs.spectator.co.uk/2015/04/the-truth-about-labour-and-overspending/>.

34 “PS: Net Debt (excluding public sector banks) as a % of GDP: NSA”, Office for National Statistics, 19 October 2018, accessed 29 October 2018, <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/timeseries/hf6x/pusf>.

35 Georgina Lee, “How generous have the Conservatives been with the NHS?”, *Channel 4 Fact Check*, 20 June 2018, <https://www.channel4.com/news/factcheck/factcheck-how-generous-have-the-conservatives-been-with-the-nhs>.

36 Chris Belfield, Claire Crawford and Luke Sibbets, “Long-run comparisons of spending per pupil across different stages of education”, *Institute for Fiscal Studies*, August 2018, 9–20, <https://www.ifs.org.uk/uploads/publications/comms/R126.pdf>.

## REGENERATING THE PUBLIC SPHERE

This rise in public spending was not only imagined in liberal terms—as a new contract between consumers and providers. For the emphasis on neoliberalism also misses the fact that the Blair agenda sought specifically to rebuild the public sphere around a new vision of a larger, more activist but more responsive and effective state. First through targets—and then, when they seemed not to deliver strong improvement, through decentralised commissioning and choice—the government sought to improve public-sector performance in a way that would be visible on the ground, and so maintain its relevance and political support.

## REJUVENATING SOCIAL DEMOCRACY

Consider the continuity between Blair's views about public services in opposition and government. The emphasis was not only on the connectedness of policies but also on the delivery of noticeable improvement in citizens' life chances. In 1996 he made clear that the NHS, for instance, still had a key role to play, though "as a part of a health policy that believes in the NHS as a modern public service that could give the quickest and best service".<sup>37</sup> Blair's "forces of conservatism" speech to Labour Party conference in 1999 made the same point: "I want to go to the hospital of my choice, on the day I want, at the time I want. And I want it on the NHS."<sup>38</sup>

A similar story can be told about law and disorder. "Tough on crime, tough on the causes of crime" was one of the axiomatic statements of early Blairism. Here again, there was a characteristic insistence on securing the best standards of service for Britons subsisting on lower incomes. There was, once more, an assertion that Labour's left-wing outlook could conflict with its egalitarian aims. As Blair put it in 1993:

*Crime profoundly affects the quality of our lives. It is ultimately linked with the strength and cohesion of the community. It is a*

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<sup>37</sup> Tony Blair, *New Britain: My Vision of a Young Country* (London: Fourth Estate, 1996), 185.

<sup>38</sup> "UK Politics: Tony Blair's speech in full", BBC News, 28 September 1998, [http://news.bbc.co.uk/1/hi/uk\\_politics/460009.stm](http://news.bbc.co.uk/1/hi/uk_politics/460009.stm).

*cliché, but true nonetheless, that it is people who live on inner-city estates or use public transport – many of them Labour voters – who suffer most. Many of these people feel disenfranchised after 14 years of Tory neglect of inner-city crime. It therefore intensely interests our core voters, who look to Labour to reflect their anxiety and anger, not to respond with patronising sympathy or indifference.*<sup>39</sup>

Blair later reiterated this point in his autobiography, blending a belief in strong state intervention with the importance of local civic institutions and families: “For many communities, especially those in poorer parts of town and city, antisocial behaviour and low-level crime and disorder was the number-one concern. The graffiti, petty drug dealing, violence and abuse could turn a nice neighbourhood into a nasty one within months. In terms of quality of life, there was no bigger issue . . . [tackling this] fitted completely with my belief in cohesive communities based on a combination of improved opportunity and greater responsibility.”<sup>40</sup>

There was little sense here of a neoliberal emphasis on self-adjusting economic mechanisms that could govern the relationship between citizen and state as they did between retailer and customer. It was more that the state had to improve its performance to meet a moral—not a financial—contract with communities and families.

As in so many other areas, New Labour sought to use some neoliberal techniques—targets, quasi-markets, and more visible and stronger policing—to foster what its leaders thought of as an updated, rejuvenated social democracy. Despite the rhetorical appeal of Blairism as an alternative to both old left and new right, in practice there is a huge amount of evidence of its success in not only revitalising the machinery of the state but also refocusing it to serve traditionally redistributive ends.

Here, perhaps, lies the real importance of former Deputy Prime Minister John Prescott’s phrase about “Labour values in a modern setting”.<sup>41</sup> This report began with the belief expressed by Andrew

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39 Tony Blair, “From the 1997 election archive: Tony Blair on why crime is a socialist issue”, *New Statesman*, 29 April 2017, <https://www.newstatesman.com/2017/04/1997-election-archive-tony-blair-why-crime-socialist-issue>.

40 Tony Blair, *A Journey* (New York: Vintage Books, 2011), 488.

Hindmoor of the University of Sheffield that New Labour was a “continuation” of Thatcherism; but as he too has pointed out, “the fact that there are points of similarity between managerial-led target-setting and neoliberalism does not, however, mean that the former ought to be seen as an expression of the latter”.<sup>42</sup>

## AN INTERVENTIONIST STATE

The state under New Labour became deeply interventionist, even hyperactive, as befitted its roots in the more activist critiques of New Public Management, and also in ways that might be seen as a break with Thatcherism (radically improving the NHS’s ambitions and performance, for instance) as well as strengthening elements of Thatcher’s legacy (such as the expansion of the prison service). In the criminal-justice sphere, 3,000 new offences were created during the Blair and Brown years—there were 33 major policy initiatives during David Blunkett’s two-year term period as home secretary alone.<sup>43</sup> Ambitions were high: the 2001 NHS Plan declared that under Labour’s proposals, “the traditional waiting list will become a thing of the past”.<sup>44</sup>

New Labour in power furthermore prescribed judges’ individual room for manoeuvre rather more than before. The Criminal Justice Act of 2003 provided for a new Sentencing Guidelines Council to reduce the variation in sentencing across the country. Although the council’s membership was to be entirely judicial, a Sentencing Advisory Panel with a more mixed membership would advise it on the wider questions of impact, effectiveness and research.<sup>45</sup>

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41 John Rentoul, “Tony Blair 1994–”, in *Leading Labour: From Keir Hardie to Tony Blair*, ed. Kevin Jefferys (London: IB Tauris, 1999), 224.

42 Hindmoor, *What’s Left Now?*, 115.

43 Sarah Charman and Steve Savage, “Controlling crime and disorder: the Labour legacy”, in *Modernising the Welfare State: The Blair legacy*, ed. Martin Powell (Bristol: Policy Press, 2008), 105–107.

44 David Coates, *Prolonged Labour: The Slow Birth of New Labour Britain* (Basingstoke: Palgrave Macmillan, 2005), 129.

45 Neil Hutton, “Sentencing guidelines”, in *Confronting Crime: Crime control policy under New Labour*, ed. Michael Tonry (Cullompton: Willan Publishing, 2003), 126–131.

There was also a big increase in the prison population, driven in large part by longer sentences. Between 1994 and 2004, the number of prisoners serving sentences of more than four years slightly more than doubled, while those serving sentences of between 12 months and four years increased by 57 per cent.<sup>46</sup> The prison population rose by 26,000 between 1997 and 2010.<sup>47</sup> In England and Wales, it increased from just over 60,000 to more than 85,000 by June 2010: not the same huge increase as occurred in the much shorter period 1993–1998, when places rose by over 24,000, but still at some pace, and at a much faster rate than in 1945–1992.<sup>48</sup>

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46 Patrick Carter, “Penal policy – a journey”, in “The next ten years”, Reform, 2012, 91.

47 “A future fair for all: The Labour Party Manifesto 2010”, Labour Party, 2010, 5:4.

48 “Story of the prison population, 1993–2012”, Ministry of Justice, 15 March 2013, 5–7, <https://www.gov.uk/government/statistics/story-of-the-prison-population-1993-2012>.



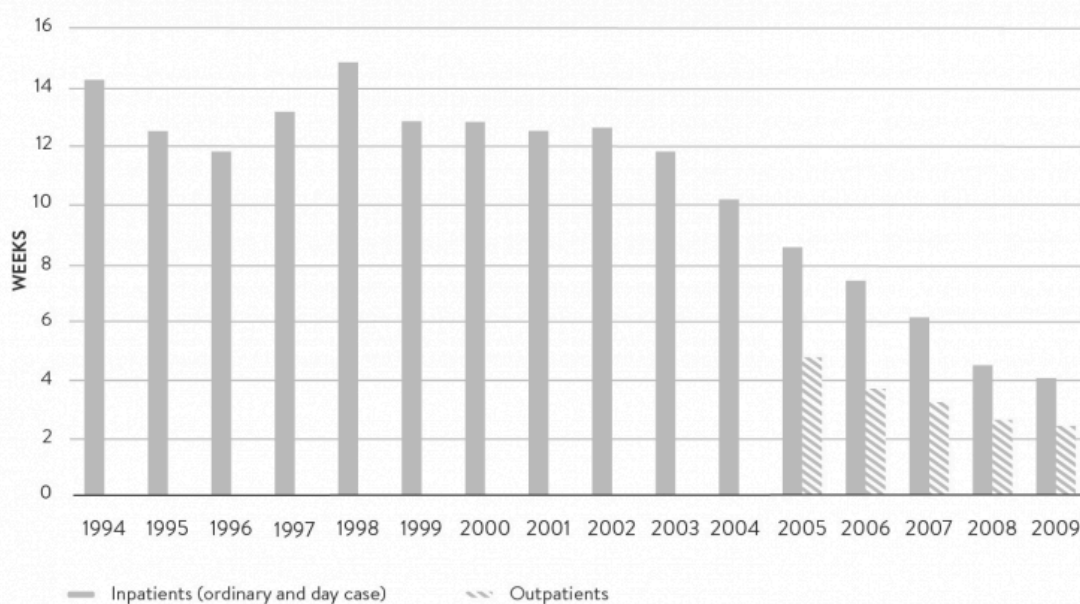
## IMPROVEMENT AND ADVANCE IN PUBLIC SERVICES

Many real outcomes did match the impressively steep level at which inputs shot up, especially as the government shifted its stance from squeezing more results from the existing system and towards changing public-sector provision itself. Three areas stand out: health, education and policing.

### HEALTH

Between March 1997 and March 2009, the average wait for hospital inpatient care fell from 13.2 weeks to four weeks, and between March 2005 and March 2009 the wait for outpatient care declined from 4.8 weeks to 2.4 weeks (see figure 5).

Figure 5: Median Waiting Times for Hospital Treatment in the UK, 1994–2009



Source: "How much have waiting times reduced?", The King's Fund

Although new treatments were often the reasons for improvements, the numbers returned by the NHS improved faster than the average across the Organisation for Economic Cooperation and Development (OECD)—albeit from a low base. Spending review targets set in 2000—of reducing heart disease

deaths for people under 75 by 40 per cent, and cancers by 20 per cent—also seem to have been met.<sup>49</sup> Huge improvements in the accessibility, flexibility and rapidity of care were delivered. In 2008, patients would wait no more than 18 weeks from referral to treatment; just ten years before, 284,000 patients had been waiting for six months or more. Initiatives such as NHS walk-in centres and NHS Direct, a 24-hour helpline staffed by nurses, helped ease the tension in primary care, while innovation was encouraged—and in some cases flourished—in the hospital sector.<sup>50</sup>

Labour's move towards greater competition between hospitals—where it was allowed—may well have helped. Mortality rates for some illnesses appear to have declined faster where patient choice was expanded.<sup>51</sup> It seems likely that independent sector treatment centres played at least some role in improving performance, if only via example, and through competition with NHS hospitals. Early quantitative studies of the effect of greater patient choice in the NHS, however, leave the case unproven: only small gains were recorded in terms of healthcare access in more deprived areas. The actual number of beds that independent sector treatment centres provided was still marginal, though, just as controversies over PFI have helped exaggerate its scale and scope: they provided fewer than 2 per cent of beds in 2007–2008.<sup>52</sup>

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49 Polly Vizard and Polina Obolenskaya, "Labour's Record on Health (1997–2010)", LSE Social Policy in a Cold Climate working paper 2, July 2013, 88, <http://sticerd.lse.ac.uk/dps/case/spcc/wp02.pdf>; Hindmoor, *What's Left Now?*, 109.

50 Klein, *The New Politics of the NHS*, 204, 223, 268.

51 Zack Cooper, Stephen Gibbons, Simon Jones and Alistair McGuire, "Does Hospital Competition Save Lives? Evidence From The English NHS Patient Choice Reforms", *The Economic Journal* 121, no. 554 (August 2011): F243–F250, <https://doi.org/10.1111/j.1468-0297.2011.02449.x>.

52 Nicholas Bosanquet, "The health and welfare legacy", in *Blair's Britain 1997–2007*, ed. Anthony Seldon (Cambridge: Cambridge University Press, 2007), 397–407; Chris Naylor and Sarah Gregory, "Independent sector treatment centres", The King's Fund briefing, October 2009, <https://www.kingsfund.org.uk/sites/default/files/Briefing-Independent-sector-treatment-centres-ISTC-Chris-Naylor-Sarah-Gregory-Kings-Fund-October-2009.pdf>. For three in-depth studies of the choice agenda's effects, see Richard Cookson, Mauro Laudicella, Paolo Li Donni and Mark Dusheiko, "Effects of the Blair/Brown NHS Reforms on Socioeconomic Equity in Health Care", *Journal of Health Services Research and Policy* 17, supplement 1 (January 2012): 58–61, <https://doi.org/10.1258%2Fjhsrp.2011.011014>.

## EDUCATION

Turning to the university sector, there was again a mix of much higher spending linked to new revenue streams. Labour first introduced the principle of tuition fees—of £1,000 (\$1,300)—before raising them to a maximum of £3,000 (\$3,800) for the academic year 2006–2007. This allowed British universities to go on expanding towards the government’s aspiration of 50 per cent of young people entering higher education, with the important consequence that the number of students from low-income backgrounds able to access a university education went on rising.

University funding rose by 50 per cent between 1997–1998 and 2009–2010 if all fee income is included, but by only 25 per cent if that is excluded. The extra money allowed funded student numbers to rise by 20 per cent.<sup>53</sup> England has therefore managed so far to avoid the situation that Scotland has drifted into since it abolished fees in 2007–2008: a tight numbers cap that has held down the rate of progress on access far below England’s.<sup>54</sup> The unit of resource per student had increased via the injection of new funds—a boost to English universities’ international competitiveness that seems to have had the additional effect of widening undergraduate access.

In schools, improvements were just as clear, if necessarily rather harder to quantify. Teacher numbers in England rose between 1997 and 2010 from 396,200 to about 450,000—a rise of 12 per cent over the whole period—allowing the pupil-teacher ratio in primary schools to fall from 24 to 22, although the same figure in secondary schools fell only very slightly.

There was at the same time a massive increase in the number of teaching assistants and other support staff, whose number rose

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53 “Tuition fee statistics”, House of Commons Library briefing paper 917, 19 February 2018, 15–16, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN00917>.

54 Lucy Hunter Blackburn, Gitit Kadar-Satat, Sheila Riddell and Elisabet Weedon, “Access in Scotland: Access to higher education for people from less advantaged backgrounds in Scotland”, Sutton Trust, May 2016, 36, [https://www.suttontrust.com/wp-content/uploads/2016/05/Access-in-Scotland\\_May2016.pdf](https://www.suttontrust.com/wp-content/uploads/2016/05/Access-in-Scotland_May2016.pdf).

from 60,600 to 190,000 by 2010.<sup>55</sup> Teaching assistants were often assigned to help lower-attaining pupils and those with special educational needs, leading to a separation effect in which such pupils received less, not more, attention from teachers. A lack of formal training led to problems in terms of both liaison with teachers and efforts to develop children's wider skills, although teaching assistants did help free up teachers' time for preparation and marking: used well, they were definitely part of many schools' moves forward at this time.<sup>56</sup> Teachers' pay was rapidly increased, while bursaries in shortage subjects helped recruitment in mathematics and science. The inauguration of the Teacher Training Agency (which became the Training and Development Agency for Schools in 2005) and an accompanying advertising drive were designed to raise the profile and perceived status of teachers.<sup>57</sup>

## POLICING

New Labour's extra funding for the police paid for a good deal of extra security on the ground. By the 2010 UK general election, Labour could justly claim to have employed more than 16,000 extra police officers in England and Wales than in 1997, and to have recruited 16,000 community support officers. Community police teams were asked to respond to even non-emergency cases within 24 hours.<sup>58</sup> That increase in police numbers represented a 13 per cent rise in police numbers (from 125,825 to 142,132) between March 1997 and March 2010.<sup>59</sup> Yet again, this level of public

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55 Anthony Heath, Alice Sullivan, Vikki Boliver and Anna Zimdars, "Education under New Labour, 1997–2010", *Oxford Review of Economic Policy* 29, no. 1 (June 2013): 230–231, [https://www.researchgate.net/publication/273896000\\_Education\\_under\\_New\\_Labour\\_1997-2010](https://www.researchgate.net/publication/273896000_Education_under_New_Labour_1997-2010).

56 Jonathan Sharples, Rob Webster and Peter Blatchford, "Making Best Use of Teaching Assistants: Guidance Report", Educational Endowment Foundation, 2015, 19–21, [https://v1.educationendowmentfoundation.org.uk/uploads/pdf/TA\\_Guidance\\_Report\\_Interactive.pdf](https://v1.educationendowmentfoundation.org.uk/uploads/pdf/TA_Guidance_Report_Interactive.pdf). The author is grateful to Dr Lyndsay Grant for this reference.

57 John Furlong, "Making teaching a 21st century profession: Tony Blair's big prize", *Oxford Review of Education* 34, no. 6 (November 2008): 729–730, <https://doi.org/10.1080/03054980802518979>.

58 "A future fair for all", Labour Party, 5:3.

59 House of Commons debates, vol. 517, col. 601, Nick Herbert, oral answers, "Police numbers", 1 November 2010,

investment was not maintained after Labour left office in 2010: by 2016 there were only 122,859 serving officers in England and Wales, and their number had therefore slipped back behind even where they were in 1997.<sup>60</sup>

This level of activism did help produce results. The period saw a huge and sustained fall in crime rates, albeit from an all-time high in 1995, dropping not quite so quickly as towards the end of the Conservatives' time in power in 1995–1997, and at their steepest rate of decline early in Labour's time in office (see figure 6). The number of crimes committed overall in England and Wales, as measured by the Crime Survey for those countries, fell from 16.5 million for the year ending December 1997 to 9.3 million in the year ending March 2010. Violent crime was nearly halved, falling from 3.3 million to 1.7 million incidents in the same timeframe.<sup>61</sup> By 2009, the murder rate was at its lowest for 20 years.<sup>62</sup>

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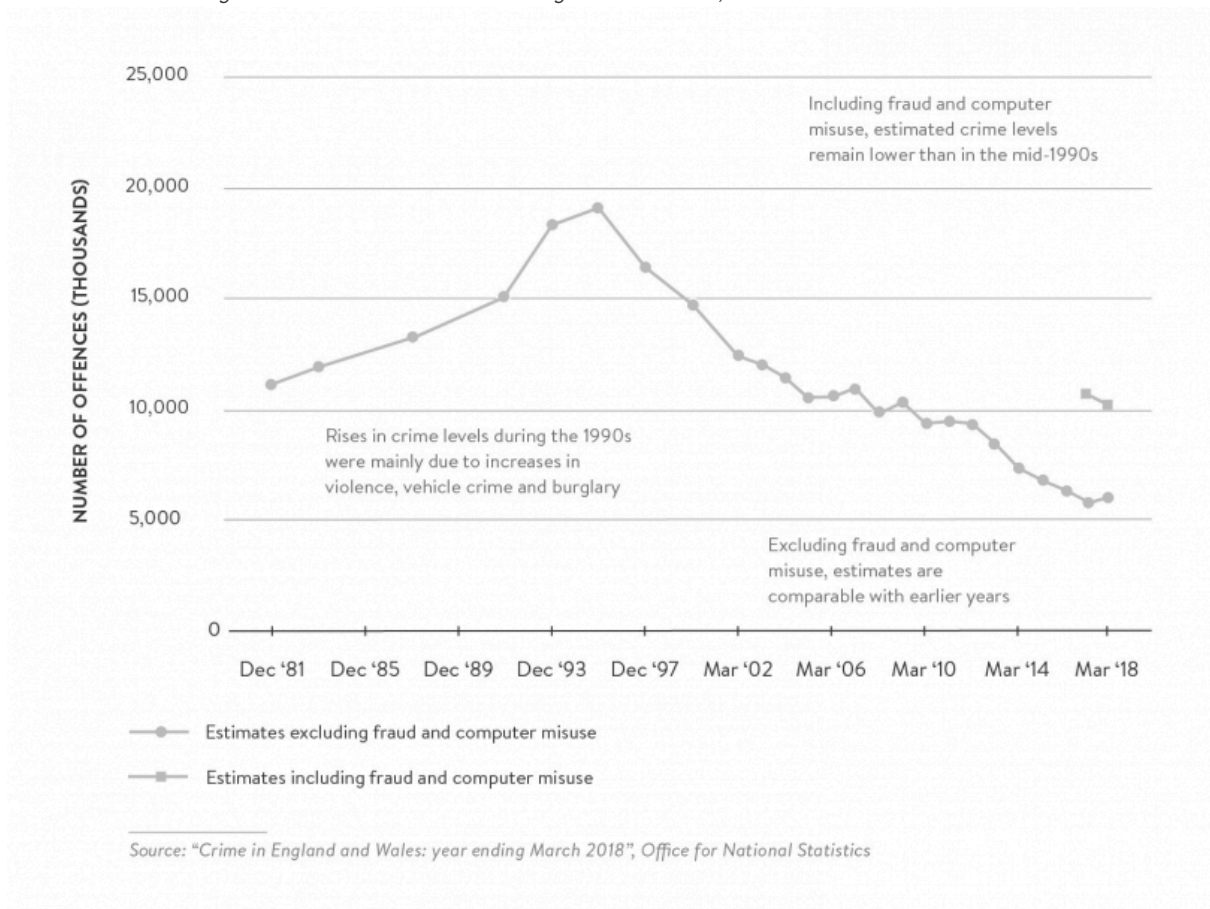
[https://publications.parliament.uk/pa/cm201011/cmhansrd/cm101101/debtext/101101-0001.htm#column\\_601](https://publications.parliament.uk/pa/cm201011/cmhansrd/cm101101/debtext/101101-0001.htm#column_601).

<sup>60</sup> “Reality Check: Are there 20,000 fewer police?”, BBC News, 2 May 2017, <https://www.bbc.co.uk/news/uk-politics-39779288>.

<sup>61</sup> “Crime in England and Wales: year ending March 2018”, Office for National Statistics, 19 July 2018, <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarch2018>.

<sup>62</sup> Alan Travis, “Murders drop to lowest level for 20 years in England and Wales”, Guardian, 21 January 2010, <https://www.theguardian.com/uk/2010/jan/21/murders-drop-home-office-figures>.

Figure 6: Overall Crime Rate in England and Wales, 1981–2018



It must be emphasised that this was part of a phenomenon affecting most of the developed world. Demographics, with a falling number of young people in the population, and economics—at a time of general prosperity—meant that the government was sailing with a fair wind behind it. Crime-fighting technology, such as car immobilisers, helped further.<sup>63</sup> The effect of sentencing on crime rates, and still more on the perception of crime and disorder, can be exaggerated. The link between Britain's surging rate of incarceration and the country's particular declining crime rates is controversial, unclear and weak at best.<sup>64</sup>

But this is not to say that the increase in police numbers, for instance, had no effect. In some areas, and in terms of the battle against certain types of crime, it was very important. The

<sup>63</sup> Toynbee and Walker, *The Verdict*, 173.

<sup>64</sup> Oliver Marie, "Reducing crime: more police, more prisons or more pay?", LSE Centre for Economic Performance Policy Analysis (July 2010): 5–6, <http://eprints.lse.ac.uk/58000/>.

government's attack on street crime in 2002 is just one case in point. The ten police forces that were granted extra resources to fight the surge in such robberies did get on top of the problem. The general increase in police numbers at that time allowed the government to redeploy 2,000 officers to the crisis and, by so doing, push the figures back to where they had stood in 2001.<sup>65</sup>

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<sup>65</sup> Barber, *Instruction to Deliver*, 155–160.

## EQUALITY, INEQUALITY AND THE INDIVIDUAL IN PUBLIC SERVICES

At first, area-based initiatives carried Labour's more redistributive ambitions. In 1998–1999, for instance, 25 education action zones were declared in the most deprived parts of England and Wales, with £75 million (\$96 million) of new public spending so that schools in those areas could ignore limits on hiring and teacher pay.

These were but modest moves towards cutting the delivery gap between wealthier and more economically isolated areas. Health action zones, for instance, were wound up in 2003 after an internal review concluded that these small-scale initiatives had not been either as innovative or as effective as ministers had hoped.<sup>66</sup> Education action zones similarly seemed to build on past practice and current examples rather than becoming engines of change—something that might have been predicted given the difficulties of simple day-to-day management in areas of multi-dimensional need and challenge.<sup>67</sup>

### A FOCUS ON PERFORMANCE

The government's more radical and wide-ranging intent was initially reserved for an unremitting emphasis on performance, first and foremost perhaps in terms of school standards, including most notably the methods and results of schools in difficult inner-city areas. The government's very first white paper focused on literacy and numeracy using just this language, quickly introducing the idea of literary and numeracy strategies—ideas that emanated in large part from the new Standards and Effectiveness Unit in the Department for Education.<sup>68</sup>

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<sup>66</sup> Klein, *The New Politics of the NHS*, 223.

<sup>67</sup> "Education Action Zones: commentary on the first six zone inspections - February 2001", Office for Standards in Education, February 2001, <http://dera.ioe.ac.uk/4518/1/Education%20Action%20Zones%20first%20six%20inspections%20%28PDF%20format%29.pdf>; Liz Lightfoot, "Education zones are branded failures", *Daily Telegraph*, 6 March 2001, <https://www.telegraph.co.uk/news/uknews/1325215/Education-zones-are-branded-failures.html>.

<sup>68</sup> Barber, *Instruction to Deliver*, 31–35.



Having sent a signal of intent that did not always resonate, the government then encouraged a more localised approach, as in other areas. One instance is the creation of academies in deprived areas: increased funding came with more independence and experimentation, and performance improved faster among secondary academies than in more affluent areas (though results were mixed).<sup>69</sup> Initiatives such as Excellence in Cities, London Challenge, Teach First and Academisation carried on education action zones' work via a more flexible and successful regimen of mentoring and collaborative learning schemes. Such schemes registered enormous, and indeed surprisingly dramatic, successes in London in particular.<sup>70</sup> London's results at the level of the General Certificate of Secondary Education (GCSE)—an exam taken at about age 16—went from lagging the country in 1997–1998 to outstripping other regions by some way by 2010–2011, while the schools that had been underperforming the most improved the most during the same period.

Although the roots of that transformation remain controversial—London's demographics have been changing rapidly, and local councils' efforts to turn the situation around date back to the 1990s—the injection of attention, leadership, resources, capital investment and constant local experimentation seem likely to have played a vital role in changing London children's life chances.<sup>71</sup> Some of the figures from individual boroughs are extraordinary. Hackney, for instance, was relieved of its responsibility for schooling in 2002,

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69 "Academies Annual Report 2010/11", Department for Education, 2012, 22–23, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/175360/academies\\_annual\\_report\\_2010-11.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/175360/academies_annual_report_2010-11.pdf).

70 Marc Kidson and Emma Norris, "Implementing the London Challenge", Institute for Government, 2014, 4–5, 16–17, [https://www.instituteforgovernment.org.uk/sites/default/files/publications/Implementing%20the%20London%20Challenge%20-%20final\\_0.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/Implementing%20the%20London%20Challenge%20-%20final_0.pdf).

71 The data on five A\*–C GCSEs can be found in Sam Baars et al., "Lessons from London's schools: Investigating the success", Centre for London and CfBT Education Trust, 2014, 23–27, <https://www.centreforlondon.org/wp-content/uploads/2016/08/Lessons-from-London-Schools.pdf>; for the general conclusions reported here, see pages 68–87. Longer-term change, and the work of London's boroughs, is also rightly stressed in Jo Blanden, Ellen Greaves, Paul Gregg, Lindsey Macmillan and Luke Sibiet, "Understanding the improved performance of disadvantaged pupils in London", LSE Social Policy in a Cold Climate working paper 21, September 2015, 36–37, <http://sticerd.lse.ac.uk/dps/case/spcc/wp21.pdf>.

those duties being handed over to the not-for-profit Hackney Learning Trust. By 2011, GCSE performance as measured by those pupils attaining five or more A\*–C grades had improved from 31 to 75 per cent.<sup>72</sup>

## **A CHILD-CENTRED APPROACH**

Even more significant in the long run was the overarching approach to policy as child centred and family oriented, rather than focused on test and exam results—important as those were. The Every Child Matters initiative, launched in 2003, spearheaded inter-agency working in this field, aimed at securing a healthy, happy and positive life for every child. The network of 3,632 Sure Start programmes and centres focusing on early-years education, healthcare and family support were the concrete testament to this central thrust of New Labour policy.<sup>73</sup>

These initiatives, with the creation of the children’s commissioner, undoubtedly embedded an awareness of children’s needs and welfare in the policy process. They would eventually be exemplified in the creation of an entire Department for Children, Schools and Families, rather than the traditional Department for Education. That department launched an emblematic Children’s Plan, one of the main thrusts of which was strengthening the links between the family and public services, supporting children and their parents in a more coherent way than teachers, social workers, doctors and the police had been able to do while working in their specialist fields.<sup>74</sup>

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<sup>72</sup> Neil Weeks and Bill Bows, *10 Years Transforming Education in Hackney* (London: The Learning Trust, 2012), 9, <https://www.learningtrust.co.uk/sites/default/files/document/10%20Years%20in%20Hackney.pdf>.

<sup>73</sup> George Smith, Kathy Sylva, Teresa Smith, Pam Sammons and Aghogho Omonigbo, “Survival, decline or closure? Children’s centres in England”, Sutton Trust, April 2018, 10, <https://www.suttontrust.com/wp-content/uploads/2018/04/StopStart-FINAL.pdf>.

<sup>74</sup> “The Children’s Plan: Building brighter futures”, Department for Children, Schools and Families, December 2007, 5–14, <http://www.educationengland.org.uk/documents/pdfs/2007-childrens-plan.pdf>.

Early assessments of Sure Start's impact on inequality have been rather equivocal given families' different abilities to access such provision, but a gradual move from emphasising the role of formal education to a broader concentration on the needs of young families bore enormous fruit overall.<sup>75</sup>

It is important to see such policies as a single effort to support child-rearing, underpinning moves forward in the more traditional and easier-to-monitor areas of health, education and crime. Taken together, New Labour's measures to assist parents with young children were enormously ambitious, only becoming more so over time. Longer maternity leave; paid paternity leave; higher child benefit; free part-time nursery care for four-year-olds and (from 2004) three-year-olds; the New Deal and In-Work Credit for lone parents: these added up to a coherent programme of assistance for under fives that gave parents more money, time, space and confidence to bring up children in their own way.

By so doing, it likely helped push both absolute performance and reductions in inequality in each policy field at least in the right direction, whether that was in terms of young children's developmental progress or physical health. Progress on the first front seems to have been under way as measured by the early years foundation stage criteria from 2007 onwards; as for health, birth weight differentials narrowed across social classes.<sup>76</sup>

Even if the Sure Start programme is excluded, local authority spending on under fives went up from £2 billion (\$2.5 billion) to £4.3 billion (\$5.5 billion) between 1997–1998 and 2010–2011. The childcare element of working tax credit reached £1.3 billion (\$1.7 billion) by 2010–2011, and government spending on maternity and paternity pay increased from £610 million (\$777 million) to £2.2 billion (\$2.8 billion) in the same period. By the end of New Labour's time in government, only seven OECD countries—Sweden, Denmark, France, Iceland, Norway, the Netherlands and

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75 Catherine Simon and Stephen Ward, *Does Every Child matter? Understanding New Labour's Social Reforms* (London: Routledge, 2010), 34–36.

76 Kitty Stewart, "Labour's Record on the Under Fives: Policy, Spending and Outcomes 1997–2010", LSE Social Policy in a Cold Climate working paper 4, July 2013, 47–55, <http://sticerd.lse.ac.uk/dps/case/spcc/wp04.pdf>.

Finland—spent more than the UK on early-years education and childcare.<sup>77</sup>

Educational inequalities declined under these ambitious and persistent attacks. The gap between poorer and wealthier pupils' performance in primary literacy and numeracy declined markedly.<sup>78</sup> Analysis of the Programme for International Student Assessment (PISA) test data suggests that the overall link between family background and attainment went down; the same can be said of GCSEs, whether one focuses on family income or school-level inequality—although such gaps did not narrow nearly so much at A-level, the exam taken at about age 18.<sup>79</sup>

Health inequalities, meanwhile, were not significantly reduced across the board, at least as measured via mortality rates, yet this was because health outcomes for wealthier Britons outstripped the still-rapid improvements among more deprived communities. Inequalities in infant mortality rates, however, were reduced during the second half of Labour's period in government between 1997 and 2010—a delayed effect, perhaps, of the government's massive increase in support to families and children.<sup>80</sup>

## **EFFORTS TO PREVENT CRIME**

The use of the state to improve lives, rather than simply meet predetermined policy objectives, was also notable when it came to incarceration and rehabilitation. At the same time as sentences increased in length, there was an increased emphasis on interventions that might prevent crime, rather than simply punish those who carried it out. Probation spending increased by 70 per cent in real terms between 1999 and 2009. Following the 1998 Crime and Disorder Act, Crime and Disorder Reduction Partnerships made sure that the police worked together with local

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<sup>77</sup> Ibid., 12–16.

<sup>78</sup> "The National Strategies 1997–2011: A brief summary of the impact and effectiveness of the National Strategies", Department for Education, 2011, 10–12.

<sup>79</sup> Heath et al., "Education under New Labour", 239–240.

<sup>80</sup> Propper and Venables, "An assessment of Labour's record on health and healthcare", 218–219.

government, social workers, health professionals and youth offender teams, albeit patchily.<sup>81</sup>

In the 2003 Criminal Justice Act, community sentencing was rationalised and streamlined to focus on a single community order, which contained many potential treatments or requirements for offenders (curfews, drug treatment, cognitive behavioural therapy and the like). The act's so-called custody-plus reform stipulated at least 26 weeks on licence undergoing this sort of supervision for those sentenced to between six months and a year, while attempting to discourage very short sentences, which had been shown to be relatively ineffective, and giving slightly longer periods of imprisonment both a rationale and better outcomes via longer-term engagement with the ex-prisoner.<sup>82</sup>

This seemed to do little on its own to slow the increase in the prison population, however. As some experts had warned, prison sentences of less than a year came to be seen as more desirable, as more likely to have a positive effect. The number of convicted criminals serving under one year in prison actually rose slightly between 2005 and 2010.<sup>83</sup>

Little in New Labour's new emphasis on cross-cutting local work and rehabilitation could be expected to reduce recidivism rates quickly. New Labour had an entirely justified confidence in evidence-based policy (dubbed "what works" by the Home Office), and new evidence emerged at this time to show that strong interventions could make a difference to recidivism rates. But even on the government's assumptions at the time, more thoroughgoing and long-lasting intervention in ex-prisoners' lives would cause recidivism to fall to 'only' 51–57 per cent.<sup>84</sup>

All that said, reoffending overall did fall during Labour's time in power. After a long period of decline in the 1980s, reconviction

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81 Toynbee and Walker, *The Verdict*, 178–184; Charman and Savage, "Controlling crime and disorder", 117–118.

82 Jenny Roberts and Michael E. Smith, "Custody plus, custody minus", in *Confronting Crime: Crime control policy under New Labour*, ed. Michael Tonry (Cullompton: Willan Publishing, 2003), 182–188.

83 "UK Prison Population Statistics", House of Commons Library briefing paper CBP-04334, 23 July 2018, 8, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN04334>.

84 Roberts and Smith, "Custody plus".

rates rose in the 1990s and remained stubbornly high. But between 2000 and 2007, they fell away again: reoffending within one year fell by 20 per cent for adults and by 24 per cent for youth offenders.<sup>85</sup> New Labour had mostly conducted itself as it said it would. Law-enforcement spending had gone up, and police staffing had been boosted. The public was much safer than it had been in 1997; the prevalence of crime, including violent crime, had crashed downwards; and reoffending was lower, bolstered by newly complex and intensive interventions. The government's insistence on more severe standard punishments was an important part of the story, but it has to be seen in that context.

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85 "Reducing re-offending by ex-prisoners", Social Exclusion Unit, July 2002, 16, <https://www.bristol.ac.uk/poverty/downloads/keyofficialdocuments/Reducing%20Reoffending.pdf>; "Tenth report of session 2009–10, vol. 1, report", House of Commons Home Affairs Committee, March 2010, 34–35.

## HALTING THE DRIFT TOWARDS INCREASED INCOME INEQUALITY

The situation in terms of financial equality tells similar stories. Overall, Britons did not become more unequal over New Labour's period in government, despite the deeply held and hard-to-excite impression that they did.<sup>86</sup>

Looking at the standardised Gini coefficient, a scale of inequality from 0 (all incomes are equal) to 100 (one household earns all the income in the economy), this figure did not move much at all in the late 1990s and the first decade of this century. After a huge surge in inequality under the Conservatives during the 1980s (with Gini increasing from 26.6 to 36.8 between 1978 and 1990), the figure then plateaued. Labour's period in office saw the figure fall slightly, from 34.4 in 1996–1997 to 33.7 in 2010–2011, while the Blair premiership had seen a tiny improvement in the position, to 34.2.<sup>87</sup>

A similar effect emerges if one looks at the data on a household level (see figure 7). Even turning away from incomes and towards wealth, it appears that the long boom allowed most Britons to continue building up assets that made the country's wealth more evenly shared—even if that trend was more gradual than in the years after the Second World War. It is again important to realise that these trends were not inevitable: in the years since New Labour lost power, wealth inequality has stagnated, or perhaps even increased a little.<sup>88</sup>

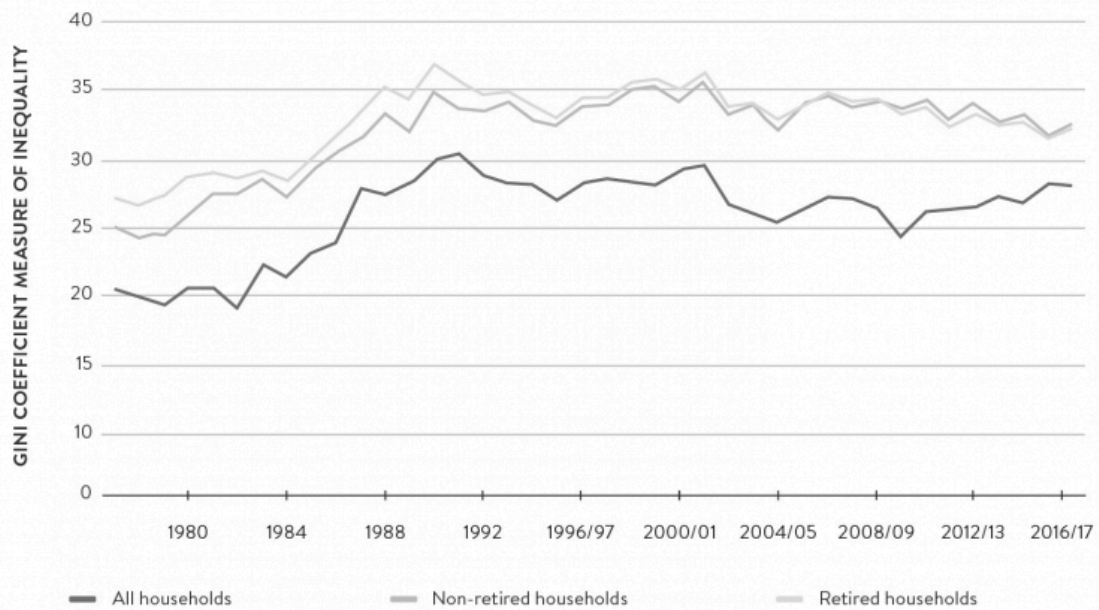
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<sup>86</sup> See, for example, William Underhill, "Inequality has grown under New Labour", *Newsweek*, 8 January 2010, <https://www.newsweek.com/inequality-has-grown-under-new-labour-70943>.

<sup>87</sup> "Household disposable income and inequality", Office for National Statistics, 10 January 2018, <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/householddisposableincomeandinequality>.

<sup>88</sup> "Statistical bulletin: Wealth in Great Britain, wave 5: 2014 to 2016", Office for National Statistics, 1 February 2018, <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016>; Conor D'Arcy and Laura Gardiner, "The generation of wealth: asset accumulation across and within cohorts", Resolution Foundation, 20 June 2017, 22, <https://www.resolutionfoundation.org/publications/the-generation-of-wealth-asset-accumulation-across-and-within-cohorts/>.

Figure 7: Gini Coefficient Measure of Inequality in the UK by Household Type, 1977–2017



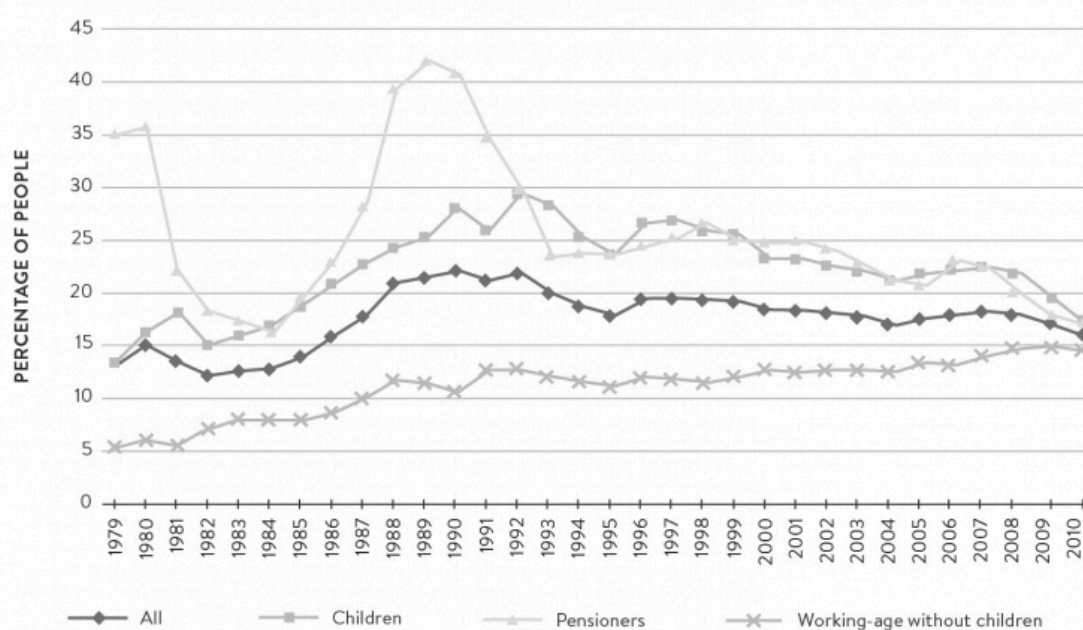
Source: "Household disposable income and inequality in the UK: financial year ending 2017", Office for National Statistics

## TAX AND BENEFITS

What policies, if any, had stabilised the situation? There are two answers to this question. The first important element was the Treasury's tax and benefit changes, especially its inception of working families' tax credit and pension credit, along with large increases to universal benefits such as child benefit and winter fuel payments for pensioners. Relative poverty among young people and the elderly fell rapidly during these years from over 25 per cent, when New Labour came to power, to just over 15 per cent when it left office (see figure 8).



Figure 8: Relative Poverty Rates in the UK, 1979–2010



Source: Robert Joyce and Luke Sibieta, "An assessment of Labour's record on income inequality and poverty", Oxford Review of Economic Policy

Determined government intervention was why those numbers fell at all: without tax credits, relative child poverty would have continued to rise, while pensioner poverty would have remained stuck where it was in 1997.<sup>89</sup> Effectively, Labour in office mounted a thoroughgoing attack on poverty—especially child and pensioner poverty—that was so successful that it helped keep overall inequality where it had ended up in the early to mid-1990s. The reality may even be better than typically reported. Taking into account households' under-reporting of the benefits they are receiving in the usual surveys, the Resolution Foundation has calculated that child poverty may have dropped precipitously from over 30 per cent to 20 per cent, even after housing costs, taking 1.5 million children out of poverty. The overall numbers of all Britons in poverty on this basis fell from 21 per cent to under 17 per cent.<sup>90</sup>

<sup>89</sup> Robert Joyce and Luke Sibieta, "An assessment of Labour's record on income inequality and poverty", Institute for Fiscal Studies, 6 June 2013, 191–195, <https://www.ifs.org.uk/publications/6739>. Relative poverty in this definition is defined as individuals with less than 60 per cent of the whole population's median income.

## NATIONAL MINIMUM WAGE

New Labour's second vital intervention was the creation of a national minimum wage in 1998. Although wage inequality between the high and low paid continued to rise overall in these years for men (though not for women), the low paid caught up on middling earners. The gap between the 50th percentile and the 90th stayed flat across this period for men, while for women the gap closed somewhat. The reason for this was not only the creation of a national minimum wage but also its increase during this period at a more rapid rate than either wages or prices. The lowest paid therefore caught up with the pack, despite the richest continuing to stretch away until the years of economic crisis after 2008.<sup>91</sup>

All this was achieved against an unpromising background—a period in which high earners were able to take advantage of globalisation, while lower earners often were not, and house prices spiralled, delivering huge windfall gains to richer property owners. One of the ways in which Labour's redistributive measures were sailing into the wind is indeed connected to housing costs: the Gini coefficient across the 1990s and 2000s is significantly higher if these are taken into account. The numbers of Britons in relative poverty is also higher if housing is included.<sup>92</sup>

Looking at the final income of the richest 5 per cent of households as against the poorest 5 per cent, the gap between them remains relatively constant between the late 1980s and the present. But if housing costs are taken into account, those numbers continued to go their separate ways well into the 1980s, and then again between 2003–2004 and 2008–2009.<sup>93</sup> In this situation, to have maintained the income balance—and attacked poverty so

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90 "The Living Standards Audit 2018", Resolution Foundation, July 2018, 66–68, <https://www.resolutionfoundation.org/publications/the-living-standards-audit-2018/>.

91 Joanne Lindley and Stephen Machin, "Wage inequality in the Labour years", *Oxford Review of Economic Policy* 29, no. 1 (March 2013): 167–174, <https://doi.org/10.1093/oxrep/grt009>.

92 "Households below average income: 1994/95 to 2016/17", Department for Work and Pensions, 22 March 2018, 12, <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201617>.

93 Hindmoor, *What's Left Now?*, 151.

successfully—must be one of New Labour’s most significant achievements.

## RE-ESTABLISHING TRUST?

The sheer intensity of New Labour's activism had its effects in the level of public trust granted to governments. At least to begin with, the Blair years defied the general presumption that increasingly restive and disenchanted electorates are likely to fall further out of love with their leaders. This highly overdetermined and pessimistic thesis is not borne out by the facts—or by what improving public services can achieve. The relative collapse in trust that has been a notable feature of British public life in recent years came later, after the financial crisis of 2008 and the parliamentary expenses scandal of 2009.

## PERCEPTIONS OF GOVERNMENT

The first few years of New Labour in office in fact saw trust in politicians increase, not decrease—admittedly from a low base after the apparent exhaustion and 'sleaze' of the Conservatives' last years in office. Trust in politicians to tell the truth, as measured in Ipsos-Mori's veracity index, increased from just 12 per cent in 1997 to 23 per cent in 1999. That figure did not drop from what became a new (if low) plateau until it fell from 24 to 16 per cent between 2008 and 2009.<sup>94</sup>

There were again a number of reasons for this, including the general backdrop of economic growth, increased productivity and rising real wages. But improved public services were another major reason for the contrast. The situation to begin with was not promising. In 2001 more of the general public thought that the government had handled the NHS "badly" than "well", by a margin of 17 per cent—although they gave Labour's education policies a positive over negative rating of 16 per cent.<sup>95</sup>

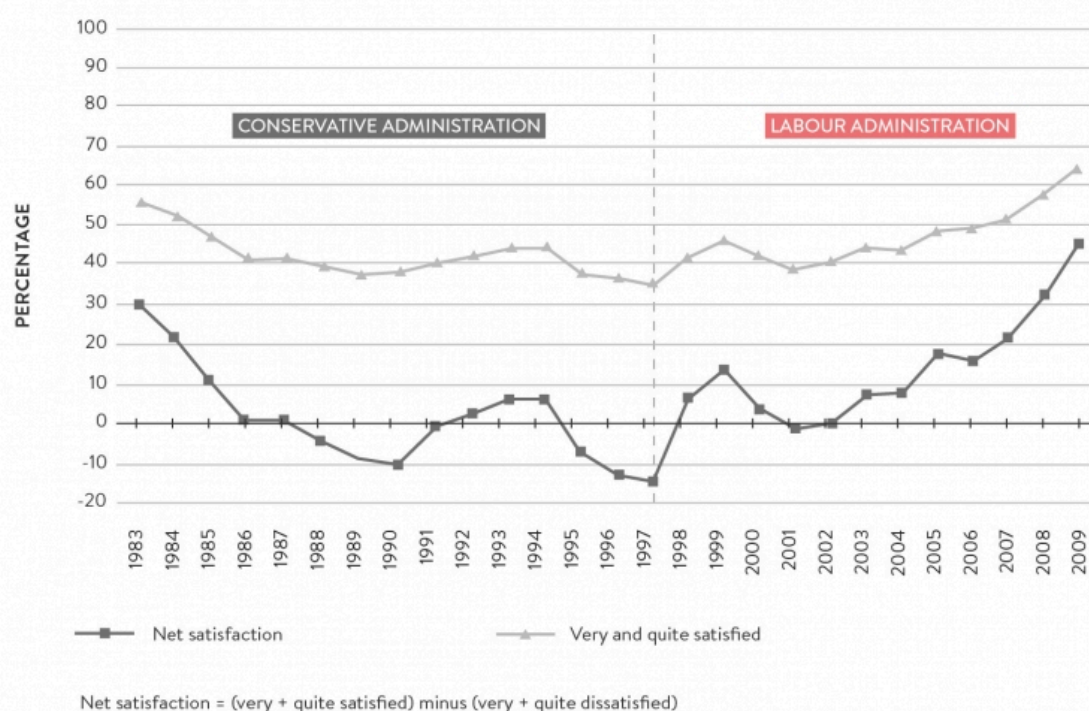
But thereafter, the situation began to change. Respondents to the British Social Attitudes survey gave schools' performance on the three Rs of reading, writing and arithmetic a positive score of

94 "Trust in Professions: Long-term trends", Ipsos-Mori, 30 November 2017, <https://www.ipsos.com/ipsos-mori/en-uk/trust-professions-long-term-trends>.

95 Charles Pattie, "Re-electing New Labour", in *Governing as New Labour: Policy and Politics Under Blair*, ed. Steve Ludlam and Martin J. Smith (Basingstoke: Palgrave, 2004), 22.

+15 per cent in 1996, but +48 per cent in 2008. A negative score of -17 per cent on bringing out pupils' natural abilities in 1996 became a positive return of +18 per cent 12 years later.<sup>96</sup> Answers to the same survey gave the way that the NHS is run a net negative score in 1997, which improved markedly when Labour came to power before falling back again in 2001. By 2009 the score was nearly +50 per cent (see figure 9). Scores for general practitioner, dentistry and hospital treatment moved upwards from 2004 onwards.<sup>97</sup>

Figure 9: NHS Satisfaction in the UK, 1983–2009



Source: John Appleby and Ruth Robertson, "A Healthy Improvement? Satisfaction with the NHS Under Labour", in *British Social Attitudes: The 27th Report: Exploring Labour's legacy*, ed. Alison Park, John Curtice, Elizabeth Clery and Caroline Bryson (London: Sage, 2010)

<sup>96</sup> Elizabeth Clery and Natalie Low, "One School of thought? Reactions to Education Policy", in *British Social Attitudes: The 27th Report: Exploring Labour's Legacy*, ed. Alison Park, John Curtice, Elizabeth Clery and Catherine Bryson (London: Sage, 2010), 689, <http://dx.doi.org/10.4135/9781446268254.n3>.

<sup>97</sup> John Appleby and Ruth Robertson, "A Healthy Improvement? Satisfaction with the NHS Under Labour", in *British Social Attitudes: The 27th Report: Exploring Labour's Legacy*, ed. Alison Park, John Curtice, Elizabeth Clery and Catherine Bryson (London: Sage, 2010), 77–78, <http://dx.doi.org/10.4135/9781446268254.n4>.

All this reflected direct experience. Ipsos-Mori figures from 2005 show that the electorate generally gave the government a negative score of -19 per cent on healthcare but gave the NHS a good score of +21 per cent and local NHS services a very good rating of +54 per cent.<sup>98</sup> Voters both wanted and liked an increased measure of control over their healthcare choices. Figures from the King's Fund in 2010 showed that 75 per cent of those polled thought that a choice of hospital was important or very important to them; only 11 per cent did not. Older and less-educated respondents were more likely to value such choices.<sup>99</sup>

Figures from the British Social Attitudes survey suggest very strongly that both recent patients and citizens in general valued being listened to by medical practitioners and being involved in their care decisions, for which this agenda served as a symbol or signal rather than being intrinsically valued in its own right.<sup>100</sup> Although government health policies were looked on with scepticism (as opposed to positive views of the NHS), Labour continued to lead the Conservatives by a huge margin on this issue—by 49 to 14 per cent in 2001, and by 36 to 22 per cent in 2005.<sup>101</sup>

Voters noticed falling crime rates, too, although media coverage and political controversies (sometimes stoked by ministers) often obscured them. Public concern about crime—as measured by whether they thought it was increasing nationally or not—tended to be rather flat in these years. Seventy-five per cent believed crime was going up in 1996, and 66 per cent held the same view in 2010, though the figure had been as low as 58 per cent (and as high as 75 per cent) in between.

But in a similar picture to that with the NHS, locally people were reassured. The number of people who thought crime was rising in

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98 Klein, "The new model NHS", 44.

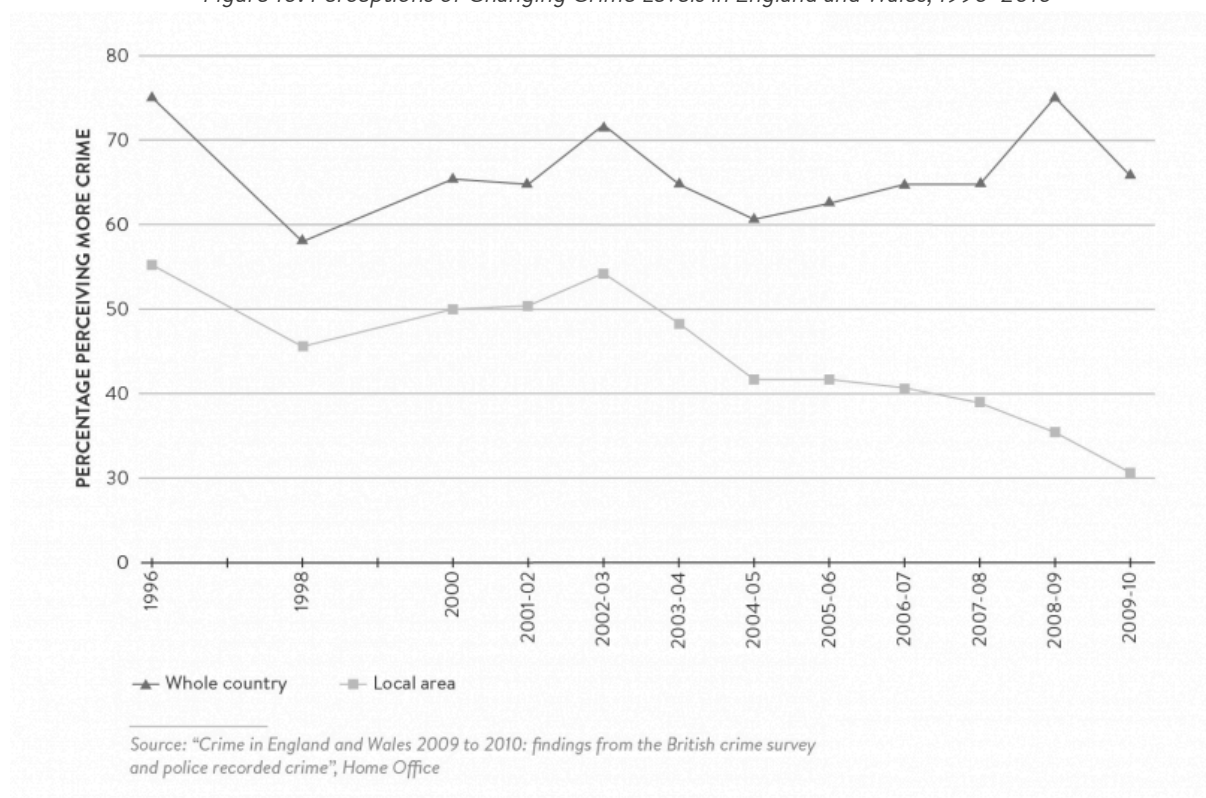
99 Anna Dixon et al., "Patient Choice: How patients choose and how providers respond", King's Fund, 2010, 31, [https://www.kingsfund.org.uk/sites/default/files/Patient-choice-final-report-Kings-Fund-Anna\\_Dixon-Ruth-Robertson-John-Appleby-Peter-Purge-Nancy-Devlin-Helen-Magee-June-2010.pdf](https://www.kingsfund.org.uk/sites/default/files/Patient-choice-final-report-Kings-Fund-Anna_Dixon-Ruth-Robertson-John-Appleby-Peter-Purge-Nancy-Devlin-Helen-Magee-June-2010.pdf).

100 John Curtice and Oliver Heath, "Does Choice Deliver? Public Satisfaction with the Health Service", *Political Studies* 60, no. 3 (August 2012): 495–499, <https://doi.org/10.1111%2Fj.1467-9248.2012.00976.x>.

101 Klein, *The New Politics of the NHS*, 211.

their local area fell from 55 per cent to 31 per cent (see figure 10).<sup>102</sup> These figures at least call into question deterministic accounts of public-sector decline, just as Labour's engagement with the public brought into question the idea that the gap between governed and governors must always grow wider.

Figure 10: Perceptions of Changing Crime Levels in England and Wales, 1996–2010



## DEFYING POLITICAL BOUNDARIES

Overall, this seems to have been a government with a broad-based appeal that, at least for a while, defied traditional political boundaries. It maintained an appeal to both social liberals and more authoritarian voters, for instance creating civil partnerships alongside imposing harsher sentences, and to both egalitarians and free marketeers among the public via huge increases to welfare spending linked to work through tax credits.

<sup>102</sup> "Crime in England and Wales 2009/10: Findings from the British Crime Survey and police recorded crime", Home Office Statistical Bulletin, July 2010, 111, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/116347/hosb1210.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/116347/hosb1210.pdf).

Labour's so-called electoral heartlands also felt the benefit of the enormous increases in public spending and improvements in performance that impressed voters in detail. Although the party lost many more working-class than professional voters between 1997 and 2010, they lost a larger percentage of skilled working-class Britons than semi- or unskilled working-class or nonworking voters. The party lost so many of these voters in absolute terms because they were such a significant part of Labour's coalition in the late 1990s; and it was New Labour that had overseen the return of many such voters to the party in the first place.

The party's subsequent performance has been little better. Labour's share of the vote among the two lowest social classes may have declined to just 40 per cent in 2010; but it recovered to only 41 per cent in 2015, and 47 per cent in 2017.<sup>103</sup>

A geographical analysis of Labour's lost votes does not show a particularly strong relationship between Labour strength in the 1990s and the fall in its vote to the nadir of 2010. There was, it is true, a 20 percentage point decline in Labour's vote in Northeast England, but it 'only' went down by 14 points in the Northwest and 13 points in London—figures comparable with the falls in England's Southeast and Southwest, both of which also fell by 13 points. The figure for Scotland was a mere four points. Labour's decline as a percentage of its previous support was in fact concentrated among traditional swing seats in the East and West Midlands and the East of England.<sup>104</sup>

The improved performance of public services may have played a role in delaying the usual pattern of an electorate that shifts rightwards under a left-wing government, and leftwards while the right is in power. Data from the British Social Attitudes survey show that the number of voters thinking that taxes should rise to fund public services increased until 2002, and its subsequent fall did not

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103 Charles Pattie, "New Labour and the electorate", in *New Labour in Government*, ed. Steve Ludlam and Martin J. Smith (Basingstoke: Macmillan, 2001), 38–40; Hopi Sen, "The 'Core Vote, Swing Vote' Fallacy", Fabian Society, 3 April 2012, <https://fabians.org.uk/the-core-vote-swing-vote-fallacy/>.

104 Paul Hunter, "Winning Back the 5 Million: Understanding the Fragmentation of Labour's Vote", Smith Institute, 2011, 18, <http://www.smith-institute.org.uk/wp-content/uploads/2015/10/Winning-back-the-5-million.pdf>.



cross over with those wanting taxes and spending to stay the same until the financial crisis of 2007.<sup>105</sup>

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<sup>105</sup> “A backlash against austerity?”, British Social Attitudes: 34th report, NatCen Social Research, accessed 22 October 2018, <http://www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-34/key-findings/a-backlash-against-austerity.aspx>.

## THE LANGUAGE DEFICIT

Politics is not all about objective achievements, however, and writing about New Labour's many concrete successes fails to explain why its brand of politics has become less and less influential in the intervening years. Here critics of the Blair government are possessed of a lively and important case. Eric Shaw of the University of Stirling identifies three elements of Britain's welfare-state ethos to which white-collar public servants in particular remain loyal: professionalism, altruism and service to the community as a whole. To these voters, at least, such values often seemed at least brought into question by New Labour's emphasis on central controls, business methods and quasi-marketisation. Many medical professionals opposed NHS PFI projects that often appeared to be planned on the basis of saving current revenue in the short term.<sup>106</sup>

New Labour in power often spoke as if welfare-state professionals' autonomy as a producer interest had to be pruned back; that doctors and teachers had to be incentivised rather than inspired; and that hospitals and schools had to become more accountable to patients and parents, the wider public and the government.<sup>107</sup> It is possible that such cadences may have pushed many of these white-collar professionals leftwards, and towards Corbynism.<sup>108</sup>

New Labour's language created other problems. In education, an emphasis on employability and skills often seemed to crowd out the idea of the liberal citizen, educated not only for work but also for life more broadly.<sup>109</sup> Private-sector education providers greatly expanded their reach in schools at this period, another source of

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<sup>106</sup> Eric Shaw, "Privatization by stealth? The Blair government and public-private partnerships in the National Health Service", *Contemporary Politics* 9, no. 3 (2003): 282–287, <http://dx.doi.org/10.1080/1356977032000146051>.

<sup>107</sup> Eric Shaw, *Losing Labour's Soul? New Labour and the Blair Government 1997–2007* (Abingdon: Routledge, 2007), 185.

<sup>108</sup> See the breakdown of Labour's members in 2017 compiled by Tim Bale: Tim Bale, "Inside Labour's massive membership base", *Labour List*, 6 October 2017, <https://labourlist.org/2017/10/tim-bale-inside-labours-massive-membership-base/>.

<sup>109</sup> David Hursh, "Neo-Liberalism, Markets and Accountability: Transforming Education and Undermining Democracy in the United States and England", *Policy Futures in Education* 3, no. 1 (March 2005): 5, <https://doi.org/10.2304/2Fpie.2005.3.1.6>.

concern to those defending a public-sector ethos. They were able to sell their services directly to head teachers, promising to help schools meet central targets, help manage the day-to-day tasks no longer overseen by LEAs and react quickly to an ever-faster-moving policy scene.<sup>110</sup>

At the same time, New Labour in power often emphasised previously marginalised groups' inclusion by behaving in ways that would help them access pre-existing middle-class norms and ways of behaving, rather than asking more basic questions about education's meaning and usefulness for everyone. Home-school contracts, for instance, often increased parents' labour by pushing the school into the home, rather than establishing a true partnership between the two. It was no accident, in a situation where stress and responsibility were placed on the parent, that capital as well as labour was extracted in this way. By 2003, parents were spending more on textbooks than schools were.<sup>111</sup>

In the criminal-justice field, New Labour similarly exemplified the approach notable across the developed world for some time. A populist punitiveness that deployed a rhetoric of toughness on dangerous criminals to allow the government to make progress on rehabilitation, integration and social policy while dealing severely with more serious offenders.<sup>112</sup> Attempting to reassure the public about crime with harsh words to some extent prevented Labour from talking about the positive story it had to tell—an admission of political timidity that had real-world consequences. Rates of incarceration remained high, including of criminals on short sentences, and there had not been enough deep thought about what prison was for or might achieve: a long-term failing that the government's harsh rhetoric did little to obscure.<sup>113</sup>

Third-way theorists tended to argue that the means by which policies are delivered did not matter: only their efficacy was

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110 Stephen J. Ball, "Privatising education, privatising education policy, privatising educational research: network governance and the 'competition state'", *Journal of Education Policy* 24, no. 1 (January 2009): 85, <https://doi.org/10.1080/02680930802419474>.

111 Diane Reay, "Tony Blair, the promotion of the 'active' educational citizen, and middle-class hegemony", *Oxford Review of Education* 34, no. 6 (November 2008): 641–642, <https://doi.org/10.1080/03054980802518821>.

112 Hutton, "Sentencing guidelines", 118–119.

113 Charman and Savage, "Controlling crime and disorder", 109–110.

relevant. The Blair ascendancy attempted to transcend such distinctions, arguing that struggles between left and right over ownership and the means of delivery were obsolete.<sup>114</sup> But this ignores the way in which citizens are often deeply invested in the manner in which services are organised, and may have at least paved the way for the recent recoil from anything that can be caricatured as expertise or technocracy.

For instance, the creation of the National Institute for Clinical Excellence (NICE), a public body that produces evidence-based health and social care guidance, was an attempt to take politics out of the choice of drugs that could be used in the NHS. But NICE ran straight into controversy about who was making those choices and on what basis they could be justified.<sup>115</sup> The recent moves of Labour and the Conservatives to the left and right of the ideological spectrum, respectively, has demonstrated just how hard it is to maintain such a balancing act.

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114 Norman Fairclough, *New Labour, New Language?* (London: Routledge, 2000), 22.

115 Keith Syrett, "A Technocratic Fix to the 'Legitimacy Problem'? The Blair Government and Health Care Rationing in the UK", *Journal of Health Politics, Policy and Law* 28, no. 4 (August 2003): 724–725, <http://dx.doi.org/10.1215/03616878-28-4-715>.

## A COMPLEX GOVERNMENT

So the final questions are: how new was New Labour, and how successful was it in the balancing act it set itself? The litmus test here, as with all governments, is historian Lord Peter Hennessy's judgement about the Attlee government of 1945–1951: that it made Britain “a kinder, gentler and a far, far better place in which to be born, to grow up, to live, love, work and even to die”.<sup>116</sup>

Can one say the same of New Labour in power? In many respects, especially in terms of rapid improvements to most public services, one can indeed echo this judgement. Britain became better equipped to stand up to the inevitable rigours of globalisation—and more tolerant, more relaxed, more confident about social change, healthier, better educated, safer. The repeal of Section 28 of the Local Government Act, which forbade the promotion of homosexuality in schools; the equalisation of the age of consent; and the establishment of civil partnerships were all symbols of the overall mood—just as abortion-law reform and the abolition of the death penalty had been hallmarks of Wilson's governments in the 1960s.

As political commentator Philip Stephens has put it, “the Britain of the Blair years made its peace with the cultural liberalism that respects the growing diversity of modern societies”.<sup>117</sup> There is little sign here of the moral authoritarianism that marred the Thatcher years, or that became the hallmark of much of New Labour's rhetoric on law and order.

## A CHEQUERED LEGACY

All governments make mistakes, and in retrospect there are a number of areas where New Labour's legacy might have been more successfully secured. Turning first to public administration, it took a long time for the government to realise the cramped results that central target-setting can deliver. In some areas, concepts and preconceived ideas built up during the Thatcherite assault on public

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<sup>116</sup> Peter Hennessy, *Never Again: Britain 1945–51* (London: Jonathan Cape, 1992), 454.

<sup>117</sup> Philip Stephens, “Commentary”, in *Blair's Britain 1997–2007*, ed. Anthony Seldon (Cambridge: Cambridge University Press, 2007), 641.

services in the 1980s took too long to shift. The focus was often on helping families to integrate into a culture that was rapidly changing, becoming more complex all the time. It is an open question whether there was any one type of community or family from which one could be excluded any more, if there ever was.

In urban policy, the focus on inner cities—so obvious in the transformation of London’s schools—failed to grasp how poverty was changing under the surface and being pushed out to England’s smaller towns and coastal fringe.<sup>118</sup> All governments bear the hallmarks of their formation during their opposition years; this one was no different.

On the macroeconomic level, there was a failure to consider the risks building up inside a financial sector that became too large and too indebted (in contrast to the household sector).<sup>119</sup> Capital spending as a whole—outside health and education—probably should have been pushed higher, more quickly, to make up ground in Britain’s yawning infrastructure deficit. Public investment as a whole did rise in these years, from just 1.2 per cent of GDP in 2000 to 1.8 per cent in 2004, falling back to 0.7 per cent in 2005, before building up again to 2.7 per cent in 2009. By contrast, the EU average rose from 2.3 to 2.9 per cent over the same period.<sup>120</sup>

To zoom in on a more specific infrastructure policy with both economic and social policy implications, housing was not a priority for this administration, at a time when housing was relatively cheap compared with later standards. Housebuilding does not appear, for instance, in the delivery unit’s 2001 brief, although it did become a preoccupation of the Brown administration. Nor was more public

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118 On coastal towns, for example, see the figures in “Coastal Towns: Second Report of Session 2006–07”, House of Commons Communities and Local Government Committee, 7 March 2007, 22–30, <https://publications.parliament.uk/pa/cm200607/cmselect/cmcomloc/351/351.pdf>; and “England’s Smaller Seaside Towns: A benchmarking study”, Department for Communities and Local Government, 2010, 64–67, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6296/1858214.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6296/1858214.pdf).

119 Helen Thompson, “UK Debt in Comparative Perspective: The Pernicious Legacy of Financial Sector Debt”, *British Journal of Politics and International Relations* 15, no. 3 (April 2013): 479–480, <https://doi.org/10.1111/1467-856X.12014>.

120 Hare, “PPP and PFI”, 97.

housing built: the Blair government instead focused its energies on a Decent Homes Programme that sought to make up for the maintenance and modernisation that council houses needed after a long period of relative neglect.

Linked both to the creation of arms-length housing-management organisations or PFI schemes and to stock transfers to other social landlords, this initiative reduced the number of council houses requiring updating by over 1 million, cutting the number of inadequate properties by more than two-thirds between 2001 and 2008.<sup>121</sup> But it simply did not provide enough houses for the generation to come, a malign situation when housing costs were one of the reasons inequality stayed high in the first place.

## **KALEIDOSCOPIC POLICY REMEDIES**

The main element lost in the Labour history wars is the fact that the New Labour governments, like all governments, were complex. Their chosen policy remedies were kaleidoscopic, as befitted the postmodern times they inhabited, as well as Blair and Brown's attempt to deny any clear-cut divide between left and right. It also has to be remembered that New Labour was still Labour, and was managed as such—with little sign of a veto being exercised on or by any part of its philosophical coalition. Especially in the years before the Second Gulf War, and even to some extent thereafter, this was a broadly based government that embraced the soft left and excluded only the remnants of the hard left.

No one of any prominence at all in the Labour Party was excluded from ministerial office. Blair's appointment of Robin Cook as foreign secretary and his decision to make Clare Short head of a new Department for International Development with a seat in cabinet were testimony to this approach. Another example was the appointment of the left-winger Michael Meacher as environment minister. Meacher's wide-ranging Right to Roam reforms,

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<sup>121</sup> "The Decent Homes Programme", National Audit Office, 21 January 2010, 18, <https://www.nao.org.uk/report/the-decent-homes-programme/>; Brian Lund, "Housing policy: coming in out of the cold?", in *Modernising the Welfare State: The Blair legacy*, ed. Martin Powell (Bristol: Policy Press, 2008), 39–44.

announced in 1998 and enshrined in law in 2000, were one result of the latter appointment.<sup>122</sup>

Even core New Labour ideas were cut from many cloths. The Attlee government mixed a wartime sense of fair shares, Cold War national endeavour, faith in some economic planning and genuine egalitarian idealism. Labour's ideas in the Wilson years were a blend of technocratic confidence, faith in scientific futures and a re-equipped economy. New Labour in power drew on concepts from new liberalism, old Labour statism, Christian socialism, revisionist social democracy, the Social Democratic Party of the 1980s, communitarian philosophy, human capital theory, neo-Keynesianism and New Public Management, as well as policy imports from the United States.

Given that these governments were characterised by dual leadership from the chancellor as well as the prime minister, to these concepts were added Brownite ideas about prudence, at first alighting on the need for a better-organised public sector but, as time went by, increasingly focusing on individuals. Those ideas contained elements that could be thought of as both conservative and progressive.<sup>123</sup> Simply labelling these years neoliberal will not do at all.

New Labour's relationship with Thatcherism was equally multifaceted. Philosophically, Labour did accept something of the new right's stress on the individual, and on the strength of the central state apparatus, as its expansion of the police and prisons forces attest. But it also emphasised the structural and social environment in which individuals act, to reject what the party perceived to be selfish and atomised individuation. In this respect, New Labour reflected or took account of neoliberalism without being swallowed by it, just as it seized on the governance structures available at the time to change their aims and outcomes.<sup>124</sup>

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<sup>122</sup> John Rentoul, *Tony Blair: Prime Minister* (London: Time Warner, 2001), 420–421, 541.

<sup>123</sup> Changing Brownite ideas about prudence are summed up by Matthew Watson, "The split personality of prudence in the unfolding political economy of New Labour", *The Political Quarterly* 79, no. 4 (December 2008): 579, <https://doi.org/10.1111/j.1467-923X.2008.00960.x>. The functionalist, regressive elements of communitarianism are stressed in, for example, Simon Prideaux, *Not So New Labour: A sociological critique of New Labour's policy and practice* (Bristol: Policy Press, 2005), 117–130.



Critics need to take seriously the views of these reforms' actual architects. As Blair's pollster and confidant, Philip Gould, put it looking back on these years:

*I know there are people who think late Blairism equates with neo-liberalism, but I disagree . . . increased autonomy and choice does not mean that we move to an unregulated market in public services. We must always ensure standards are maintained and improved, and that fairness is ensured. We need choice but we also need a core. That is the fundamental problem with . . . Conservative . . . reforms – they remove the institutional pressure for both standards and fairness.<sup>125</sup>*

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124 Mark Bevir, *New Labour: a critique* (London: Routledge, 2005), 84–87.

125 Philip Gould, *The Unfinished Revolution: How New Labour Changed British Politics for Ever* (London: Abacus, 2011), 492.

## NOT SO NEOLIBERAL

In retrospect, what stands out most clearly is the fact that the New Labour governments were remarkably activist examples of what can be done with political consensus, confidence and a real belief in the role of the state in economic and social life. The neoliberal critique has many flaws that arise from its own intellectual confusion, for it is often so vague as to lose its analytical bite. When central targets were issued, that was supposedly neoliberal; when Blair and Brown later learned the limits of targets and turned towards a more decentralised public-sector commissioning model, that was apparently neoliberal too.

And although it is important to note that business methods and competitive language found their way into public services, the alliance with the private sector nationalised or semi-nationalised parts of the wider economy too. If New Labour often invited private-sector providers into the heart of the health and education systems, they also did much to roll forward the frontiers of the state even more directly. More than half of the 2.2 million new UK jobs created between 1998 and 2007 were in the public sector, or in charities and companies dependent on it. That unofficial or semi-public sector grew from 6.2 million to 7.5 million employees in those years.<sup>126</sup>

New Labour in power gave power away via devolution, inculcating a new emphasis on human rights and its inherent social liberalism; rebuilt the public-sector health and education systems; expanded university provision and widened access; presided over steeply declining crime and disorder; stopped the march of inequality in its tracks; all but conquered rough sleeping; brought in a national minimum wage; refurbished the social housing sector; and launched the most successful war on poverty that modern Britain has ever known.

In this context, it makes no sense—indeed, it is absurd to the point of the grotesque—to characterise the New Labour governments as neoliberal. That mischaracterisation has real-world effects. It tempts Labour, all the time, to define itself against Blair and Brown, rather than against the Conservatives or the true up-to-

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<sup>126</sup> Toynbee and Walker, *The Verdict*, 73.

date problems that confront policymakers now: low productivity, an aging society, social care and intergenerational unfairness.

The Labour Party should start taking a more interesting and nuanced approach to its past. It should also begin to look to itself, here and now, for its self-definition: to positive images of those futures it might engender based on actual policy lessons instead of caricatures, or painfully and endlessly reconstructed regrets and blame. Only then will it succeed.

*Help Professor Glen O'Hara assess the impact of his work and university research overall for the Government's Research Excellence Framework by completing his survey (<https://www.surveymonkey.co.uk/r/GX3GXMQ>). The survey is anonymous and is not affiliated with the Tony Blair Institute.*



Many popular ideas about Labour in power do not stand up to scrutiny. Overall, New Labour was what it always claimed to be: something genuinely new that fused elements of late-20th-century administrative practice with a socially democratic and deeply Labour emphasis on empowering people, families and communities.

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